



SHAKER HEIGHTS

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2008
City of Shaker Heights, Ohio



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Shaker Heights, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 21, 2009

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**INTRODUCTORY
SECTION**

City of Shaker Heights, Ohio

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2008**

**Issued by: Finance Department
Robert H. Baker, Director of Finance**

City of Shaker Heights, Ohio

Comprehensive Annual Financial Report For The Year Ended December 31, 2008

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SHAKER HEIGHTS

September 9, 2009

Mayor Earl M. Leiken,
Members of City Council and
Citizens of the City of Shaker Heights, Ohio
Shaker Heights City Hall
3400 Lee Road
Shaker Heights, Ohio 44120

Re: Submission of 2008 Comprehensive Annual Financial Report

Dear Mayor Leiken, Members of Council, and Citizens of Shaker Heights:

We are pleased to submit for your review the City's 2008 Comprehensive Annual Financial Report. Commonly referred to as a "CAFR", this report is the City's official annual report for the fiscal year ended December 31, 2008. This CAFR is a more extensive report than the basic financial statements, and we believe that it demonstrates the City's ongoing commitment to be accountable not only to its citizenry but also to excellence in financial reporting. Ohio State law requires that the City of Shaker Heights annually publish a complete set of financial statements for the results of its fiscal operations, presented in conformity with generally accepted accounting principles (GAAP). The Finance Department is responsible for the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the City.

This CAFR consists of management's representations concerning the finances of the City of Shaker Heights. Consequently, the management of the City assumes full responsibility for the completeness and reliability of all of the information presented in this report. In order to provide a reasonable basis for making these representations, the management of the City has established a comprehensive internal control framework. This internal control system has been designed to both protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As the management of the City of Shaker Heights, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Shaker Heights' financial statements have been audited by Ciuni & Panichi, Inc., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Shaker Heights for the year ended December 31, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the results of the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2008 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

It is important to note that for the year ending December 31, 2008, in April, 2008, John M. Lehman resigned as Director of Finance, and Robert H. Baker was appointed Director of Finance.

Profile of the City of Shaker Heights, Ohio

The City of Shaker Heights, covering approximately 6.3 square miles and a population of 29,405, (2000 Census) is located approximately ten miles southeast of downtown Cleveland in Cuyahoga County in northeastern Ohio. Incorporated under Ohio law as a village in 1912, Shaker Heights became a city in 1931. As provided by Ohio law, the City operates under the auspices of its own charter, which was adopted by the voters in 1931. The Charter provides for the City to operate under the Mayor-Council form of government with the Mayor serving as the President of Council. The Mayor serves as the City's Chief Executive Officer and appoints, subject to confirmation by City Council, and removes the City's Chief Administrative Officer and appoints and removes all department heads. The City is empowered by state statute to levy a property tax on both real and personal properties located within its boundaries. It is also empowered to levy a tax on the income and net profits of all individuals and businesses earned within the boundaries of the City as well as the income of City residents, regardless of where earned.

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

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

The City provides a variety of City services to its citizens, including: Police and Fire Protection, Emergency Medical Service, Refuse Collection, Street Maintenance, Recreation, Municipal Court, Public Health, Community Planning and Development, Inspectional Services, Public Improvements and General Administrative Services. First Energy and the Dominion East Ohio Gas Company, both of which are independent, publicly owned

utilities regulated by the State of Ohio, provide the City's residents with electricity and natural gas. The City of Cleveland and the Northeast Ohio Regional Sewer District provide water and sewage service to the City's residents. In addition to fees paid to the Northeast Ohio Sewer District, City residents also pay a local surcharge based upon water consumption that is used by the City for the maintenance and replacement of the sewer lines within the City.

In addition to the basic services, the City continues to make available superior recreational facilities and programs to its residents. The Thornton Park city recreation center is situated on a 13-acre campus and its facilities include an indoor ice arena that provides year-round service, an Olympic size outdoor pool, tot pool, spray pad, sand volleyball courts, outdoor tennis courts, skate park, basketball court and walking trail. Phase I of the Horseshoe Lake Park Master Plan has been completed adding new trails, picnic pavilions, ADA accessible parking, and children's playground amenities to the park. A new multipurpose trail in the Shaker Boulevard median from Warrensville Center Road to the City of Beachwood border, connecting with Beachwood's own multipurpose trail has been built, and a new soccer field which is substantially complete is located on the Shaker Boulevard median near Warrensville Center Road.

In addition to these facilities, a comprehensive range of recreational programs is offered for children and adults. The City also maintains the Shaker Lakes, a 190-acre area that includes two lakes and a duck pond.

The City offers a high level of public service to its residents as exemplified by its back yard refuse collection program. Included in this program is the City's recycling sub-program which allows the co-mingling of glass, plastic and cans. In addition, the City also offers recycling of corrugated cardboard, magazines and other materials at its service center, as well as recycling of old computers and electronic equipment.

The annual operating and capital budgets serve as the basis for the City's financial planning and control. The City's Charter requires the Mayor, with the assistance of the Director of Finance, to submit a draft of the following year's proposed budget not less than forty-five days (November 16th) prior to the end of each fiscal year. The Chief Administrative Officer is responsible for preparing the budget based upon information submitted by each department director. Council is required to adopt either an annual budget for the ensuing year or temporary budget covering the first ninety days of the ensuing year, by no later than December 31st of the current year. If a temporary budget is adopted, a permanent budget must be adopted by no later than the ninetieth day of the budget year, normally March 31st. In recent years, Council has adopted an annual budget prior to December 31 of the preceding year, however, for 2009; the City adopted a temporary budget due to the economic uncertainty at the end of 2008.

The appropriated budget is prepared by fund and category (personal services and all other expenditures). The Mayor or Chief Administrative Officer may transfer appropriations between expenditure categories provided that the fund's total appropriation is not increased. Administratively, department heads may make transfer of appropriations within a department. Transfers between departments must be authorized by either the Mayor or Chief Administrative Officer. Council must authorize the transfer of moneys between funds. Operating budgets expire on December 31st. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

Economic Condition and Outlook

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

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

While downtown Cleveland is only twenty minutes by car from the heart of the City, the rapid transit, a light rail public transit system, provides even more accessibility to downtown Cleveland's business community, and attractions. The Greater Cleveland Regional Transit System has extended the original rapid transit rail line to serve not only downtown Cleveland and Cleveland Hopkins International Airport but also the Cleveland waterfront area including the recreational/entertainment area known as the "Flats", the Rock & Roll Hall of Fame and Museum, the Great Lakes Science Museum, Quicken Loans Arena (home of the NBA Cleveland Cavaliers), Progressive Field (home of the MLB Cleveland Indians) and Cleveland Browns Stadium. Another contributor to the City'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 Cleveland Museum of Art, Case Western Reserve University, University Hospitals of Cleveland and the Cleveland Clinic, world-renowned for medical research, teaching and treatment facilities and the two largest employers in Cuyahoga County.

Educational institutions contribute significantly to the fabric of the community. Of the principal employers in 2008, three of the top five are schools; the Shaker Heights City School District, Hathaway Brown School and Laurel School.

In addition, the City of Shaker Heights residents place a noteworthy value in public education. Of the total millage in the City of Shaker Heights for all entities, approximately 84% supports the Shaker Heights City School District. From 2000 to 2008, City residents approved levies increasing the Shaker Heights City School District total millage by 13.15%.

All of these factors have contributed to the continuing economic strength of the community. According to the Cuyahoga County Auditor, the total real property assessed valuation for the 2008 tax year was \$889,478,997. For the 1999 tax year the total real property assessed valuation was \$652,672,550. This was an increase during the ten year period from 1999 to 2008 of 36.28%.

City income tax revenue grew 16.46% during the ten year period from 1999 to 2008. There was a 4.64% increase in income tax revenue in 2008 compared to 2007. This was primarily attributable to the relocation of the University Hospitals Health System administrative and corporate offices to the former Office Max headquarters building in the City that began during 2007 and was completed in 2008. The income tax revenue from University Hospitals employees nearly equals the income tax revenues paid by the former Office Max employees.

Major Initiatives

Long-Term Financial Planning – The City is continuing to implement redevelopment projects pursuant to its Strategic Development Plan. The City's portion of public infrastructure construction activities for two major projects, Sussex Court and Shaker Towne Centre, including the Avalon Station housing development, and the privately-owned retail shopping center was financed by the issuance in 2003 of \$15.4 million in tax increment financing bonds. Beginning in 2001, the City each year issued Temporary Urban Renewal Bonds with one year maturities that funded additional costs of the Shaker Towne Center project. Beginning in 2005, the principal amount of these Temporary Urban Renewal Bonds was \$6,845,000. In April 2009, \$4,600,000 of these Temporary Urban Renewal Bonds were converted to long term debt and the balance was paid from other funds available to the City. Work has been completed on the Sussex Courts tax increment financing redevelopment project, with 100% occupancy of all 46 townhouse units. This project is located on the north and south sides of

Chagrin Boulevard, one of the City's main east/west thoroughfares. Construction has been completed for Phase 1 of the Avalon Station project, and sales are underway. Due to the problems in the housing market, approximately 50% of the units had been sold or leased by December 31, 2008, and sales are continuing. The debt issued for these projects will be retired using 75% of the additional revenue generated from the new property value created by the projects although all of the debt issued for these projects is a general obligation of the City in addition to being secured by the tax increment payments. It is currently forecast that during the Avalon Station sales period, and probably later, the City's General Capital Fund will be needed to support debt service on the outstanding bonds.

As part of its Strategic Investment Plan, the City acquired approximately 60% of the retail property located on the south side of Chagrin Boulevard in the Shaker Towne Centre shopping district. The City sold the property to Shaker Commons LLC, and they developed and began implementing a plan to renovate these retail and commercial properties. This redevelopment complements the redevelopment on the north side of the street, with the renovation of storefronts and interiors which is upgrading existing retail and commercial tenants and attracting new tenants.

The City also completed the reconstruction of Lee Road, a major north-south thoroughfare, from border to border. A TEA-21 Grant awarded to the City financed 80% of the cost of construction. As part of the project, the City replaced five sewer lines to avoid the need to disturb the newly resurfaced roadway in the future. The cost of these sewer line replacements was financed by revenue from the City's sewer user fee. The related streetscape project was also 50% grant funded.

The City has completed replacement of a mechanical traffic signalization system with a computer-coordinated system. The new system has improved traffic flow throughout the City and allowed the City's Police Department to monitor traffic flow throughout the City and make adjustments where needed from a central command center located in the police station. The system incorporates the traffic signalization requirements of the Greater Cleveland Regional Transit Authority's light rail system that runs through the City at street level.

In 2007 the City worked jointly with the Greater Cleveland Regional Transit Authority (GCRTA) to develop the transit oriented development plan for the RTA rapid transit station at Van Aken and Lee next to City Hall. A design consultant was selected in 2008 for GCRTA's rehabilitation of this station, including ADA improvements. Construction is slated for 2009.

The City employed a consultant and initiated a series of public meetings to create a redevelopment plan for the Warrensville – Van Aken – Chagrin – Northfield intersection. This project will include input from GCRTA, and ODOT, among others. The plan was completed and adopted in 2008. The goal is to transform this district into an exciting, urban, pedestrian-friendly district; design a safer and more efficient street layout; increase the visibility and use of the rapid transit line that terminates in the district; and redevelop the existing area with expanded retail, residential, and commercial properties.

The City has long been a leader in housing preservation, given its residential tax base and its desire to preserve the architectural beauty of its neighborhoods. In the context of the current mortgage and foreclosure crisis in the region, and the U.S. generally, the City's efforts in these areas have been refocused. The Housing Inspection Department encourages reinvestment in the City's housing stock through vigorous point-of-sale inspections and a point-of-sale escrow requirement. In 2008, the point-of-sale escrow program resulted in an additional \$3.3 million of private investment in housing. The Housing Inspection Department also works to improve the quality of rental housing for safety and habitability by requiring an annual Certificate of Occupancy for each rental property as well as a complete interior and exterior inspection every three years. Owner-occupied single-family homes receive an exterior inspection every five years, which assists in maintaining and improving the quality of housing in the City.

Foreclosures and properties sold at Sheriff's sales are monitored regularly, and instances of suspected fraud are referred to the City's Police Department for investigation. The City's Vacant Property Ordinance mandates that vacant homes be secured and maintained, and each vacant property is checked monthly by a dedicated Housing Inspector to ensure that it is kept secure and maintained to community standards. Emergency nuisance abatement orders were issued on 36 properties in 2008 for items such as removal of boarded windows, replacement of broken windows, mold, holes in roofs, and demolition of four dwelling structures.

In 2008, the Neighborhood Revitalization Department assisted 180 property owners with housing improvement projects through technical assistance, housing financial assistance and landlord programs. The City leveraged \$9.73 of private investment for every \$1.00 the City spent through its housing assistance programs.

In 2008, the City conducted nuisance abatement work on 28 properties in an effort to maintain property values in the neighborhoods where these houses are located, representing approximately \$491,000 of investment in these neighborhoods.

The City acquired 18 vacant and deteriorated properties for demolition; 12 have been demolished and six are scheduled for demolition. Seven of the properties have been attractively landscaped and five are being actively marketed to neighboring owners through the side yard program.

The Certified Shaker program for marketing quality rental properties continues to be a highly popular program. Of rental units, 27% are Certified, representing 64 rental home units and 31 apartment buildings. On average, Certified owners invest \$800 to \$2,000 in rental home units and \$3,000 to \$5,000 in apartment units. The City continues to see a healthy investment in apartment buildings including upgrades/improvements to achieve Certified Shaker status, landscaping, signage and even custom built elevators.

The City's Landlord Training program, which complements its Tenant Screening program and Certified Shaker program, continues to grow in popularity. The goal of the program is to make Shaker the first choice of potential two-family owner-occupant buyers, by distinguishing the City in the marketplace by the landlord support services offered. To date, 47 landlords have taken advantage of the program.

Awards and Acknowledgements

GFOA Certificate of Achievement Award: The City of Shaker Heights was awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting (CAFR) for its comprehensive annual financial report for the fiscal years ended December 31, 1996 through 2004. Due to a significant transition of Finance Department personnel in 2006, application for the CAFR for the fiscal year ending December 31, 2005 was waived. For the fiscal years ended December 31, 2006 through 2007, the City was again awarded the Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report.

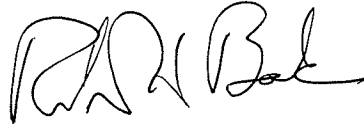
A Certificate of Achievement is valid for a period of only one-year. We believe that the City's submission for the fiscal year ended December 31, 2008 continues to conform to the Certificate of Achievement program's requirements and, as such, it will be submitted to the GFOA for review, evaluation and consideration.

Acknowledgements: The successful completion of a report of this scope depends upon the dedicated contributions of many employees. The sincere appreciation of those primarily responsible for the completion of this CAFR is extended to all contributors, but especially those employees in the Finance Department, particularly Assistant Director of Finance Renee Mahoney, Accountants Paul Beckwith and Lorraine Miller, Accounting Specialist Carolyn Barnes-Hatcher, Accounting Clerk Cheryl Archie and Senior Administrative Assistant Gail Little. Without the dedicated assistance of the Finance Department employees, this report would not have been possible. Finally, the Staff wishes to extend its appreciation to the Mayor, City Council, and the Finance Committee for their support and commitment to responsible fiscal reporting.

Respectfully submitted,



Jeri E. Chaikin
Chief Administrative Officer

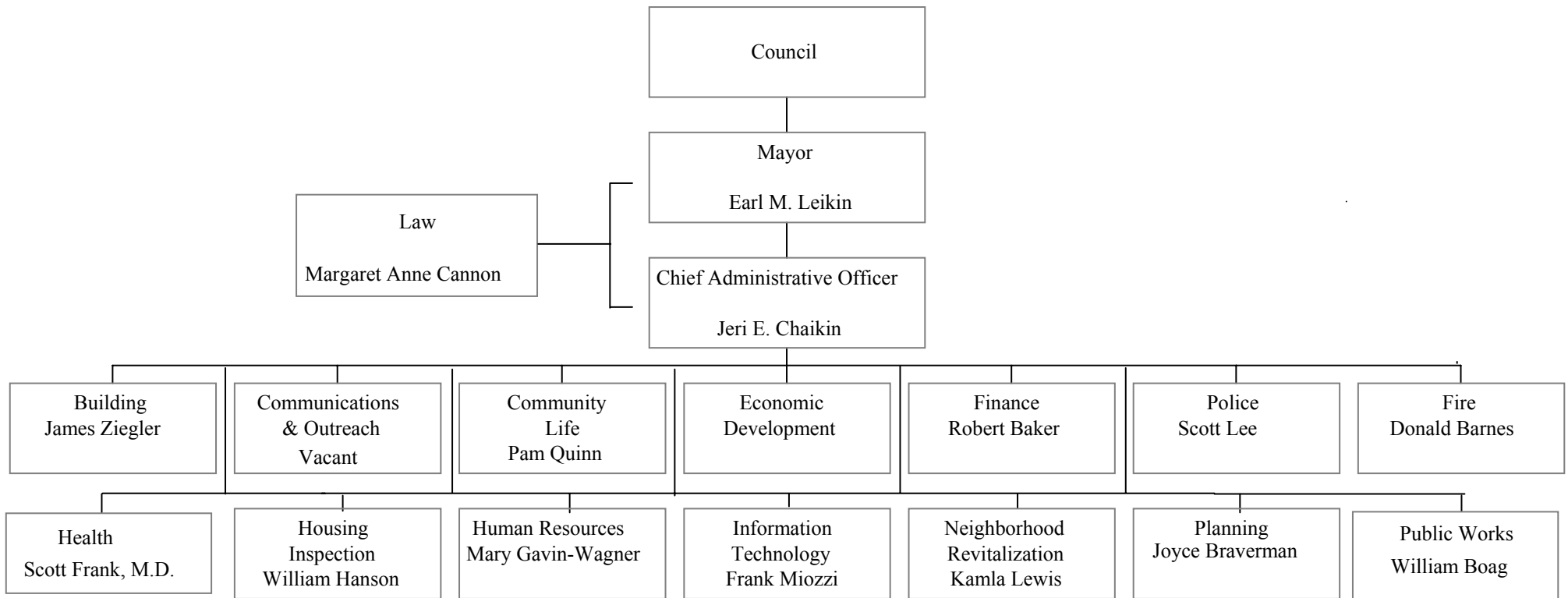


Robert H. Baker
Director of Finance

CITY OF SHAKER HEIGHTS, OH

ORGANIZATIONAL CHART

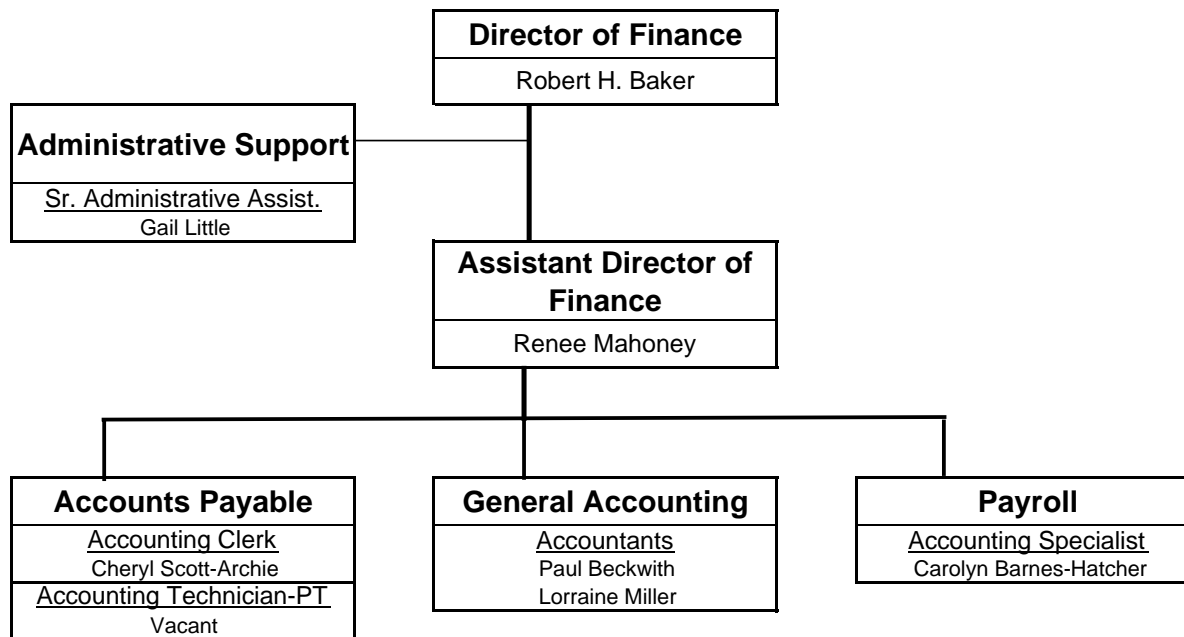
December 31, 2008



City of Shaker Heights, Ohio

Finance Department Organizational Chart

December 31, 2008



City of Shaker Heights, Ohio

Listing of Principal City Officials

For the Year Ended December 31, 2008

Mayor.....	Earl M. Leiken
Council Member/Vice Mayor	Nancy R. Moore
Council Member.....	James Brady
Council Member.....	Brian S. Gleisser
Council Member.....	Allen Foster
Council Member.....	Lynn Ruffner
Council Member.....	Earl Williams, Jr.
Council Member.....	Robert Zimmerman

APPOINTED OFFICIALS

Chief Administrative Officer	Jeri E. Chaikin
Director of Finance (Effective May 12, 2008)	Robert Baker
Director of Building	James P. Zeigler
Director of Community Life	Pamela Quinn
Director of Economic Development	Patrick Campbell
Chief of Fire	Donald A. Barnes
Director of Health	Dr. Scott H. Frank
Director of Housing Inspection.....	William E. Hanson
Director of Human Resources	Mary Gavin-Wagner
Director of Law	Margaret Anne Cannon
Director of Planning and Development.....	Joyce G. Braverman
Chief of Police.....	Scott Lee
Director of Public Works	William W. Boag
Director of Neighborhood Revitalization.....	Kamla Lewis
Director of Communications and Outreach	Vacant

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Shaker Heights
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R.", written over the printed name "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written over the printed name "Executive Director".

Executive Director

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**FINANCIAL
SECTION**

Independent Auditors' Report

Members of the City Council
Shaker Heights, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights (the "City"), Ohio as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 the 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 City as of December 31, 2008, 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.

As described in Note 3, during the year ended December 31, 2008, the City of Shaker Heights implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and Statement No. 50, *Pension Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Members of the City Council
Shaker Heights, Ohio

The management's discussion and analysis on pages 3 through 13, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cini & Parichi, Inc.

Cleveland, Ohio
September 9, 2009

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

The discussion and analysis of the City of Shaker Heights' financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the transmittal letter, the basic financial statements and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- ◆ The assets of the City of Shaker Heights exceeded its liabilities at the close of the most recent fiscal year by \$106,633,008. Of this amount, \$15,311,338 may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ Total assets decreased by \$1,421,557, which represents a decrease of less than one percent from 2007. The biggest changes were a \$5.7 million decrease in cash and cash equivalents offset by a \$5 million increase in capital assets.
- ◆ Total liabilities decreased by approximately \$1.3 million, which represents a decrease of 2.8 percent from 2007. The main factors contributing to this change include a \$521,825 decrease in accounts payable and a \$453,343 decrease in accrued wages and benefits. In addition, the note payable of \$6,845,000 million was rolled into long-term debt, which resulted in a decrease in current liabilities for the same amount. This also contributed to the increase in long-term liabilities of \$6,333,301.
- ◆ In total, net assets in governmental activities decreased by \$128,590 during 2008. This represents a one-tenth percent decrease from 2007.

Using this Annual Financial Report

This discussion and analysis are intended to serve as an introduction to the City of Shaker Heights' basic financial statements. The City of Shaker Heights' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – Reporting the City of Shaker Heights as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets presents information on all the City of Shaker Heights' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increase or decrease in net assets may serve as a useful indicator of whether the financial position of the City of Shaker Heights is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City's tax base, change in property and income tax laws, and the condition of the capital assets should also be considered. Both the Statement of Net Assets and the Statement of Activities use the *accrual basis of accounting* similar to the accounting used by most private-sector companies.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Fund Financial Statements - Reporting the City of Shaker Heights' Most Significant Funds

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City of Shaker Heights, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Shaker Heights can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all *other financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds.

The City of Shaker Heights maintains 28 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund, the Capital Fund and the Urban Renewal Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Shaker Heights adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (non-GAAP basis) has been provided for each governmental and proprietary fund to demonstrate budgetary compliance.

Proprietary Funds

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

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide combined information for the self-insurance, stores, printing and garage operations, all of which are considered to be nonmajor funds. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found starting on page 21 of this report.

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 25 of this report.

Government-wide Financial Analysis - City of Shaker Heights as a Whole

As noted earlier, the Statement of Net Assets looks at the City as a Whole and can prove to be a useful indicator of the City's financial position.

The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning and End of Year

Table 1 provides a summary of the City's net assets for 2008 as compared to 2007.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

Table 1
Net Assets

	Governmental Activities	
	2008	2007
Assets		
Current and Other Asset	\$ 70,225,756	\$ 76,666,635
Capital Assets, Net	<u>81,735,790</u>	<u>76,716,468</u>
<i>Total Assets</i>	<u>151,961,546</u>	<u>153,383,103</u>
Liabilities		
Current Liabilities and Other Liabilities	11,667,577	19,293,845
Long-term Liabilities:		
Due Within One Year	5,268,204	1,330,887
Due In More Than One Year	<u>28,392,757</u>	<u>25,996,773</u>
<i>Total Liabilities</i>	<u>45,328,538</u>	<u>46,621,505</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	58,708,166	49,225,418
Restricted for:		
Capital Projects	25,606,578	31,339,125
Debt Service	915,681	-
Other Purpose	6,091,245	4,082,574
Unrestricted	<u>15,311,338</u>	<u>22,114,481</u>
<i>Total Net Assets</i>	\$ <u>106,633,008</u>	\$ <u>106,761,598</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Shaker Heights, assets exceed liabilities by \$106,633,008 as of December 31, 2008. The largest portion of the City's net assets (55.1%) reflects investments in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), net of any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently these net assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be planned for and provided from estate tax or other revenues since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets decreased by \$1,421,557 from 2007 to 2008 and total liabilities decreased by \$1,292,967. The most significant changes were found in cash and cash equivalents and capital assets. Cash and cash equivalents decreased \$5.8 million from the previous year. Capital assets increased \$5 million during the fiscal year, offsetting the decrease in cash and cash equivalents. The decrease in liabilities was mainly due to the decrease in accounts payable and accrued wages and benefits. They both decreased due to a change in payment structure. For accounts payable, the City paid invoices bi-weekly in 2007, and in 2008, check-runs were done on a weekly basis. In addition to the change in payment structure, in 2007, the City shut down the accounting system in mid-December to switch accounting systems at the start of 2008. Together, these changes resulted in a larger accounts payable balance at December 31, 2007. For accrued wages and benefits, prior to 2008, the City paid pension quarterly and during 2008, the pension was paid monthly. This resulted in two months less accrual at December 31, 2008.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

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

Table 2 provides a summary of the City's change in net assets for 2008 as compared to 2007.

Table 2
Changes in Net Assets

	<u>2008</u>	<u>2007, Restated</u>
Program Revenues		
Charges for Services	\$ 10,239,369	\$ 9,229,524
Operating Grants, Contributions, and Interest	4,978,610	2,362,337
Capital Grants and Contributions	<u>3,682,306</u>	<u>629,110</u>
Total Program Revenues	<u>18,900,285</u>	<u>12,220,971</u>
General Revenues		
Property Taxes	8,224,540	8,966,264
Income and Other Taxes	20,819,652	23,244,676
Grants and Entitlements	5,670,500	7,752,673
Investments Earnings	629,378	1,963,517
Miscellaneous Income	<u>232,203</u>	<u>218,240</u>
Total General Revenues	<u>35,576,273</u>	<u>42,145,370</u>
Total Revenues	<u>54,476,558</u>	<u>54,366,341</u>
Program Expenses		
General Government	7,087,741	6,427,598
Security of Persons and Property	23,458,781	23,903,946
Public Health Services	448,703	563,495
Leisure Time Activities	3,877,476	3,664,496
Housing and Community Development	6,989,574	7,240,967
Sanitation and Sewer Services	5,018,134	2,167,731
Street Maintenance and Repair	2,817,752	2,181,766
Public Works – Other	3,905,495	2,938,506
Interest and Fiscal Charges	<u>1,001,492</u>	<u>1,048,868</u>
Total Program Expenses	<u>54,605,148</u>	<u>50,137,373</u>
Increase in Net Assets before Special Item	(128,590)	4,228,968
Special Item	<u>-</u>	<u>(1,731,108)</u>
Increase in Net Assets	(128,590)	2,497,860
Net Assets at Beginning of Year, restated	<u>106,761,598</u>	<u>104,263,738</u>
Net assets at end of year	\$ <u>106,633,008</u>	\$ <u>106,761,598</u>

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

Governmental Activities

Comparing 2008 to 2007, the City's net assets for Government Activities decreased \$128,590. With the combination of income tax, property tax, intergovernmental funding, and program revenues, all expenses in the governmental activities are funded. The City monitors its sources of revenues closely for fluctuations. For the most part, increases in expenses closely parallel inflation and growth in the demand for services.

Several revenue sources serve as the primary funding sources for the City's governmental activities, with the income tax being the biggest contributor followed by revenue from charges for services, property taxes, grants and entitlements and capital grants. The City's income tax rate was 1.75% for 2008. The City's tax rate has been stable since the voters last increased it in 1981. Both residents of the City and non-residents who work inside the City are subject to the income tax. The City grants an income tax credit to residents who work in a locality that has a municipal income tax. The City provides a credit of up to one-half of one percent of the tax rate of the resident's workplace community's income tax rate. City Council could by ordinance choose to vary that income tax credit thereby creating additional revenue for the City. Due to the City's recent history of cash-basis income tax collection increases, which have averaged 1.4% since 2000 after factoring out the extraordinary revenue received in 2003 and 2005 and the extraordinary refund paid in 2006, the City has realized an increase in its net assets making such a tax credit change unnecessary, but a tax credit change or a rate increase are future options, if needed.

Income and other tax revenue for 2008 was \$20,819,652, accounting for 38.2% of the City's total 2008 revenue of \$54,476,558. Charges for Services of \$10,239,369 account for 18.8% of total revenues. Property taxes of \$8,224,540 account for 15.1% of total revenues. Unrestricted Grants and Entitlements of \$5,670,500 account for 10.4% of total revenue. Capital grants of \$3,682,306 account for 6.8% of total revenues. All other revenue of \$5,840,191 accounts for the remaining 10.7% of the City's 2008 revenue. The City monitors its sources of revenue very closely for fluctuations throughout the year, especially income tax.

During 2008, City expenses continued to be dominated by its three largest departments, Police, Fire and Public Works. These three departments account for approximately 64.5% of the City's total 2008 program expenses of \$54,605,148. Expenses for Security of Persons and Property (primarily the City's Police and Fire Departments) accounted for 43.0% of the City's 2008 expense total. Expenses for Sanitation and Sewer Services (9.2%), Street Maintenance (5.2 %) and other Public Works activities (7.1%) accounted for 21.5% of the City's 2008 expense total. The next largest expense category was General Government, which accounted for 13.0% of the City's expense total. 12.8% of City expenses were for Housing and Community Development activities (building and housing inspection, planning, economic development and neighborhood revitalization activities) while expenses for Leisure Time Activities (primarily recreation and parks maintenance activities) account for 7.1% of total expenses. Public Health and Interest and Fiscal Charges account for the remaining 2.6% of the City's total expenses for 2008. For the most part, City expenses closely paralleled inflation during 2008, however, it should be noted that the ever-increasing cost of providing employee health care negatively impacted the 2008 budget. While the City has lowered the rate of health care cost increases in 2009, this trend is expected to continue into the future.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

The City's Funds

Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Information about the City's major governmental funds starts on page 16. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. Governmental funds use the modified accrual basis of accounting to account for their assets, liabilities, revenues and expenditures.

As of December 31, 2008, the City's governmental funds reported a combined ending fund balance of \$44,340,042 of which \$35,395,027 constitutes unreserved fund balances. The City's unreserved fund balance is available for spending at the City's discretion, subject to contractual or legal constraints. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of the prior period or ongoing appropriations. As of December 31, 2008, \$8,945,015 of the total governmental fund balance was reserved for purchase commitments or capital project appropriations.

For the period ending December 31, 2008, all governmental funds had total revenues and other financing sources of \$67,937,839 and expenditures and transfers-out totaling \$65,638,697 resulting in an increase in fund balance of \$2,299,142. This increase is primarily due to the conversion of short-term debt to long-term debt.

The General Fund is the primary operating fund of the City. As of December 31, 2008, the total fund balance of the General Fund was \$11,726,538, of which \$658,094 (5.6%) was reserved for encumbrances and \$11,068,444 (94.4%) was unreserved. As a measure of the General Fund's liquidity and the City's ability to react to unanticipated economic events, it may be useful to compare the unreserved fund balance to total fund expenditures. As of December 31, 2008 the City's unreserved fund balance was equal to 28.2% of its total operating 2008 expenditures of \$37,550,738 plus its transfers to other funds of \$1,735,474.

During 2008, the fund balance of the General Fund decreased by \$1,028,699. Included in this amount are interfund transfers-in of \$90,000 and transfers-out of \$1,735,474. Without these transfers, General Fund revenues would have exceeded General Fund expenditures and other uses by \$616,775.

During 2008, the fund balance of the Capital Projects Fund decreased by \$5,732,547. The decrease is attributable to the use of \$3,550,917 from the beginning capital fund balance to fund an expanded capital improvements program started in 2007 and the transfers-out of \$2,181,630 for debt service and other purposes.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. An annual appropriation budget is legally required to be prepared for all funds of the City other than agency funds. Council is provided with a detailed line item budget for all departments and has discussions at several regularly held council meetings and work sessions, which are open to the public; the budget is adopted at fund level by City Council. Within each fund, appropriations may be transferred between line items or departments with the approval of the Mayor or Chief Administrative Officer. Council must approve any revisions in the budget that alter the fund totals or require the transfer of moneys between funds. Recommendations for budget revisions are reviewed by the Finance Committee of City Council before being presented to the Council for consideration for enactment by ordinance.

The most significant budgeted fund is the General Fund. During the course of 2008, the City used this process to amend its General Fund budget on ten occasions. The differences between the General Fund's original and final amended budget were minor in nature. The Chief Administrative Officer and the Finance Department monitor all departmental budgets closely to monitor compliance with allocated budgets and provide quarterly reports to City Council and its Finance Committee depicting monthly and year-to-date activity.

The original budgeted revenues for the General Fund were \$38,470,102; the final budgeted revenues were \$40,947,976. The City's ending unencumbered fund balance, computed on a modified cash basis of accounting, was \$8,293,221 which was \$983,402 more than the final budgeted fund balance of \$7,309,819. In recognition of the importance of maintaining an adequate level of fund equity, the City Council adopted a fund balance policy for the General Fund. The City's ending general fund balance was 21.23% of 2008 general fund expenditures and net transfers out.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the City of Shaker Heights had \$81,735,790 million invested in land, buildings, land improvements, equipment and infrastructure.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

Table 3 shows fiscal 2008 balances of Capital Assets as compared to 2007:

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

	Governmental Activities	
	2008	2007
Land	\$ 17,671,506	\$ 17,440,395
Buildings and Improvements	10,132,417	10,153,766
Land Improvements	6,376,478	1,439,687
Machinery and Equipment	6,282,320	6,641,248
Infrastructure		
Street	16,712,410	10,542,345
Sanitary and Storm Sewer System	7,249,534	4,634,381
Traffic Signals System	11,720,187	1,703,117
Bridges	95,364	101,300
Culverts	52,951	53,698
Construction in Progress	<u>5,442,623</u>	<u>24,006,531</u>
Total Capital Assets	\$ <u>81,735,790</u>	\$ <u>76,716,468</u>

Total capital assets of the City as of December 31, 2008 were \$5,019,322 greater than 2007. The most significant increases in the City's capital assets came in Infrastructure, more specifically to the streets and traffic signals. The City is committed to a long-term goal of not only meeting its infrastructure, equipment and facility needs, but also satisfying those needs in a continued high quality manner. To meet this need, the City has developed a five-year capital improvement plan that is updated and revised annually.

With regards to the infrastructure, the City's Public Works Department maintains a comprehensive listing of all the streets, culverts and sanitary and storm sewers in the City. As part of the City's annual road maintenance program, the Public Works Director evaluates the condition of each street after each winter and prepares a list of streets to be either resurfaced, repaired or crack sealed. After approval from Council, the projects are bid early in the calendar year to get the best possible pricing from contractors. This program is paid for out of the streets special revenue and the general capital funds of the City. In the case of a major resurfacing project on two of the main arteries in the City of Shaker Heights, as mentioned before, the City has effectively pursued external sources of grant funding to finance up to eighty percent of the project thereby reducing the total amount to be funded by the City.

More detailed information about the City's capital asset activity is presented in Note 7.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

Debt

At December 31, 2008, the City of Shaker Heights had \$33,660,961 in debt and compensated absences outstanding, of which \$5,268,204 is due within one year. Table 4 summarizes the City's debt outstanding as of December 31, 2008 and 2007:

Table 4
Outstanding Debt at Year End

	<u>2008</u>	<u>2007</u>
General Obligation Bonds	\$ 14,585,000	\$ 14,855,000
Urban Renewal Temporary Bonds	6,845,000	-
Bond Anticipation Notes	1,315,000	1,765,000
Housing Nuisance Notes	1,000,000	750,000
OPWC Loans	3,903,479	4,026,050
Compensated Absences	<u>6,012,482</u>	<u>5,931,610</u>
Total	\$ <u>33,660,961</u>	\$ <u>27,327,660</u>

State statutes limit the total amount of general obligation debt that a city may issue to 10½% of total assessed valuation and limits the total amount of general obligation debt that a city may issue without voter approval to 5½% of total assessed valuation. At December 31, 2008, the City's overall legal debt margin was \$91,258,534 and its unvoted debt margin was \$47,784,584.

In 2003, the City issued a \$15.37 million general obligation bond to fund its urban renewal projects in the Shaker Towne Centre and Sussex Districts of the City. The City was awarded an AA+ rating by Standard & Poors and Fitch Rating Services. The Shaker Towne Centre project included the construction of a new firehouse to replace the fire station located at City Hall. While this bond issue will in part be retired by using tax incremental payments by certain property owners, the debt component of the issue for the fire station will be retired by transfers from the General Capital Fund. The City also issued \$6.845 million urban renewal temporary bonds for this project. On April 22, 2009 \$4,600,000 of the temporary bonds were replaced by long-term debt maturing December 1, 2031 and the balance of the temporary bonds were paid from funds available to the City. While it was originally expected that tax increment payments would be the source of debt service for this debt and the bonds issued in 2003, it will be necessary to pay a portion of the debt service by transfers from the General Capital Fund.

Excluding the temporary bond for the Shaker Towne Centre and Sussex Projects, the City began 2008 with \$1.765 million in short-term notes. These were issued to partially refinance earlier notes issued to finance the renovation of the former Moreland School Building to serve as the new main branch of the Shaker Heights Public Library (originally issued in 1992), the replacement of the City's public safety computer system, the City's portion of the citywide traffic signalization system replacement project not funded by grants, street maintenance and the portion of the Lee Road reconstruction project not funded by grants. At maturity, the City retired \$450,000 of these notes and issued a new note in the amount of \$1.315 million to refinance the balance.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2008

With the exception of the library improvements, the City plans to retire this portion of the note over the next five years with City funds. The library improvements will be retired over the next three years from the proceeds of the City's lease with the Shaker Heights Public Library.

The Ohio Public Works Commission (OPWC) issued the City a twenty-year, interest free loan in 1994 for the Shelburne Road Sanitary Sewer Project. This loan is being repaid by the City using revenue from the sewer system user fees assessed to all system users in the City. The City was also awarded by the OPWC two, twenty-year, interest free loan to replace or reline water lines serving the City. As of December 31, 2008 the unpaid balance of these loans was \$3,518,470. In addition, the City was awarded by the OPWC a \$1.7 million, twenty-year, interest free loan for the South Woodland Sanitary Sewer Project. The repayment of this loan will begin during 2009 and the loan will be repaid from the sewer system user fees assessed to all system users in the City.

More detailed information about the City's long-term liabilities is presented in Notes 9 and 10.

Current Related Financial Activities

The City of Shaker Heights is strong financially and well managed, as evidenced by the AA+ bond rating awarded the City by Standard and Poors and Fitch Rating Services. This rating is the result of the City's history of creative planning and the combined cooperation of the elected officials, professional administration and employees and, most importantly, its residents. The City is well prepared to meet the challenges of the future. In conclusion, management has been committed to provide the residents of the City of Shaker Heights with full disclosure of the financial position of the City.

The City of Shaker Heights has committed itself to financial excellence. The City received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1996, with the exception of the 2005 audit period due to the transition of Finance Directors.

Contacting the City of Shaker Heights' Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance Robert H. Baker, at the City of Shaker Heights, 3400 Lee Road, Shaker Heights, Ohio 44120, and (216) 491-1420.

City of Shaker Heights, Ohio

Statement of Net Assets

December 31, 2008

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 45,185,775
Accounts receivable	1,457,764
Accrued interest receivable	15,529
Intergovernmental receivable	2,884,038
Inventory of supplies	259,191
Prepaid items	1,596
Special assessments receivable	3,046,263
Lease receivable	1,235,328
Taxes receivable	16,140,272
Nondepreciable capital assets	23,114,129
Depreciable capital assets, net	<u>58,621,661</u>
Total assets	<u>151,961,546</u>
Liabilities:	
Accounts payable	1,733,185
Accrued wages and benefits	2,612,167
Unearned revenue	7,097,733
Claims payable	88,051
Notes and bonds interest payable	136,441
Long-term liabilities:	
Due within one year	5,268,204
Due in more than one year	<u>28,392,757</u>
Total liabilities	<u>45,328,538</u>
Net assets:	
Invested in capital assets, net of related debt	58,708,166
Restricted for:	
Capital projects	25,606,578
Debt service	915,681
Other purposes	6,091,245
Unreserved	<u>15,311,338</u>
Total net assets	\$ <u>106,633,008</u>

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Statement of Activities

For The Year Ended December 31, 2008

	Program Revenues				Total Governmental Funds
	Expense	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Security of persons and property:					
Police	\$ 13,711,254	\$ 803,508	\$ 4,865,971	\$ -	\$ (8,041,775)
Fire	8,936,715	527,935	29,775	5,000	(8,374,005)
Other	810,812	9,022	-	-	(801,790)
Public health services	448,703	80,210	-	-	(368,493)
Leisure time activities:					
Culture and recreation	2,781,689	1,825,974	-	-	(955,715)
Parks and public land maintenance	1,095,787	1,445	-	-	(1,094,342)
Housing and community development	6,989,574	2,117,015	35,976	1,701,268	(3,135,315)
Sanitation and sewer services	5,018,134	1,541,510	5,901	1,467,333	(2,003,390)
Street maintenance and repair	2,817,752	8,238	-	508,705	(2,300,809)
Public work – other	3,905,495	711,143	-	-	(3,194,352)
General government:					
Legislative and executive	4,727,200	709,614	40,987	-	(3,976,599)
Judicial system	2,360,541	1,903,755	-	-	(456,786)
Interest and fiscal charges	<u>1,001,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,001,492)</u>
Total governmental activities	\$ <u>54,605,148</u>	\$ <u>10,239,369</u>	\$ <u>4,978,610</u>	\$ <u>3,682,306</u>	<u>(35,704,863)</u>
General revenues:					
Property taxes used for:					
General purposes					7,312,216
Police and fire pension					471,805
Debt service					440,519
Municipal Income taxes levied for:					
General purposes					20,764,053
Other local taxes levied for:					
General purposes					55,599
Grants and entitlements not restricted to specific programs					5,670,500
Interest earnings					629,378
Miscellaneous income					<u>232,203</u>
Total general revenues					<u>35,576,273</u>
Change in net assets					(128,590)
Net assets at beginning of year, restated					<u>106,761,598</u>
Net assets at end of year					\$ <u>106,633,008</u>

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Governmental Funds Balance Sheet

December 31, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Urban Renewal Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 8,331,980	\$ 26,199,103	\$ 745,684	\$ 7,684,837	\$ 42,961,604
Taxes receivable	15,679,818	-	-	460,454	16,140,272
Accounts receivable	427,383	-	-	1,027,728	1,455,111
Special assessments receivable	17,530	-	-	3,028,733	3,046,263
Lease receivable	260,922	969,906	-	4,500	1,235,328
Interfund receivable	995,300	46,310	3,143	651,225	1,695,978
Accrued interest receivable	15,529	-	-	-	15,529
Intergovernmental receivable	2,064,298	-	-	819,740	2,884,038
Inventory of supplies	224,288	-	-	-	224,288
Total assets	<u>\$ 28,017,048</u>	<u>\$ 27,215,319</u>	<u>\$ 748,827</u>	<u>\$ 13,677,217</u>	<u>\$ 69,658,411</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 394,335	\$ 631,356	\$ -	\$ 573,322	\$ 1,599,013
Accrued wages	1,979,015	-	-	575,032	2,554,047
Interfund payable	119,729	7,479	11,385	1,616,151	1,754,744
Deferred revenue	13,797,431	969,906	-	4,643,228	19,410,565
Total liabilities	<u>16,290,510</u>	<u>1,608,741</u>	<u>11,385</u>	<u>7,407,733</u>	<u>25,318,369</u>
Fund balances:					
Reserved for encumbrances	658,094	3,030,549	-	383,641	4,072,284
Reserved for appropriations	-	4,872,731	-	-	4,872,731
Unreserved:					
Undesignated, reported in:					
General fund	11,068,444	-	-	-	11,068,444
Special revenue funds	-	-	-	5,830,175	5,830,175
Debt service fund	-	-	737,442	55,668	793,110
Capital projects fund	-	17,703,298	-	-	17,703,298
Total fund balances	<u>11,726,538</u>	<u>25,606,578</u>	<u>737,442</u>	<u>6,269,484</u>	<u>44,340,042</u>
Total liabilities and fund balances	<u>\$ 28,017,048</u>	<u>\$ 27,215,319</u>	<u>\$ 748,827</u>	<u>\$ 13,677,217</u>	<u>\$ 69,658,411</u>

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

December 31, 2008

Total Governmental Funds balances \$ 44,340,042

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds

Nondepreciable capital assets \$ 23,114,129
Depreciable capital assets 58,621,661

Total 81,735,790

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds

Delinquent property taxes 493,843
Municipal income taxes 4,838,816
Special Assessments 3,046,263
Intergovernmental 1,608,546
Charges for service 2,325,364

Total 12,312,832

Internal service funds are used by management to charge the costs of certain activities, such as insurance, worker's compensation, printing supplies, and maintenance and repair of the City's fleet of vehicles to individual funds. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Statement of Net Assets

1,903,560

Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds

Bonds payable (14,585,000)
OPWC loans (3,903,479)
Notes payable (9,160,000)
Interest payable (136,441)
Compensated absences (5,874,296)

Total (33,659,216)

Net Assets of Governmental Activities \$ 106,633,008

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds

For The Year Ended December 31, 2008

	General	Capital Projects	Urban Renewal Debt Service	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 7,342,340	\$ -	\$ 440,519	\$ 473,700	\$ 8,256,559
Municipal income taxes	20,840,303	-	-	-	20,840,303
Other local taxes	55,599	-	-	-	55,599
Intergovernmental	3,564,423	4,888,493	24,112	6,459,338	14,936,366
Charges for services	4,359,309	-	-	2,232,671	6,591,980
Fees, and licenses and permits	764,096	-	-	-	764,096
Fines and forfeitures	647,687	-	-	348,016	995,703
Special assessments	2,295	-	-	1,765,410	1,767,705
Interest earnings	387,341	81,482	14,636	102,453	585,912
Other revenue	204,120	19,695	-	266,255	490,070
Total revenues	<u>38,167,513</u>	<u>4,989,670</u>	<u>479,267</u>	<u>11,647,843</u>	<u>55,284,293</u>
Expenditures:					
Current operations and maintenance:					
Security of persons and property:					
Police	9,526,619	797,294	-	4,564,964	14,888,877
Fire	7,199,149	183,881	-	1,244,425	8,627,455
Other	83,767	-	-	601,982	685,749
Public health services	438,003	-	-	91,077	529,080
Leisure time activities:					
Culture and recreation	2,645,357	107,684	-	-	2,753,041
Park and public land maintenance	859,438	137,835	-	-	997,273
Housing and community development					
Sanitation and sewer services	3,044,745	2,989,511	-	1,474,278	8,985,556
Street maintenance and repair	704,666	1,228,057	-	1,347,642	3,280,365
Public works – other	1,900,302	81,108	-	630,004	2,611,414
General government:					
Legislative and executive	4,449,494	217,709	19,046	115,237	4,801,486
Judicial system	2,177,431	-	-	135,022	2,312,453
Debt service:					
Principal retirement	-	-	270,000	2,137,571	2,407,571
Interest and fiscal charges	-	-	869,350	97,261	966,611
Total expenditures	<u>37,550,738</u>	<u>8,627,587</u>	<u>1,158,396</u>	<u>14,008,430</u>	<u>61,345,151</u>
Excess of revenues over (under) expenditures	<u>616,775</u>	<u>(3,637,917)</u>	<u>(679,129)</u>	<u>(2,360,587)</u>	<u>(6,060,858)</u>
Other financing sources (uses):					
Issuance of debt	-	-	6,845,000	1,815,000	8,660,000
Transfers - in	90,000	87,000	945,188	2,871,358	3,993,546
Transfers - out	<u>(1,735,474)</u>	<u>(2,181,630)</u>	<u>-</u>	<u>(376,442)</u>	<u>(4,293,546)</u>
Total other financing sources (uses)	<u>(1,645,474)</u>	<u>(2,094,630)</u>	<u>7,790,188</u>	<u>4,309,916</u>	<u>8,360,000</u>
Net change in fund balances	(1,028,699)	(5,732,547)	7,111,059	1,949,329	2,299,142
Fund balances (deficit) at beginning of year, restated	<u>12,755,237</u>	<u>31,339,125</u>	<u>(6,373,617)</u>	<u>4,320,155</u>	<u>42,040,900</u>
Fund balances at end of year	<u>\$ 11,726,538</u>	<u>\$ 25,606,578</u>	<u>\$ 737,442</u>	<u>\$ 6,269,484</u>	<u>\$ 44,340,042</u>

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For The Year Ended December 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	2,299,142
<i>Amounts Reported for Governmental Activities in the Statement of Activities are different because:</i>		
Governmental Funds report capital outlay 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 depreciation exceeded capital outlays in the current period		
Capital outlay	\$	7,767,143
Depreciation		<u>(2,722,064)</u>
		5,045,079
In the Statement of Activities, only the loss on the disposal of property and equipment are reported, whereas, in the Governmental Funds, the proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the property and equipment.		
		(25,757)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Funds.		
Delinquent property taxes	(32,019)	
Municipal income taxes	(76,250)	
Special assessments	789,865	
Intergovernmental	(665,335)	
Charges for services	<u>(867,462)</u>	(851,201)
Other financing sources in the Governmental Funds that increase long-term liabilities in the Statement of Net Assets. These sources were attributed to issuance of long-term notes.		
		(8,660,000)
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Principal	2,407,571	
Interest and fiscal charges	<u>(34,881)</u>	2,372,690
Compensated absences 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.		
		(85,064)
Internal service funds are used by management to charge to costs of certain activities, such as insurance worker's compensation, printing supplies and maintaining and repairing the City's fleet of vehicles to individual funds that are not reported in the city wide statement of activities. The net revenue (expense) of the Internal Service Fund is reported with Governmental Activities.		
		<u>(223,479)</u>
<i>Change in Net Assets of Governmental Activities</i>	\$	<u><u>(128,590)</u></u>

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Statement of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual General Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 7,757,441	\$ 9,287,337	\$ 8,513,450	\$ (773,887)
Municipal Income Taxes	20,000,000	20,370,214	20,809,784	439,570
Other Local Taxes	60,000	55,000	60,225	5,225
State Levied Shared Taxes	1,252,013	1,522,845	1,541,129	18,284
Intergovernmental	131,100	471,485	540,197	68,712
Charges for Services	5,210,106	5,637,233	4,440,828	(1,196,405)
Fees, Licenses and Permits	646,800	689,666	695,580	5,914
Investment Earnings	2,000,000	800,000	657,916	(142,084)
Fines and Forfeitures	675,000	675,900	652,230	(23,670)
Other Revenues	139,300	578,190	402,386	(175,804)
Total Revenues	<u>37,871,760</u>	<u>40,087,870</u>	<u>38,313,725</u>	<u>(1,774,145)</u>
Expenditures:				
Current:				
Security of Persons and Property	17,595,250	17,441,184	16,586,835	854,349
Public Health Services	430,122	451,633	437,479	14,154
Culture and Recreation	2,625,000	2,960,280	2,720,157	240,123
Parks and Public Lands Maintenance	827,970	867,480	867,425	55
Housing and Community Development	4,833,380	4,782,512	4,535,812	246,700
Sanitation and Sewer Services	3,448,164	3,300,260	3,129,311	170,949
Street Maintenance and Repair	639,604	615,664	682,996	(67,332)
Public Works – Other	2,037,100	2,010,530	1,999,293	11,237
Legislative and Executive	4,560,370	5,046,040	4,184,149	861,891
Judicial System	2,222,219	2,299,745	2,193,236	106,509
Total Expenditures	<u>39,219,179</u>	<u>39,775,328</u>	<u>37,336,693</u>	<u>2,438,635</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,347,419)</u>	<u>312,542</u>	<u>977,032</u>	<u>664,490</u>
Other Financing Sources (Uses):				
Transfers – in	165,859	101,985	95,274	(6,711)
Transfers – out	(1,912,100)	(1,978,230)	(1,735,474)	242,756
Advances – in	432,483	758,121	3,503	(754,618)
Total Other Financing Sources (Uses)	<u>(1,313,758)</u>	<u>(1,118,124)</u>	<u>(1,636,697)</u>	<u>(518,573)</u>
Net Change in Fund Balance	(2,661,177)	(805,582)	(659,665)	145,917
Beginning Cash Fund Balance	9,400,503	9,400,503	9,400,503	-
Prior Year's Reserve for Encumbrances Outstanding At December 31	(203,330)	(203,330)	(203,330)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(1,081,772)</u>	<u>(1,081,772)</u>	<u>(1,081,772)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>5,454,224</u>	\$ <u>7,309,819</u>	7,455,736	\$ <u>145,917</u>
Reserved for Encumbrances – all budget years			<u>837,485</u>	
Total cash fund balance - December 31			\$ <u>8,293,221</u>	

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Statement of Fund Net Assets Proprietary Fund

December 31, 2008

	Governmental Activities Internal Service Fund
Assets:	
Equity in city treasury cash	\$ 2,224,171
Accounts receivable	2,653
Interfund receivable	101,195
Inventory of supplies	34,903
Prepaid items	1,596
Total assets	<u>2,364,518</u>
Liabilities:	
Current liabilities:	
Accounts payable	134,172
Accrued wages and benefits	58,120
Interfund payable	42,429
Accrued compensated absences	38,555
Claims payable	<u>88,051</u>
Total current liabilities	361,327
Long-term liabilities (net of current portion)	
Accrued compensated absences	<u>99,631</u>
Total liabilities	<u>460,958</u>
Net assets:	
Unrestricted	\$ <u><u>1,903,560</u></u>

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Statement of Revenues, Expenses and Changes In Fund Net Assets Proprietary Fund

For The Year Ended December 31, 2008

	Governmental Activities Internal Service Fund
Operating revenues:	
Charges for services	\$ 1,894,329
Reimbursements	<u>34,805</u>
Total operating revenues	<u>1,929,134</u>
Operating expenses:	
Personal services	1,048,669
Travel and education	1,972
Contractual services	759,621
Materials and supplies	<u>685,817</u>
Total operating expenses	<u>2,496,079</u>
Operating loss	(566,945)
Non operating revenues:	
Interest earnings	<u>43,466</u>
Loss before transfers	(523,479)
Transfers – in	<u>300,000</u>
Change in net assets	(223,479)
Net assets at beginning of year	<u>2,127,039</u>
Net assets at end of year	\$ <u><u>1,903,560</u></u>

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Statement of Cash Flows Proprietary Fund

For The Year Ended December 31, 2008

	<u>Governmental Activities Internal Service Fund</u>
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from interfund services	\$ 1,891,676
Cash payments to suppliers	(683,299)
Cash payment for goods and services	(963,519)
Cash payments to employees	(1,084,773)
Cash received for other operating activities	<u>34,805</u>
Net cash used for operating activities	(805,110)
Cash flows from non-capital financing activities:	
Transfers-in	300,000
Cash flows from investing activities:	
Interest earned on investments	<u>43,466</u>
Decrease in cash and cash equivalents	(461,644)
Cash and cash equivalents at beginning of year	<u>2,685,815</u>
Cash and cash equivalents at end of year	\$ <u><u>2,224,171</u></u>
Reconciliation of operating income to net cash used for operating activities:	
Operating income	\$ (566,945)
Adjustments:	
Increase in assets:	
Accounts receivable	(2,653)
Materials and supplies inventory	(4,572)
Increase/ (decrease) in liabilities:	
Accounts payable	13,872
Accrued wages and benefits	(31,912)
Accrued compensated absences	(4,192)
Self insurance claims payable	<u>(208,708)</u>
Total adjustments	<u>(238,165)</u>
Net cash used for operating activities	\$ <u><u>(805,110)</u></u>

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Statement of Fiduciary Net Assets Fiduciary Funds

December 31, 2008

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 1,336,809
Cash and cash equivalents in segregated accounts	503,044
Mortgage loan receivable	<u>158,942</u>
Total assets	\$ <u>1,998,795</u>
Liabilities:	
Intergovernmental payable	\$ 419,283
Deposits held and due to others	<u>1,579,512</u>
Total liabilities	\$ <u>1,998,795</u>

The notes to the basic financial statements are an integral part of this statement

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

The City is a member of the Northeast Ohio Public Energy Council ("NOPEC"). NOPEC is a regional council of government formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting the Board Chairman, 31320 Solon Road, Suite 20, Solon, OH, 44139.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB Statement No. 14), the financial reporting entity consists of the City (the primary government), as well as its component units. Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability of the primary government to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net 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 City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds are eliminated to avoid doubling up revenues and expenses.

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

Fund Financial Statements

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

B. Fund Accounting

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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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 City's major governmental funds:

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

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

Urban Renewal Debt Service Fund – To account for the accumulation of resources for, and the payment of, Urban Renewal Debt issued pursuant to Ohio Revised Code Section 725 to finance the Sussex Area Revitalization Project and the Shaker Towne Centre Community Development District Revitalization Project.

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

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

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

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 funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the City's own programs. The City has no trust funds. The City's agency funds are custodial in nature (assets equal liabilities) and thus do not involve the measurement of the results of operations. The City's agency funds are for the public art fund, obstruction permit deposits, excavating permit deposits, unclaimed monies, Fund for the Future of Shaker Heights, contractor deposits, municipal court and the Heights Area Special Rescue Team (HASRT).

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

C. Measurement Focus

Government -- Wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets, except for fiduciary funds. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g. expenses) in total net assets.

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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

All proprietary 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 fund net assets. The statement of revenues, expenses and 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 City's finances meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

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

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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Revenue Recognition

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

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

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 December 31, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Special assessments not received within the available period and 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.

Expense/Expenditure Recognition

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

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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents

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

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

During fiscal year 2008, investments were limited to U.S. Treasury Notes and Bonds, securities guaranteed by the United States, and repurchase agreements.

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$387,341.

Investments with an original maturity of three months or less and investments of the cash management pool are presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid item at the time of the purchase and the expenditure/expense in the year in which the services are consumed.

G. Inventory

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

H. Capital Assets

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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

H. Capital Assets (continued)

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

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	10 to 60 years
Equipment	3 to 30 years
Land Improvements	10 to 50 years
Infrastructure	25 to 75 years

I. Interfund Balances

During the course of normal operations, the City had numerous transactions between funds, most of which are in the form of transfers of resources to provide services or to service debt. The accompanying financial statements generally reflect such transactions as transfers. The City also advances money between funds throughout the year. To the extent that certain transactions between funds have not been paid or received as of December 31, 2008, interfund amounts receivable or payable have been recorded as Interfund Payables and Interfund Receivables. Interfund balance amounts are eliminated in the Statement of Net Assets and the Statement of Activities.

J. Compensated Absences

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences", the City has accrued a liability for compensated absences (vacation and sick leave) at December 31, 2008 along with any salary-related benefit liabilities associated with the payment of compensated absences. The City uses the vesting method to calculate this liability. The entire compensated absence liability is reported on the government-wide financial statements.

K. Accrued Liabilities and Long-Term Obligations

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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

K. Accrued Liabilities and Long-Term Obligations (continued)

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

L. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances and appropriations.

M. 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 either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Interfund Activity

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.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither occurred in 2008.

P. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer, recreation, and fitness center programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

R. Budgetary Process

Tax Budget

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

Estimated Resources

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

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. For all operating funds except capital projects and trust and agency funds, an annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. For 2008, the annual appropriation measure was passed by City Council on December 17, 2007. The appropriation measure may be amended during the year as new information becomes available provided that total appropriations do not exceed estimated resources as certified. Trust and Agency Funds are deemed to be appropriated for their intended purpose upon receipt. The City appropriates Capital Project Funds on a project by project basis.

As provided by the City's Charter and State Law, amendments to the 2008 appropriation ordinance were approved by City Council. These amendments were deemed to be immaterial in nature and are reflected in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the Year Ended December 31, 2008.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Lapsing of Appropriations

For all funds, except capital projects funds, unencumbered appropriation balances lapse at year end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation. Capital projects are appropriated on a project basis. Project appropriation balances lapse upon completion of the project; therefore their unencumbered appropriation balances are carried over to the subsequent fiscal year.

Budgeted Level of Expenditure

State law mandates that a fund's total obligations may not exceed the total amount appropriated for the fund. For all funds except fiduciary and capital project funds, the City maintains its legal level of budgetary control at the department level and within each department segregates out expenses between personal services and other. For fiduciary funds, the legal level of budgetary control is maintained at the fund level. For capital project funds, the City maintains its legal level of budgetary control at the project level. Management control is exercised at the department level within each fund. Administrative control is maintained through the establishment of more detailed line item budgets. The Mayor and Chief Administrative Officer are authorized to transfer budgeted amounts between departments within a fund so long as the total amount appropriated for the fund is not exceeded.

S. Comparative Data/Reclassifications

Prior year data presented in Management's Discussion and Analysis and Statistical Section have been reclassified in order to be comparative and provide an understanding of the changes in financial position and operations. Certain reclassifications have been made to the 2007 financial statements in order to conform to the 2008 presentation.

Note 3 – Change in Accounting Principles, Restatement of Net Assets and Restatement of Fund Balances

A. Change in Accounting Principles

For 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB Statement No. 50, *Pension Disclosures*.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The City has determined that the adoption of this statement did not have an impact on the City's financial statements; however, note disclosures related to post-employment benefits have been modified. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and OP&F post-employment healthcare plans in the amount of \$79,846 and \$53,322, respectively, which are the same as the previously reported liabilities.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 3 – Change in Accounting Principles, Restatement of Net Assets and Restatement of Fund Balances (continued)

A. Change in Accounting Principles (continued)

GASB Statement No. 49 provides guidance on how to calculate and report costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements.

B. Restatement of Net Assets

Understatement of capital assets had the following effect on net assets at December 31, 2007:

Net assets, December 31, 2007	\$ 102,265,773
Restatement of capital assets	<u>4,495,825</u>
Restated net assets, December 31, 2007	\$ <u>106,761,598</u>

The capital assets were understated due to an accounting error which was detected during a physical count of the City's inventory during 2008.

C. Restatement of Fund Balances

Overstatement of accrued compensated absences had the following effect on fund balances at December 31, 2007:

	<u>General</u>	<u>Capital Projects</u>	<u>Urban Renewal Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance, December 31, 2007	\$ 11,015,521	\$ 31,339,125	\$ (6,373,617)	\$ 4,135,751	\$ 40,116,780
Restatement of Accrued Compensated Absences	<u>1,739,716</u>	<u>-</u>	<u>-</u>	<u>184,404</u>	<u>1,924,120</u>
Adjusted Fund Balance, December 31, 2008	\$ <u>12,755,237</u>	\$ <u>31,339,125</u>	\$ <u>(6,373,617)</u>	\$ <u>4,320,155</u>	\$ <u>42,040,900</u>

At December 31, 2007, the accrued compensated absences that were due within one year were incorrectly recorded as liabilities in the General Fund and Non-Major Governmental Funds modified financial statements. This caused the liabilities and expenses to be overstated and the fund balances to be understated. There will not be an adjustment to the Net Assets because the liability and expense were recorded properly in the Governmental Activities. The \$1,924,120 shown as a current liability in the prior year Statement of Net Assets will be reclassified as a long-term liability in the Management's Discussion and Analysis for comparison purposes and in the Long-Term Obligation footnote to correct the debt schedule. See Management's Discussion and Analysis starting on Page 3 and the Long-Term Obligation schedule as part of Note 10 beginning on page 45.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 4 – Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund equity on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts and disbursements. The Statements of Revenue, Expenditure, Encumbrance and Changes in Fund Balance-Budget (Non – GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results to the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when susceptible to accrual (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments reported at fair value (GAAP) rather than cost (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

GAAP Basis	\$ (1,028,699)
Net Adjustment for Revenue Accruals	297,111
Fair Value Adjustment for Investments 2007	(180,881)
Fair Value Adjustment for Investments 2008	38,759
Net Adjustment for Expenditure Accruals	(623,440)
Encumbrances	<u>837,485</u>
Budget Basis	\$ <u><u>(659,665)</u></u>

Note 5 – Deposits and Investments

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

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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 5 – Deposits and Investments (continued)

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

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

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

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

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 5 – Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of City funds shall be required to pledge as security for repayment of all public moneys.

At year-end, the carrying amount of the City's deposits was \$1,149,118 (including \$13,146 of petty cash) and the bank balance was \$1,730,834. Of the bank balance, \$760,802 was covered by Federal depository insurance, and \$970,032 was collateralized with securities held by the pledging institution's agent in the City's name.

Investments

Investments are reported at fair value. As of December 31, 2008, the City had the following investments:

	Fair Value	Maturities (in years)	
		Less than 1	1-2
US Treasury Notes	\$ 2,086,251	\$ 1,012,188	\$ 1,074,063
Temporary TLGP Securities	4,060,183	-	4,060,183
Repurchase Agreement	39,730,076	39,730,076	-
Total Portfolio	\$ 45,876,510	\$ 40,742,264	\$ 5,134,246

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

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed.

Credit Risk is addressed in the City's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer. All investments of the city are registered and carry a rating AAA by Standard & Poor's.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 5 – Deposits and Investments (continued)

Investments (continued)

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations.

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
US Treasury Notes	4.55 %
Temporary TLGP Securities	8.85 %
Repurchase Agreements	86.60 %

Note 6 – Receivables

Receivables at December 31, 2008, consisted primarily of municipal income taxes, property and other taxes, accounts, special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full. Special assessments are expected to be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. The City receives property taxes from the following sources:

Real Estate - Residential, commercial and public utility real property is taxed at 35% of market value.

Tangible Personal Property - Historically, the true value of personal property is based upon composite annual allowances and is assessed at 88%, except for the following:

Electric Utility Production Equipment	- Assessed at 100% of true value (50% of cost).
Rural Electric Companies	- Assessed at 50% of true value.
Railroads	- Assessed at 25% of true value.
Telephone Utility	- Effective in tax year 1995, all interchange telephone personal property is assessed at 25% of true value. Local exchange telephone personal property added to the tax roles during tax year 1995 and thereafter is assessed at 25% of true value; existing personal property is assessed at 88% of true value.

The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for tax year 2007 is 12.50%. This will be reduced to 6.25% for tax year 2008, and zero for tax year 2009.

Real property taxes (other than public utility property) are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by the Cuyahoga County Auditor at 35%
Real property taxes (other than public utility property) are levied after October 1 on the assessed value listed as

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 6 – Receivables (continued)

A. Property Taxes (continued)

of the prior January 1, the lien date. Assessed values are established by the Cuyahoga County Auditor at 35% of the current market value, and reappraisal of all property is required every six years with a triennial update. The last reappraisal was completed for tax year 2006 affecting collections beginning in 2007.

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

Taxpayers become liable for tangible personal property taxes (other than public utility property) on January 1 of the current calendar year based on tax rates determined in the preceding year and assessed values determined as of the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Since 1992, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25% of its true value.

Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30, if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected during the calendar year were levied in the preceding calendar year based on assessed values as of January 1 of that preceding year, the lien date.

The majority of public utility tangible personal property currently is assessed at 35% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

While property tax rates are levied by the City, the Cuyahoga County Auditor is statutorily responsible for administering and collecting real property taxes on the behalf of all taxing authorities in the county, including the City.

The assessed values per category applicable to the 2008 and 2007 tax are as follows:

	<u>Tax Year/Collection Year</u>	
	<u>2008/2009</u>	<u>2007/2008</u>
Real Estate (other than public utility)	\$ 876,609,700	\$ 876,014,850
Public Utilities Real and Tangible Personal Property	9,080,760	8,674,200
Tangible Personal Property (other than public utility)	<u>3,788,537</u>	<u>6,129,221</u>
Total Valuation	\$ <u>889,478,997</u>	\$ <u>890,818,271</u>

The tax rate levied to finance the City's services for the years ended December 31, 2008 and December 31, 2007 was \$9.90 per \$1,000 of real estate and personal property valuation.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 6 – Receivables (continued)

A. Property Taxes (continued)

The receivable and related deferred revenue does not include property tax entitlements in the amount of \$1,220,127 that the City expects to receive in 2009 from the State of Ohio to finance 2009 operations. These entitlements are based upon 2008 local property tax relief granted by the State to qualified classes of real property owners in the form of homestead exemptions and tax rollbacks.

B. Municipal Income Taxes

The City income tax is applied to the gross salaries, wages and other personal service compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. The tax rate was 1.75% of earnings for 2008 and 2007. Both residents of the City and non-residents who work inside the City are subject to the income tax. The City grants an income tax credit to residents who work in a locality that has a municipal income tax. The City provides a credit of up to one-half of one percent of the tax rate of the resident's workplace community's income tax rate. A receivable totaling \$8,544,040 has been recorded in the General Fund. This total includes \$3,705,224 for the portion of taxes that is due prior to December 31, 2008, but is not received until January and February of the following year, and \$4,838,816 which has been billed, but is not available in the current period.

C. Intergovernmental Receivable

A summary of intergovernmental receivables at December 31, 2008, include the following:

<u>Governmental Activities</u>		<u>Amounts</u>
Local Government Contracts	\$	315,087
Auto Registration Fees		24,354
Homestead & Rollback		556,070
Gas Tax		392,142
Liquor Tax		2,125
Estate Tax		437,594
Local Government – State		166,483
Local Government – County		565,954
Federal Grants		356,316
CAT Tax		16,540
Other		<u>51,373</u>
Total	\$	<u>2,884,038</u>

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 7 – Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

Governmental Activities:	Restated Balances 12/31/07	Additions	Deletions	Balances 12/31/08
Capital Assets not being depreciated:				
Land	\$ 17,440,395	\$ 245,611	\$ (14,500)	\$ 17,671,506
Construction in Progress	<u>24,006,531</u>	<u>2,856,006</u>	<u>(21,419,914)</u>	<u>5,442,623</u>
Total Capital Assets not being depreciated	<u>41,446,926</u>	<u>3,101,617</u>	<u>(21,434,414)</u>	<u>23,114,129</u>
Capital Assets being depreciated:				
Buildings and Improvements	15,687,085	341,931	-	16,029,016
Land Improvements	2,854,754	5,247,500	-	8,102,254
Machinery and Equipment	14,570,303	824,498	(44,248)	15,350,553
Infrastructure:				
Streets	14,028,591	6,622,339	-	20,650,930
Storm and Sanitary Sewers	5,025,542	2,713,369	-	7,738,911
Bridges	148,389	-	-	148,389
Culverts	56,000	-	-	56,000
Traffic Signals	<u>2,531,645</u>	<u>10,335,803</u>	<u>-</u>	<u>12,867,448</u>
Total Capital Assets being depreciated	<u>54,902,309</u>	<u>26,085,440</u>	<u>(44,248)</u>	<u>80,943,501</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,533,319)	(363,280)	-	(5,896,599)
Land Improvements	(1,415,067)	(310,709)	-	(1,725,776)
Machinery and Equipment	(7,929,055)	(1,172,169)	32,991	(9,068,233)
Infrastructure:				
Streets	(3,486,246)	(452,274)	-	(3,938,520)
Storm and Sanitary Sewers	(391,161)	(98,216)	-	(489,377)
Bridges	(47,089)	(5,936)	-	(53,025)
Culverts	(2,302)	(747)	-	(3,049)
Traffic Signals	<u>(828,528)</u>	<u>(318,733)</u>	<u>-</u>	<u>(1,147,261)</u>
Total Accumulated Depreciation	<u>(19,632,767)</u>	<u>(2,722,064)</u>	<u>32,991</u>	<u>(22,321,840)</u>
Net Capital Assets being depreciated	<u>35,269,542</u>	<u>23,363,376</u>	<u>(11,257)</u>	<u>58,621,661</u>
Governmental Activities				
Capital Assets, Net	\$ <u>76,716,468</u>	\$ <u>26,464,993</u>	\$ <u>(21,445,671)</u>	\$ <u>81,735,790</u>

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 7 – Capital Assets (continued)

Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	\$ 604,558
Public Health Services	3,025
Leisure Time Activities	459,163
Housing and Community Development	84,565
Sanitation and Sewer Services	297,710
Street Maintenance and Repair	538,482
Public Works – Other	418,996
General Government – Legislative and Executive	292,506
General Government – Judicial System	<u>23,059</u>
Total	\$ <u>2,722,064</u>

Note 8 – Compensated Absences

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

All full-time employees earn sick leave at a rate of fifteen (15) workdays per year. In November of each year full-time employees of the City have the right to convert accumulated sick leave days earned during the last year in excess of a total accumulation of ninety (90) days at the ratio of three days of accumulated sick leave for one day's pay. Sick leave not converted under this option may be used through time off from work. Dependent upon bargaining unit membership, full-time employees with minimum continuous service with the City ranging from five to ten years who terminate employment for other than disciplinary reasons may receive payment for their accumulated sick leave according to various formulae with maximums ranging from 600 to 1,300 hours. Compensated absences are charged to various funds of the City in accordance to where an employee's salary is charged.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 9 – Notes Payable

Notes payable at December 31, 2008, consisted of the general obligation bond anticipation notes listed below. All of the debt listed has a term of one year or less, except for the Taxable Special Obligation Housing Notes, and was issued to finance improvements to City owned property and to acquire equipment. The City has been retiring a portion of the notes as they mature and is issuing new notes for the remaining balance. The City will either convert this debt to bonds or pay off the debt within six years. Temporary Urban Renewal Bonds are dated October 31, 2008 and are due April 22, 2009, at an interest rate of 3.65%. Various Improvement Notes are dated May 8, 2008, and are due May 8, 2009, at an interest rate of 2.50%. One series of Taxable Special Obligation Housing Notes is dated September 8, 2006, and is due on September 8, 2010, at an interest rate of 4.76%. A second series of Taxable Special Obligation Housing Notes is dated June 12, 2007 and is due June 12, 2011 at an interest rate of 4.9%. A third series of Taxable Special Obligation Housing Notes is dated July 15, 2008 and is due July 15, 2012 at an interest rate of 3.8%. Subsequent to year-end, the Various Purpose Improvement Notes and the Temporary Urban Renewal Bonds were refinanced. Therefore, these notes payable are recorded as long-term obligations.

A summary of all note debt activity for the year ended December 31, 2008, as follows:

<u>General Obligation Bond Anticipation</u>	<u>Balance</u> <u>12/31/07</u>	<u>Net/Addition</u> <u>(Reduction)</u>	<u>Balance</u> <u>12/31/08</u>
STC Northwest Quadrant Note – Library (Renewal 17)	\$ 500,000	\$ (500,000)	\$ -
2004 Public Safety System Note	320,000	(320,000)	-
2001 Traffic Signal Project Note	350,000	(350,000)	-
2004 Street Restoration Note	315,000	(315,000)	-
2004 Lee Road Construction Note	280,000	(280,000)	-
STC TIF Project Temporary Bond, Series 2007	6,845,000	(6,845,000)	-
Taxable Special Obligation Housing Notes, Series 2006	250,000	-	250,000
Taxable Special Obligation Housing Notes, Series 2007	500,000	(250,000)	250,000
Taxable Special Obligation Housing Notes, Series 2008	-	500,000	500,000
STC Northwest Quadrant note – Library (Renewal 18)	-	345,000	345,000
2004 Public Safety System Note	-	160,000	160,000
2001 Traffic Signal Project Note	-	300,000	300,000
2004 Street Restoration Note	-	270,000	270,000
2004 Lee Road Construction Note	-	240,000	240,000
STC TIF Project Temporary Bond, Series 2008	<u>-</u>	<u>6,845,000</u>	<u>6,845,000</u>
Total Notes Payable	\$ <u>9,360,000</u>	\$ <u>(200,000)</u>	\$ <u>9,160,000</u>

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 10 – Long Term Obligation

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

	<u>Balance 12/31/2007</u>	<u>Addition (Reduction)</u>	<u>Balance 12/31/2008</u>	<u>Amounts Due in One Year</u>
Bonds Payable @ Various Interest Rates				
Firehouse No. 1 Construction Permanent Urban Renewal Bond, due 12/1/2031	\$ 4,560,000	\$ (115,000)	\$ 4,445,000	\$ 120,000
Sussex Area Revitalization District Permanent Urban Renewal Bond, due 12/1/2031	2,650,000	(55,000)	2,595,000	70,000
Shaker Town Centre Revitalization Permanent Urban Renewal Bond, due 12/1/2031	<u>7,645,000</u>	<u>(100,000)</u>	<u>7,545,000</u>	<u>100,000</u>
Total Bonds Payable	<u>14,855,000</u>	<u>(270,000)</u>	<u>14,585,000</u>	<u>290,000</u>
Loans Payable Ohio Public Works Commission Loans				
CA611 - Shelburne Road Sanitary Sewer Replacement, due 7/1/2015, semi-annual installment of \$20,188	302,812	(20,188)	282,624	40,375
CA08F - -Water System Improvement, due 07/01/2025, semi-annual installments of \$69,908	2,586,613	(69,909)	2,516,704	139,817
CA17E - City Water Line Improvements due 07/01/2025, semi-annual installment of \$32,475	<u>1,136,625</u>	<u>(32,474)</u>	<u>1,104,151</u>	<u>64,950</u>
Total Loans Payable	<u>4,026,050</u>	<u>(122,571)</u>	<u>3,903,479</u>	<u>245,142</u>
Notes Payable				
Various Purpose Improvement Notes	1,765,000	1,315,000 (1,765,000)	1,315,000	450,000
Taxable Special Obligation Housing Notes	750,000	500,000 (250,000)	1,000,000	250,000
STC TIF Project Temporary Bond	<u>-</u>	<u>6,845,000</u>	<u>6,845,000</u>	<u>2,245,000</u>
Total Long-term Notes Payable	<u>2,515,000</u>	<u>6,645,000</u>	<u>9,160,000</u>	<u>2,945,000</u>
Compensated absences	5,931,610	3,123,268 (3,042,396)	6,012,482	1,788,062
Total long –term obligations	\$ <u>27,327,660</u>	\$ <u>6,333,301</u>	\$ <u>33,660,961</u>	\$ <u>5,268,204</u>

As of December 31, 2008, the City’s future debt service requirements consisted of bonds and notes payable at various interest rates, three non-interest bearing Ohio Public Works Commission Loans numbered CA611, CA08F and CA17E and compensated absences. For governmental activities, compensated absences are generally liquidated by the general fund.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 10 – Long Term Obligation (continued)

The annual debt service requirements are as follows:

<u>Year</u>	<u>Bonds Payable</u>		<u>Loans Payable Principal</u>		
	<u>Principal</u>	<u>Interest</u>	<u>CA611</u>	<u>CA08F</u>	<u>CA17E</u>
2009	\$ 290,000	\$ 673,709	\$ 40,375	\$ 139,817	\$ 64,950
2010	405,000	666,169	40,375	139,817	64,950
2011	420,000	654,424	40,375	139,817	64,950
2012	430,000	640,774	40,375	139,817	64,950
2013	450,000	625,724	40,375	139,817	64,950
2014-2018	2,540,000	2,844,326	80,749	699,085	324,750
2019-2023	3,145,000	2,169,204	-	699,085	324,750
2024-2028	3,995,000	1,273,756	-	419,449	129,901
2029-2031	2,910,000	273,338	-	-	-
Total	\$ <u>14,585,000</u>	\$ <u>9,821,424</u>	\$ <u>282,624</u>	\$ <u>2,516,704</u>	\$ <u>1,104,151</u>

Legal Debt Margin Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2008, the City's overall debt limitation is \$93,395,295 (10.5% of the City's total assessed property valuation of \$889,478,997) of which \$92,258,534 is available for additional voted and unvoted general obligation debt. Of this total general obligation debt capacity, the City's unvoted general obligation debt capacity is \$48,921,345 (5.5% of the City's total assessed property valuation) at December 31, 2008, of which \$47,784,584 is available.

Note 11 – Pension and Retirement Plans

A. Ohio Public Employees Retirement System (OPERS)

The City of Shaker Heights participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 11 – Pension and Retirement Plans (continued)

A. Ohio Public Employees Retirement System (OPERS) (continued)

For 2008, member and employer contribution rates were consistent across all three plans. For the year ended December 31, 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City contributed 14.0 percent of covered payroll, of which 7.0 percent was used to fund health care coverage for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$1,937,741, \$2,113,796, and \$1,942,243, respectively; 91.8 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

B. Ohio Police and Fire Pension Fund (OP&F)

The City of Shaker Heights contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. Contributions are authorized by state statute. The City's contributions to OP&F for the years ended December 31, 2008, 2007, and 2006 were \$2,092,172, \$2,244,685, and \$2,167,359, respectively. The full amount has been contributed for 2007 and 2006. For 2008, 92.0 percent for police and 91.6 percent for firefighters has been contributed, with the remainder being reported as a liability.

Note 12 – Postemployment Benefits

A. Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 12 – Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (OPERS) (continued)

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is available. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH, 43215-4642, or by calling (614) 222-5601.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, the City contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of the post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care for the years ended December 31, 2008, 2007, and 2006 were \$968,871, \$839,414, and \$637,963, respectively; 91.8 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 12 – Post Employment Benefits (continued)

B. Ohio Police and Fire Pension Fund (OP&F)

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

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 E. Town St., Columbus, Ohio 43215-5164.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 1150 and 401(h).

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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 12 – Post Employment Benefits (continued)

B. Ohio Police and Fire Pension Fund (OP&F) (continued)

The City's contributions to OP&F for the years ended December 31, 2008, 2007, and 2006 were \$2,092,172, \$2,244,685, and \$2,167,359, respectively, of which \$650,569, \$696,626, and \$772,277, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2007 and 2006. For 2008, 92.0 percent for police and 91.6 percent for firefighters has been contributed, with the remainder being reported as a liability.

Note 13 – Interfund Activity

A. Interfund activity for the year ended December 31, 2008 consisted of the following:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>					<u>Total</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Urban Renewal</u>	<u>Non Major Funds</u>	<u>Internal Service</u>	
General Fund	\$ -	\$ -	\$ -	\$ 952,871	\$ 42,429	\$ 995,300
Capital Projects Fund	-	-	11,385	34,925	-	46,310
Urban Renewal Debt Service Fund	-	3,143	-	-	-	3,143
Nonmajor Governmental Funds	18,534	4,336	-	628,355	-	651,225
Internal Service Funds	<u>101,195</u>	-	-	-	-	<u>101,195</u>
Total	\$ <u>119,729</u>	\$ <u>7,479</u>	\$ <u>11,385</u>	\$ <u>1,616,151</u>	\$ <u>42,429</u>	\$ <u>1,797,173</u>

The interfund receivables and payables listed above result from a difference in the timing of when expenses are recognized in accordance with generally accepted accounting principles and when the related interfund subsidies are budgeted for payment on a cash basis.

B. Interfund transfers for the year ended December 31, 2008, consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Non Major Funds</u>	
General Fund	\$ -	\$ 90,000	\$ -	\$ 90,000
Capital Projects	38,000	-	49,000	87,000
Urban Renewal Debt Service Fund	-	945,188	-	945,188
Nonmajor Governmental Funds	1,697,474	846,442	327,442	2,871,358
Internal Service	-	<u>300,000</u>	-	<u>300,000</u>
Totals	\$ <u>1,735,474</u>	\$ <u>2,181,630</u>	\$ <u>376,442</u>	\$ <u>4,293,546</u>

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 13 – Interfund Activity (continued)

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

The City had no transfers that either do not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer. In addition, each of the above transfers is in compliance with the Ohio Revised Code.

Note 14 – Direct Financing Leases

As of December 31, 2008, the City has leased four pieces of real property. All of the leases are accounted for as direct financing leases. The value of the City's investment in direct financing leases is reflected as a lease receivable and deferred revenue in the General Fund of \$260,922 Capital Projects Fund of \$969,906 and Economic Development Fund of \$4,500.

Former Moreland School Building: This property was leased to the Shaker Heights Public Library during 1991 to serve as the library districts' new main library facility. The initial lease term expires in 2013 with four ten-year renewal options. Under the terms of the lease, the Library Board of Directors completed approximately \$4.3 million in renovations to the facility. The lease required the City to finance \$2.6 million of the project. The annual basic lease payment is \$100 plus the annual debt service on the financing amortized over the life of the lease.

Warrensville Center Road Center Strip/Parking Lots: This lease was entered into with University Hospitals Health System, Inc. in June 2007 for a term of 15 years. Under the terms of the lease, the City constructed and made necessary improvements to existing parking lots on City owned property along Warrensville Center Road.

3470 Warrensville Center Road: This lease was entered into with Starbucks Corporation in 1999 for a 10 year period. In 2008, Starbucks exercised its first option to extend the lease for an additional five-year period. It was extended through August 2014, commencing September 1, 2009. Under the terms of the lease, upon expiration, the lessee has the right to renew the lease with scheduled rent increases for one additional five-year period.

3558 Lee Road: This lease was entered into in 2005, for the former Zalud Oldsmobile property, with First Energy Corp. and expired in January 2009.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 14 – Direct Financing Leases (continued)

The following lists the components of the net investment in direct financing leases as of December 31, 2008:

<u>Year Ending December 31,</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Economic Development</u>	<u>Total</u>
2009	\$ 55,283	\$ 158,851	\$ 4,500	\$ 218,634
2010	58,550	158,851	-	217,401
2011	58,550	38,851	-	97,401
2012	58,550	3,851	-	62,401
2013	58,450	3,851	-	62,301
2014-2018	43,750	49,251	-	93,001
2019	-	33,850	-	33,850
Total minimum lease receivable	333,133	447,356	4,500	784,989
Less: Amounts representing executory costs	(86,100)	(42,350)	-	(128,450)
Net minimum lease receivable	247,033	405,006	4,500	656,539
Estimated residual value of leased property	13,889	564,900	-	578,789
Net investment in direct financing leases	\$ <u>260,922</u>	\$ <u>969,906</u>	\$ <u>4,500</u>	\$ <u>1,235,328</u>

Note 15 – Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2008, the City contracted with the following insurance companies:

Argonaut (Trident) – provided public entity broad form liability insurance. This insurance included law enforcement, public officials, and emergency medical liability insurance, and is limited to \$10,000,000 with a self-retention of \$100,000. This insurance also included excess insurance for automobile liability with no retention limit. AAIC provided the excess liability (umbrella) insurance.

Trident – provided liability insurance for all City-owned vehicles (excluding scooters) and physical damage insurance for all units valued at \$50,001 and above with a deductible of \$500. Any vehicle valued below \$50,001 does not carry comprehensive or collision insurance. The vehicles not carried under the plan are self-insured by the City. This coverage includes \$1,000,000 for Liability, \$25,000 for uninsured/under insured motorist, \$1,000,000 for leased or rented vehicles, and a \$500 comprehensive and collision deductible.

Trident – provided commercial insurance for property and inland marine. Property insurance, with a deductible of \$5,000, was limited to \$40,074,544 for property and contents and \$1,706,443 for contractor's equipment. This coverage also included coverage of valuable papers and records, which was limited to \$100,000 with a deductible of \$500.

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

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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 15 – Risk Management (continued)

The City accounts for its general liability and property insurance premiums in the Self-Insurance Fund (an Internal Service Fund). The claims liability reported in the Self-Insurance Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Several claims and lawsuits are pending against the City. At December 31, 2008, the general and property liabilities balance is zero. The amount of the liability, if any, cannot be reasonably estimated at this time. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There were no reductions of coverage in 2008 when compared to the prior year.

The City makes available a choice of health care plans for full-time permanent employees and their qualified dependents. The current providers are an HMO and commercial hospitalization insurance carrier. Hospitalization premiums are paid on a monthly basis and allocated to proper funds. Benefits of these plans include hospitalization and dental insurance. Other insurance carriers provide accidental death and dismemberment, disability, and life insurance benefits.

Historically, under the Ohio Workers' Compensation System for public employer taxing districts, a city could be fully insured against worker compensation claims. The city paid a premium determined by the "base rate" as modified by the "experience factor." Prior to 1994 and subsequent to 1999, the City was part of the fully insured program.

Ohio law was amended to permit a plan based on a so called "Retrospective Rating." Ohio employers that meet the eligibility requirements and standards are able to participate in this plan which transfers a certain portion of the claim risk to the employer. Under the terms of the Retrospective Rating Plan, an employer is required to make three forms of payment.

- First a minimum premium payment, which is a fraction of the premium it would have been under the fully insured plan.
- Second, the employer is responsible for all selection year claims paid by the Bureau within the next ten years.
- Third, at the end of the ten-year period, the Bureau will compute a final premium liability for all remaining, unresolved claims.

The City applied for and was accepted into the Retrospective Rating Plan for the years 1994 through 1999. The City's Self-Insurance Fund (an Internal Service Fund) was used to account for and pay Workers' Compensation claims from the accumulated assets of the fund. The City's Retrospective Rating Plan provided for a catastrophic limit per claim and an aggregate claim limit of 200% fully insured premium that would have been payable by the City for the year in which the injury occurred. Beginning in 2000 and for each year since up through August 31, 2008, the City has elected to participate in the fully insured plan of the Ohio Bureau of Workers' Compensation.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 15 – Risk Management (continued)

On September 1, 2008, the City elected to provide worker's compensation coverage through a partially self-insured program. The City is accounting for the worker's compensation self-insurance through the Self-Insurance Fund (an Internal Service Fund). Compensable Benefits LLC is the City's third-party administrator. The retention point for excess insurance is \$500,000, which is through Midwest Employer's Casualty Company. The insurance will cover the City for each incident that goes beyond \$500,000.

At December 31, 2008, \$ 88,051 had been accrued for Self Insurance claims. This represents estimates to be paid for Workers' Compensation and Property and Casualty for unpaid claims costs, including an estimate of costs relating to incurred but not yet reported claims based on the current information available.

A reconciliation of changes in the balances of claims liabilities during the fiscal years 2008 and 2007 were as follows:

	<u>Property and Casualty</u>		<u>Workers' Compensation</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Beginning of the Year Liability	\$ -	\$ -	\$ 296,758	\$ 1,017,324
Current Year Claims				
And Changes in Estimates	57,355	59,696	(180,613)	(474,608)
Claim Payments	<u>(57,355)</u>	<u>(59,696)</u>	<u>(28,094)</u>	<u>(245,958)</u>
Balance at End of Year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>88,051</u>	\$ <u>296,758</u>

Note 16 – Subsequent Event

On March 23, 2009, the City entered into an agreement with the Ohio Public Works Commission for a zero interest loan in the amount of \$1,765,549, maturing on January 1, 2029, for the purpose of making infrastructure improvements to the South Woodland area.

On April 21, 2009, the City issued General Obligation Urban Renewal Bonds, Series 2009, in the amount of \$4,600,000 with varying interest rates from 2.0% to 5.0%, maturing December 1, 2031, to retire previously outstanding Urban Renewal Temporary Bonds, Series 2008 and to pay the costs of carrying out the City urban renewal project activities.

On May 8, 2009, the City issued Various Purpose Improvement Notes in the amount of \$865,000 with an interest rate of 1.75%, maturing on May 7, 2010, to retire previously outstanding notes and for the following purposes: (i) renovating and improving the former Moreland school building for library and other municipal purposes; (ii) improving streets within the City by installing traffic signalization and by resurfacing and reconstructing surfaces; and (iii) acquiring, installing, and equipping a new computer system for the Public Safety Department; each all together with all necessary equipment and appurtenances thereto.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 17 – Construction Commitments

The City has active construction projects as of December 31, 2008. As of December 31, 2008, the City's construction commitments with contractors were as follows:

<u>Project</u>	<u>Project Expenditures as of 12/31/2008</u>	<u>Remaining Commitment</u>
Horseshoe Lake Trail	\$ 12,576	\$ 20,600
Westbury Road Beautification	28,550	1,450
Street Improvements:		
2005 Street Repair Program	804,302	1,920
2006 Street Repair Program	689,724	87,908
2008 Street Repair Program	<u>666,655</u>	<u>501,446</u>
Total Street Improvements	<u>2,160,681</u>	<u>591,274</u>
Storm and Sanitary Sewer Improvements:		
South Woodland Project	2,123,373	1,207,062
Lee Road Sanitary Sewer	682,193	107,807
Horseshoe Lake Dam and Spillway	27,153	82,847
Lomond Project	<u>54,117</u>	<u>6,013</u>
Total Storm and Sanitary Sewer Improvements	<u>2,886,836</u>	<u>1,403,729</u>
Total All Projects	\$ <u>5,088,643</u>	\$ <u>2,017,053</u>

Note 18 – Claims and Judgments

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

The City has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. However, it is the opinion of management that any such disallowances, if any, will be immaterial.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 19 – Noncompliance

Ohio Revised Code 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. At December 31, 2008, the City had expenditures plus encumbrances in excess of appropriations as follows:

	<u>Final</u> <u>Appropriations</u>	<u>Actual</u> <u>Expenditures</u>	<u>Excess</u>
General Fund:			
Parks and Public Lands Maintenance:			
Personal Services	\$ 498,980	\$ 511,204	\$ (12,224)
Tree Maintenance and Leaf Collection:			
Other	181,600	185,152	(3,552)
Refuse Collection and Disposal:			
Personal Services	1,437,140	1,457,749	(20,609)
Brush Collection and Disposal:			
Other	176,900	185,124	(8,224)
Street Maintenance and Repair:			
Personal Services	240,040	346,735	(106,695)
Public Works Administration:			
Other	60,900	68,543	(7,643)
Public Building Maintenance:			
Personal Services	531,430	535,448	(4,018)
Special Revenue Funds:			
Economic Development Fund:			
Housing and Community Development	100,000	108,269	(8,269)
H.I.D.T.A. Fund:			
Police	3,385,317	3,776,332	(391,015)
Drug Free Community Grant Fund:			
Advances – out	-	3,503	(3,503)
Internal Service Funds:			
Municipal Garage Fund:			
Materials and Supplies	29,500	42,117	(12,617)
Self Insurance Fund:			
Personal Services	78,100	79,445	(1,345)

Ohio Revised Code 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2008

Note 19 – Noncompliance (continued)

At December 31, 2008, the following funds had final appropriations in excess of final estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	<u>Final Certificate</u>	<u>Final Appropriations</u>	<u>Excess</u>
Central Service Operating Fund	\$ 1,166,700	\$ 1,190,650	\$ (23,950)

At December 31, 2008, the following funds had original appropriations in excess of the original estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	<u>Original Certificate</u>	<u>Original Appropriations</u>	<u>Excess</u>
Housing and Nuisance Abatement Fund	\$ 499,418	\$ 500,000	\$ (582)
Central Services Operating Fund	788,429	800,000	(11,571)
Copier Management Fund	82,283	87,000	(4,717)
Municipal Garage Fund	1,269,571	1,372,064	(102,493)

Note 20 – Fund Deficits

Fund balances at December 31, 2008 included the following individual fund deficits:

<u>Funds</u>	<u>Deficit Fund Balance</u>
Nonmajor Special Revenue Funds:	
High Intensity Drug Trafficking Area Fund	\$ 419,645
Drug Free Community Grant Fund	681
Nonmajor Internal Service Fund:	
Central Purchasing Fund	10,070
Municipal Garage Fund	87,375

These fund deficits are the result of the recognition of liabilities in accordance with general accepted accounting principles. Management is analyzing the operations of these funds to determine appropriate steps to eliminate the deficits.

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City of Shaker Heights, Ohio

Combining Statements
Non-Major Governmental Funds

For The Year Ended December 31, 2008

Non-Major Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts of major capital projects) that are legally restricted to expenditure for specified purposes.

Street Maintenance and Repair

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

State Highway Fund

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

Economic Development Fund

To account for funds used to attract and retain businesses within the City.

Sewer Maintenance

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

Police Pension Fund

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

Fire Pension Fund

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

Indigent Driver/Alcohol Treatment

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

Court Computer Legal Research

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

City of Shaker Heights, Ohio

Combining Statements
Non-Major Governmental Funds

For The Year Ended December 31, 2008

Non-Major Special Revenue Funds (Continued)

Clerk's Computerization

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

Exterior Home Maintenance

To account for monies received from the Cuyahoga County Community Development Block Grant Program to be used to provide funding for improvements to owner-occupied homes within the City.

Fair Housing Grant

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

Community Preservation Partnership Program

To account for the Gund and Cleveland Foundation Grant monies to be used for home improvement education and mortgage assistance.

Law Enforcement Grant

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

Court Community Service Fund

To account for the collection and use of an additional court cost imposed by the Shaker Heights Municipal Court, under the authority of Ohio Revised Code Section 1901.26, on each DUI and substance related offenses as well as first-offender criminal cases to fund court service programming.

Court Alternate Disputer Resolution Fund

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

Ohio Court Security Project Fund

To account for a grant received from the State of Ohio to be used to upgrade court security by replacing door entry locks with a computerized keyless entry system.

High Intensity Drug Trafficking Area Grant Fund (HIDTA)

The City is the grantee and acts as the fiscal agent for the federally funded Ohio HIDTA. The HIDTA Program functions as a coordination umbrella by forging partnerships among local, state, and federal law enforcement agencies in designated areas to combine resources and efforts in order to reduce drug trafficking and distribution.

Drug Free Community Grant

To account for a grant received by the City's Health Department whose primary purpose is to reduce and prevent the use of alcohol, tobacco and other drugs by Shaker Heights youth through influencing social norms regarding substance abuse.

City of Shaker Heights, Ohio

Combining Statements
Non-Major Governmental Funds

For The Year Ended December 31, 2008

Non-Major Special Revenue Funds (Continued)

Housing and Nuisance Abatement

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

Indigent Driver Interlock

To account for funds received from court costs that are collected on each OVI offense. The fund was created with the purpose of funding interlock and SCRAM (Secure Continuous Remote Alcohol Monitoring) for indigent drivers.

Street Lighting Assessment

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

Tree Maintenance Assessment

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

Central Services Operation

To provide a central cost center for work for other governmental agencies, utilities, and individuals that is not considered to be a normal city function and is billable back to the responsible party. Included in this fund is the maintenance of the rapid transit tracks for the Regional Transit Authority, street openings and closings, public property damage repair, sidewalk repair and replacement and other miscellaneous activities.

Law Enforcement Trust

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

Debt Service Administration

To account for the accumulation of resources for, and the payment of all General Long Term Debt Principal and Interest except for Urban Renewal Debt.

City of Shaker Heights, Ohio

Combining Balance Sheet Non-Major Governmental Funds

December 31, 2008

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
Assets:			
Equity in city treasury cash	\$ 7,476,009	\$ 208,828	\$ 7,684,837
Taxes receivable	460,454	-	460,454
Accounts receivable	1,027,728	-	1,027,728
Special assessments receivable	3,028,733	-	3,028,733
Lease receivable	4,500	-	4,500
Interfund receivable	646,889	4,336	651,225
Intergovernmental receivable	<u>819,740</u>	<u>-</u>	<u>819,740</u>
Total assets	\$ <u>13,464,053</u>	\$ <u>213,164</u>	\$ <u>13,677,217</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 573,322	\$ -	\$ 573,322
Accrued wages	575,032	-	575,032
Interfund payable	1,581,226	34,925	1,616,151
Deferred revenue	<u>4,643,228</u>	<u>-</u>	<u>4,643,228</u>
Total liabilities	<u>7,372,808</u>	<u>34,925</u>	<u>7,407,733</u>
Fund balances:			
Reserved for encumbrances	261,070	122,571	383,641
Unreserved; undesignated	<u>5,830,175</u>	<u>55,668</u>	<u>5,885,843</u>
Total fund balances	<u>6,091,245</u>	<u>178,239</u>	<u>6,269,484</u>
Total liabilities and fund balances	\$ <u>13,464,053</u>	\$ <u>213,164</u>	\$ <u>13,677,217</u>

City of Shaker Heights, Ohio

Combining Statement of Revenues, Expenditures and Changes In Fund Balances Non-Major Governmental Funds

For the Year Ended December 31, 2008

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
Revenues:			
Property taxes	\$ 473,700	\$ -	\$ 473,700
Intergovernmental	6,459,338	-	6,459,338
Charges for services	2,232,671	-	2,232,671
Interest earnings	100,618	1,835	102,453
Fines and forfeitures	348,016	-	348,016
Special assessments	1,765,410	-	1,765,410
Other revenue	91,389	174,866	266,255
Total revenues	<u>11,471,142</u>	<u>176,701</u>	<u>11,647,843</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property:			
Police	4,564,964	-	4,564,964
Fire	1,244,425	-	1,244,425
Other	601,982	-	601,982
Public health service	91,077	-	91,077
Housing and community development	1,474,278	-	1,474,278
Sanitation and sewer service	1,568,967	-	1,568,967
Street maintenance and repair	1,347,642	-	1,347,642
Public works – other	630,004	-	630,004
General government:			
Legislative and executive	110,213	5,024	115,237
Judicial system	135,022	-	135,022
Debt service:			
Principal retirement	-	2,137,571	2,137,571
Interest and fiscal charges	-	97,261	97,261
Total expenditures	<u>11,768,574</u>	<u>2,239,856</u>	<u>14,008,430</u>
Excess of revenues over (under) expenditures	<u>(297,432)</u>	<u>(2,063,155)</u>	<u>(2,360,587)</u>
Other financing sources (uses):			
Issuance of debt	500,000	1,315,000	1,815,000
Transfers – in	1,998,141	873,217	2,871,358
Transfers – out	<u>(376,442)</u>	<u>-</u>	<u>(376,442)</u>
Total other financing sources (uses)	<u>2,121,699</u>	<u>2,188,217</u>	<u>4,309,916</u>
Net change in fund balances	1,824,267	125,062	1,949,329
Fund balances at beginning of year, restated	<u>4,266,978</u>	<u>53,177</u>	<u>4,320,155</u>
Fund balances at end of year	\$ <u>6,091,245</u>	\$ <u>178,239</u>	\$ <u>6,269,484</u>

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City of Shaker Heights, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds

December 31, 2008

	<u>Street Maintenance</u>	<u>State Highway</u>	<u>Economic Development</u>	<u>Sewer Maintenance</u>	<u>Police Pension</u>
Assets:					
Equity in city treasury cash	\$ 731,390	\$ 69,589	\$ 403,432	\$ 1,452,993	\$ 469,474
Taxes receivable	-	-	-	-	230,227
Accounts receivable	2,460	-	-	576,834	-
Special assessments receivable	-	-	-	-	-
Lease receivable	-	-	4,500	-	-
Interfund receivable	-	-	-	-	-
Intergovernmental receivable	<u>386,252</u>	<u>30,244</u>	<u>-</u>	<u>-</u>	<u>18,083</u>
Total assets	<u>\$ 1,120,102</u>	<u>\$ 99,833</u>	<u>\$ 407,932</u>	<u>\$ 2,029,827</u>	<u>\$ 717,784</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 1,393	\$ 2,108	\$ 40,679	\$ 34,723	\$ -
Accrued wages	48,152	-	-	39,469	191,915
Interfund payable	-	-	-	-	-
Deferred revenue	<u>241,990</u>	<u>19,421</u>	<u>4,500</u>	<u>483,921</u>	<u>248,310</u>
Total liabilities	<u>291,535</u>	<u>21,529</u>	<u>45,179</u>	<u>558,113</u>	<u>440,225</u>
Fund balances:					
Reserved for encumbrances	48,834	-	3,072	60,281	-
Undesignated, reported in:					
Special Revenue funds	<u>779,733</u>	<u>78,304</u>	<u>359,681</u>	<u>1,411,433</u>	<u>277,559</u>
Total fund balances (deficits)	<u>828,567</u>	<u>78,304</u>	<u>362,753</u>	<u>1,471,714</u>	<u>277,559</u>
Total liabilities and fund balances	<u>\$ 1,120,102</u>	<u>\$ 99,833</u>	<u>\$ 407,932</u>	<u>\$ 2,029,827</u>	<u>\$ 717,784</u>

	<u>Fire Pension</u>	<u>Indigent Driver / Alcohol Treatment</u>	<u>Court Computer</u>	<u>Clerk's Computerization</u>	<u>Exterior Home Maintenance</u>	<u>Fair Housing Grant</u>	<u>Community Preservation</u>	<u>Law Enforcement Grants</u>	<u>Court Community Service</u>
\$	332,454	\$ 42,868	\$ 134,981	\$ 250,154	\$ 36,392	\$ 102,460	\$ 459,455	\$ 2,592	\$ 43,865
	230,227	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	18,534	-	-	-	-	-	34,002	-	-
	<u>18,082</u>	<u>32</u>	<u>2,706</u>	<u>9,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>881</u>
\$	<u>599,297</u>	\$ <u>42,900</u>	\$ <u>137,687</u>	\$ <u>259,169</u>	\$ <u>36,392</u>	\$ <u>102,460</u>	\$ <u>493,457</u>	\$ <u>2,592</u>	\$ <u>44,746</u>
\$	-	\$ 3,680	\$ 4,472	\$ -	\$ -	\$ -	\$ 1,400	\$ -	\$ 607
	203,000	-	460	-	-	1,187	-	145	-
	-	-	-	-	34,002	-	-	-	-
	<u>248,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>451,310</u>	<u>3,680</u>	<u>4,932</u>	<u>-</u>	<u>34,002</u>	<u>1,187</u>	<u>1,400</u>	<u>145</u>	<u>607</u>
	-	-	730	5,765	-	-	2,486	-	606
	<u>147,987</u>	<u>39,220</u>	<u>132,025</u>	<u>253,404</u>	<u>2,390</u>	<u>101,273</u>	<u>489,571</u>	<u>2,447</u>	<u>43,533</u>
	<u>147,987</u>	<u>39,220</u>	<u>132,755</u>	<u>259,169</u>	<u>2,390</u>	<u>101,273</u>	<u>492,057</u>	<u>2,447</u>	<u>44,139</u>
\$	<u>599,297</u>	\$ <u>42,900</u>	\$ <u>137,687</u>	\$ <u>259,169</u>	\$ <u>36,392</u>	\$ <u>102,460</u>	\$ <u>493,457</u>	\$ <u>2,592</u>	\$ <u>44,746</u>

(Continued)

City of Shaker Heights, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds (Continued)

December 31, 2008

	Court Alternate Dispute Resolution	Ohio Court Security Project Fund	H.I.D.T.A. Grant	Drug Free Community Grant	Housing and Nuisance Abatement	Indigent Driver Interlock
Assets:						
Equity in city treasury cash	\$ 47,233	\$ 29,922	\$ 1,102,046	\$ 181	\$ 721,144	\$ 1,058
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	-	-	-	89,742	-
Special assessments receivable	-	-	-	-	1,077,551	-
Lease receivable	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
Intergovernmental receivable	<u>4,086</u>	<u>729</u>	<u>346,524</u>	<u>2,423</u>	<u>-</u>	<u>683</u>
Total assets	\$ <u>51,319</u>	\$ <u>30,651</u>	\$ <u>1,448,570</u>	\$ <u>2,604</u>	\$ <u>1,888,437</u>	\$ <u>1,741</u>
Liabilities and fund balances:						
Liabilities:						
Accounts payable	\$ -	\$ 781	\$ 319,675	\$ -	\$ 37,954	\$ -
Accrued wages	764	-	50,080	3,285	-	-
Interfund payable	-	-	1,497,224	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>1,236</u>	<u>-</u>	<u>1,167,293</u>	<u>-</u>
Total liabilities	<u>764</u>	<u>781</u>	<u>1,868,215</u>	<u>3,285</u>	<u>1,205,247</u>	<u>-</u>
Fund balances:						
Reserved for encumbrances	-	2,948	15,857	-	41,214	-
Undesignated, reported in:						
Special revenue funds	<u>50,555</u>	<u>26,922</u>	<u>(435,502)</u>	<u>(681)</u>	<u>641,976</u>	<u>1,741</u>
Total fund balances (deficits)	<u>50,555</u>	<u>29,870</u>	<u>(419,645)</u>	<u>(681)</u>	<u>683,190</u>	<u>1,741</u>
Total liabilities and fund balances	\$ <u>51,319</u>	\$ <u>30,651</u>	\$ <u>1,448,570</u>	\$ <u>2,604</u>	\$ <u>1,888,437</u>	\$ <u>1,741</u>

<u>Street Lighting Assessment</u>	<u>Tree Maintenance Assessment</u>	<u>Central Services Operation</u>	<u>Law Enforcement Trust Fund</u>	<u>Total</u>
\$ 355,021	\$ 554,508	\$ 33,663	\$ 99,134	\$ 7,476,009
-	-	-	-	460,454
-	-	358,692	-	1,027,728
718,201	958,271	274,710	-	3,028,733
-	-	-	-	4,500
-	-	-	594,353	646,889
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>819,740</u>
\$ <u>1,073,222</u>	\$ <u>1,512,779</u>	\$ <u>667,065</u>	\$ <u>693,487</u>	\$ <u>13,464,053</u>
\$ 98,701	\$ 22,257	\$ 4,892	\$ -	\$ 573,322
-	31,255	5,082	238	575,032
-	-	50,000	-	1,581,226
<u>718,201</u>	<u>958,271</u>	<u>551,775</u>	<u>-</u>	<u>4,643,228</u>
<u>816,902</u>	<u>1,011,783</u>	<u>611,749</u>	<u>238</u>	<u>7,372,808</u>
194	10,828	50,263	17,992	261,070
<u>256,126</u>	<u>490,168</u>	<u>5,053</u>	<u>675,257</u>	<u>5,830,175</u>
<u>256,320</u>	<u>500,996</u>	<u>55,316</u>	<u>693,249</u>	<u>6,091,245</u>
\$ <u>1,073,222</u>	\$ <u>1,512,779</u>	\$ <u>667,065</u>	\$ <u>693,487</u>	\$ <u>13,464,053</u>

City of Shaker Heights, Ohio

Combining Statement of Revenues, Expenditures and Changes In Fund Balances Non-Major Special Revenue Funds

For The Year Ended December 31, 2008

	<u>Street Maintenance</u>	<u>State Highway</u>	<u>Economic Development</u>	<u>Sewer Maintenance</u>	<u>Police Pension</u>
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 236,850
Intergovernmental	1,036,560	71,163	175,000	5,901	37,777
Charges for services	-	-	127,628	1,377,833	-
Interest earnings	-	1,009	-	67,745	-
Fines and forfeitures	-	-	-	-	-
Special assessments	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>1,036,560</u>	<u>72,172</u>	<u>302,628</u>	<u>1,451,479</u>	<u>274,627</u>
Expenditures:					
Current:					
Security of persons and property:					
Police	-	-	-	-	1,048,849
Fire	-	-	-	-	-
Other	-	-	-	-	-
Public health services	-	-	-	-	-
Housing and community development	-	-	202,813	-	-
Sanitation and sewer services	-	-	-	1,540,967	-
Street maintenance and repair	1,236,588	61,843	-	-	-
Public works – other	-	-	-	-	-
General government:					
Legislative and executive	-	-	-	-	-
Judicial system	-	-	-	-	-
Total expenditures	<u>1,236,588</u>	<u>61,843</u>	<u>202,813</u>	<u>1,540,967</u>	<u>1,048,849</u>
Excess of revenues over (under) expenditures	<u>(200,028)</u>	<u>10,329</u>	<u>99,815</u>	<u>(89,488)</u>	<u>(774,222)</u>
Other financing sources (uses):					
Issuance of debt	-	-	-	-	-
Transfers – in	200,000	-	100,000	-	744,958
Transfers – out	-	-	-	(89,375)	-
Total other financing sources (uses)	<u>200,000</u>	<u>-</u>	<u>100,000</u>	<u>(89,375)</u>	<u>744,958</u>
Net change in fund balances	(28)	10,329	199,815	(178,863)	(29,264)
Fund balances (deficit) at beginning of year, restated	<u>828,595</u>	<u>67,975</u>	<u>162,938</u>	<u>1,650,577</u>	<u>306,823</u>
Fund balances (deficit) at end of year	<u>\$ 828,567</u>	<u>\$ 78,304</u>	<u>\$ 362,753</u>	<u>\$ 1,471,714</u>	<u>\$ 277,559</u>

	<u>Fire Pension</u>	<u>Indigent Driver / Alcohol Treatment</u>	<u>Court Computer</u>	<u>Clerk's Computerization</u>	<u>Exterior Home Maintenance</u>	<u>Fair Housing Grant</u>	<u>Community Preservation</u>	<u>Law Enforcement Grants</u>	<u>Court Community Service</u>
\$	236,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	37,777	-	-	-	-	40,987	62,630	6,900	-
	-	-	-	-	-	-	-	-	-
	-	891	2,945	4,534	-	2,468	-	-	870
	-	6,981	33,926	113,041	-	-	-	-	8,499
	-	-	-	-	-	-	-	-	-
	<u>274,627</u>	<u>7,872</u>	<u>36,871</u>	<u>117,575</u>	<u>-</u>	<u>43,455</u>	<u>62,630</u>	<u>6,900</u>	<u>9,369</u>
	-	-	-	-	-	-	-	9,050	-
1,241,891	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	74,264	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	75,626	-	-	-
-	<u>9,170</u>	<u>39,860</u>	<u>40,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,640</u>
<u>1,241,891</u>	<u>9,170</u>	<u>39,860</u>	<u>40,710</u>	<u>-</u>	<u>75,626</u>	<u>74,264</u>	<u>9,050</u>	<u>3,640</u>	<u>3,640</u>
<u>(967,264)</u>	<u>(1,298)</u>	<u>(2,989)</u>	<u>76,865</u>	<u>-</u>	<u>(32,171)</u>	<u>(11,634)</u>	<u>(2,150)</u>	<u>5,729</u>	<u>5,729</u>
-	-	-	-	-	-	-	-	-	-
941,083	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(560)	-
<u>941,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(560)</u>	<u>-</u>
(26,181)	(1,298)	(2,989)	76,865	-	(32,171)	(11,634)	(2,710)	5,729	5,729
<u>174,168</u>	<u>40,518</u>	<u>135,744</u>	<u>182,304</u>	<u>2,390</u>	<u>133,444</u>	<u>503,691</u>	<u>5,157</u>	<u>38,410</u>	<u>38,410</u>
\$ <u>147,987</u>	\$ <u>39,220</u>	\$ <u>132,755</u>	\$ <u>259,169</u>	\$ <u>2,390</u>	\$ <u>101,273</u>	\$ <u>492,057</u>	\$ <u>2,447</u>	\$ <u>44,139</u>	\$ <u>44,139</u>

(Continued)

City of Shaker Heights, Ohio

Combining Statement of Revenues, Expenditures and Changes In Fund Balances Non-Major Special Revenues Funds (Continued)

For the Year Ended December 31, 2008

	Court Alternate Dispute Resolution	Ohio Court Security Project Fund	H.I.D.T.A. Grant	Drug Free Community Grant	Housing and Nuisance Abatement	Indigent Driver Interlock
Revenues:						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	4,871,524	87,619	25,500	-
Charges for services	-	-	-	-	243,776	-
Interest Earnings	960	577	-	-	18,487	2
Fines and forfeitures	43,470	8,444	-	-	-	1,739
Special assessments	-	-	-	-	258,282	-
Other revenue	-	-	17,785	-	-	-
Total revenues	<u>44,430</u>	<u>9,021</u>	<u>4,889,309</u>	<u>87,619</u>	<u>546,045</u>	<u>1,741</u>
Expenditures:						
Current:						
Security of persons and property:						
Police	-	-	3,474,239	-	-	-
Fire	-	-	-	-	-	-
Other	-	-	-	-	-	-
Public health services	-	-	-	91,077	-	-
Housing and community development	-	-	-	-	267,918	-
Sanitation and sewer services	-	-	-	-	-	-
Street maintenance and repair	-	-	-	-	-	-
Public works - other	-	-	-	-	-	-
General government:						
Legislative and executive	-	-	-	-	-	-
Judicial system	37,288	4,354	-	-	-	-
Total expenditures	<u>37,288</u>	<u>4,354</u>	<u>3,474,239</u>	<u>91,077</u>	<u>267,918</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>7,142</u>	<u>4,667</u>	<u>1,415,070</u>	<u>(3,458)</u>	<u>278,127</u>	<u>1,741</u>
Other financing sources (uses):						
Issuance of debt	-	-	-	-	500,000	-
Transfers - in	-	-	-	-	-	-
Transfers - out	-	-	-	-	(286,400)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,600</u>	<u>-</u>
Net change in fund balances	7,142	4,667	1,415,070	(3,458)	491,727	1,741
Fund balances (deficit) at beginning of year, restated	<u>43,413</u>	<u>25,203</u>	<u>(1,834,715)</u>	<u>2,777</u>	<u>191,463</u>	<u>-</u>
Fund balances (deficit) at end of year	\$ <u>50,555</u>	\$ <u>29,870</u>	\$ <u>(419,645)</u>	\$ <u>(681)</u>	\$ <u>683,190</u>	\$ <u>1,741</u>

<u>Street Lighting Assessment</u>	<u>Tree Maintenance Assessment</u>	<u>Central Services Operation</u>	<u>Law Enforcement Trust Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 473,700
-	-	-	-	6,459,338
-	5,250	478,184	-	2,232,671
-	-	-	130	100,618
-	-	-	131,916	348,016
593,428	790,386	123,314	-	1,765,410
-	-	<u>73,604</u>	-	<u>91,389</u>
<u>593,428</u>	<u>795,636</u>	<u>675,102</u>	<u>132,046</u>	<u>11,471,142</u>
-	-	-	32,826	4,564,964
-	-	2,534	-	1,244,425
601,982	-	-	-	601,982
-	-	-	-	91,077
-	929,283	-	-	1,474,278
-	-	28,000	-	1,568,967
-	-	49,211	-	1,347,642
-	-	630,004	-	630,004
-	-	34,587	-	110,213
-	-	-	-	<u>135,022</u>
<u>601,982</u>	<u>929,283</u>	<u>744,336</u>	<u>32,826</u>	<u>11,768,574</u>
<u>(8,554)</u>	<u>(133,647)</u>	<u>(69,234)</u>	<u>99,220</u>	<u>(297,432)</u>
-	-	-	-	500,000
12,100	-	-	-	1,998,141
-	-	(107)	-	(376,442)
<u>12,100</u>	<u>-</u>	<u>(107)</u>	<u>-</u>	<u>2,121,699</u>
3,546	(133,647)	(69,341)	99,220	1,824,267
<u>252,774</u>	<u>634,643</u>	<u>124,657</u>	<u>594,029</u>	<u>4,266,978</u>
\$ <u>256,320</u>	\$ <u>500,996</u>	\$ <u>55,316</u>	\$ <u>693,249</u>	\$ <u>6,091,245</u>

**Individual Fund
Schedules of Revenues, Expenditures and
Changes in Fund Balances -
Budget (Non – GAAP Basis) and Actual**

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual General Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 7,757,441	\$ 9,287,337	\$ 8,513,450	\$ (773,887)
Municipal Income Taxes	20,000,000	20,370,214	20,809,784	439,570
Other Local Taxes	60,000	55,000	60,225	5,225
State Levied Shared Taxes	1,252,013	1,522,845	1,541,129	18,284
Intergovernmental	131,100	471,485	540,197	68,712
Charges for Services	5,210,106	5,637,233	4,440,828	(1,196,405)
Fees, Licenses, and Permits	646,800	689,666	695,580	5,914
Investment Earnings	2,000,000	800,000	657,916	(142,084)
Fines and Forfeitures	675,000	675,900	652,230	(23,670)
Other Revenues	139,300	578,190	402,386	(175,804)
Total Revenues	37,871,760	40,087,870	38,313,725	(1,774,145)
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Personal Services	9,491,337	9,335,600	8,794,011	541,589
Other	749,300	773,000	723,548	49,452
Total Police	10,240,637	10,108,600	9,517,559	591,041
Fire:				
Personal Services	6,757,173	6,729,363	6,540,167	189,196
Other	542,440	548,221	478,239	69,982
Total Fire	7,299,613	7,277,584	7,018,406	259,178
Other:				
Other	55,000	55,000	50,870	4,130
Total Security of Persons and Property	17,595,250	17,441,184	16,586,835	854,349
Public Health Services:				
Personal Services	380,242	398,003	387,773	10,230
Other	49,880	53,630	49,706	3,924
Total Public Health Services	430,122	451,633	437,479	14,154
Leisure Time Activities:				
Culture and Recreation:				
Personal Services	1,681,200	1,910,280	1,754,139	156,141
Other	943,800	1,050,000	966,018	83,982
Total Culture and Recreation	2,625,000	2,960,280	2,720,157	240,123
Parks and Public Lands Maintenance:				
Personal Services	503,820	498,980	511,204	(12,224)
Other	324,150	368,500	356,221	12,279
Total Parks and Public Lands Maintenance	827,970	867,480	867,425	55
Total Leisure Time Activities	3,452,970	3,827,760	3,587,582	240,178

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual General Fund (Continued) **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Housing and Community Development:				
Housing Inspection:				
Personal Services	831,117	849,200	848,566	634
Other	<u>39,950</u>	<u>39,950</u>	<u>36,069</u>	<u>3,881</u>
Total Housing Inspection	<u>871,067</u>	<u>889,150</u>	<u>884,635</u>	<u>4,515</u>
Building Inspection:				
Personal Services	534,038	509,600	501,276	8,324
Other	<u>73,300</u>	<u>73,300</u>	<u>45,599</u>	<u>27,701</u>
Total Building Inspection	<u>607,338</u>	<u>582,900</u>	<u>546,875</u>	<u>36,025</u>
Planning and Development:				
Personal Services	486,808	481,500	481,272	228
Other	<u>62,012</u>	<u>62,012</u>	<u>42,274</u>	<u>19,738</u>
Total Planning and Development	<u>548,820</u>	<u>543,512</u>	<u>523,546</u>	<u>19,966</u>
Neighborhood Revitalization:				
Personal Services	540,000	552,000	495,433	56,567
Other	<u>20,800</u>	<u>20,800</u>	<u>13,426</u>	<u>7,374</u>
Total Neighborhood Revitalization	<u>560,800</u>	<u>572,800</u>	<u>508,859</u>	<u>63,941</u>
Economic Development:				
Personal Services	250,031	177,300	175,518	1,782
Other	<u>30,300</u>	<u>30,300</u>	<u>18,549</u>	<u>11,751</u>
Total Economic Development	<u>280,331</u>	<u>207,600</u>	<u>194,067</u>	<u>13,533</u>
Community Life:				
Personal Services	414,219	423,000	422,994	6
Other	<u>179,900</u>	<u>179,900</u>	<u>174,622</u>	<u>5,278</u>
Total Community Life	<u>594,119</u>	<u>602,900</u>	<u>597,616</u>	<u>5,284</u>
Communications and Outreach:				
Personal Services	411,855	395,800	350,630	45,170
Other	<u>481,250</u>	<u>507,750</u>	<u>472,319</u>	<u>35,431</u>
Total Communications and Outreach	<u>893,105</u>	<u>903,550</u>	<u>822,949</u>	<u>80,601</u>
Tree Maintenance and Leaf Collection:				
Personal Services	296,200	298,500	272,113	26,387
Other	<u>181,600</u>	<u>181,600</u>	<u>185,152</u>	<u>(3,552)</u>
Total Tree Maintenance and Leaf Collection	<u>477,800</u>	<u>480,100</u>	<u>457,265</u>	<u>22,835</u>
Total Housing and Community Development	<u>4,833,380</u>	<u>4,782,512</u>	<u>4,535,812</u>	<u>246,700</u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual General Fund (Continued) **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Sanitation and Sewer Services:				
Sewer Maintenance:				
Other	44,404	48,900	33,863	15,037
Total Sewer Maintenance	<u>44,404</u>	<u>48,900</u>	<u>33,863</u>	<u>15,037</u>
Refuse Collection and Disposal:				
Personal Services	1,537,030	1,437,140	1,457,749	(20,609)
Other	1,066,500	1,066,500	1,037,132	29,368
Total Refuse Collection and Disposal	<u>2,603,530</u>	<u>2,503,640</u>	<u>2,494,881</u>	<u>8,759</u>
Solid Waste Recycling:				
Personal Services	83,130	81,300	78,441	2,859
Other	22,200	22,200	19,137	3,063
Total Solid Waste Recycling	<u>105,330</u>	<u>103,500</u>	<u>97,578</u>	<u>5,922</u>
Brush Collection and Disposal:				
Personal Services	518,000	467,320	317,865	149,455
Other	176,900	176,900	185,124	(8,224)
Total Brush Collection and Disposal	<u>694,900</u>	<u>644,220</u>	<u>502,989</u>	<u>141,231</u>
Total Sanitation and Sewer Services	<u>3,448,164</u>	<u>3,300,260</u>	<u>3,129,311</u>	<u>170,949</u>
Street Maintenance and Repair:				
Personal Services	263,980	240,040	346,735	(106,695)
Other	375,624	375,624	336,261	39,363
Total Street Maintenance and Repair	<u>639,604</u>	<u>615,664</u>	<u>682,996</u>	<u>(67,332)</u>
Public Works – Other:				
Public Works Administration:				
Personal Services	761,330	735,300	714,403	20,897
Other	60,900	60,900	68,543	(7,643)
Total Public Works Administration	<u>822,230</u>	<u>796,200</u>	<u>782,946</u>	<u>13,254</u>
Public Building Maintenance:				
Personal Services	531,970	531,430	535,448	(4,018)
Other	682,900	682,900	680,899	2,001
Total Public Building Maintenance	<u>1,214,870</u>	<u>1,214,330</u>	<u>1,216,347</u>	<u>(2,017)</u>
Total Public Works-Other	<u>2,037,100</u>	<u>2,010,530</u>	<u>1,999,293</u>	<u>11,237</u>
Legislative and Executive:				
Mayor's Office:				
Personal Services	195,369	275,600	268,215	7,385
Other	27,900	27,900	27,860	40
Total Mayor's Office	<u>223,269</u>	<u>303,500</u>	<u>296,075</u>	<u>7,425</u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual General Fund (Continued) **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Council:				
Personal Services	120,156	118,200	117,723	477
Other	<u>17,400</u>	<u>17,400</u>	<u>15,975</u>	<u>1,425</u>
Total Council	<u>137,556</u>	<u>135,600</u>	<u>133,698</u>	<u>1,902</u>
Chief Administrative Officer:				
Personal Services	235,944	250,400	250,119	281
Other	<u>12,200</u>	<u>12,200</u>	<u>9,359</u>	<u>2,841</u>
Total Chief Administrative Officer	<u>248,144</u>	<u>262,600</u>	<u>259,478</u>	<u>3,122</u>
Information Technology:				
Personal Services	299,080	288,200	281,799	6,401
Other	<u>142,200</u>	<u>142,200</u>	<u>109,338</u>	<u>32,862</u>
Total Information Technology	<u>441,280</u>	<u>430,400</u>	<u>391,137</u>	<u>39,263</u>
Contract Charges and Statutory Expenses:				
Personal Services	33,000	78,000	77,306	694
Other	<u>1,499,700</u>	<u>1,769,907</u>	<u>1,279,960</u>	<u>489,947</u>
Total Contract Charges and Statutory Expenses	<u>1,532,700</u>	<u>1,847,907</u>	<u>1,357,266</u>	<u>490,641</u>
Legal Administration:				
Personal Services	503,162	496,900	496,811	89
Other	<u>215,000</u>	<u>290,120</u>	<u>256,598</u>	<u>33,522</u>
Total Legal Administration	<u>718,162</u>	<u>787,020</u>	<u>753,409</u>	<u>33,611</u>
Finance:				
Personal Services	721,439	715,080	457,316	257,764
Other	<u>108,800</u>	<u>124,180</u>	<u>113,473</u>	<u>10,707</u>
Total Finance	<u>830,239</u>	<u>839,260</u>	<u>570,789</u>	<u>268,471</u>
Human Resources:				
Personal Services	359,820	367,553	366,964	589
Other	<u>69,200</u>	<u>72,200</u>	<u>55,333</u>	<u>16,867</u>
Total Human Resources	<u>429,020</u>	<u>439,753</u>	<u>422,297</u>	<u>17,456</u>
Total Legislative and Executive	<u>4,560,370</u>	<u>5,046,040</u>	<u>4,184,149</u>	<u>861,891</u>
Judicial System:				
Personal Services	2,094,419	2,177,030	2,103,479	73,551
Other	<u>127,800</u>	<u>122,715</u>	<u>89,757</u>	<u>32,958</u>
Total Judicial System	<u>2,222,219</u>	<u>2,299,745</u>	<u>2,193,236</u>	<u>106,509</u>
Total Expenditures	<u>39,219,179</u>	<u>39,775,328</u>	<u>37,336,693</u>	<u>2,438,635</u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual General Fund (Continued) **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Excess of Revenues Over Expenditures	<u>(1,347,419)</u>	<u>312,542</u>	<u>977,032</u>	<u>664,490</u>
Other Financing Sources (Uses):				
Transfers – In	165,859	101,985	95,274	(6,711)
Transfers – Out	(1,912,100)	(1,978,230)	(1,735,474)	242,756
Advances – In	<u>432,483</u>	<u>758,121</u>	<u>3,503</u>	<u>(754,618)</u>
Total Other Financing Sources (Uses)	<u>(1,313,758)</u>	<u>(1,118,124)</u>	<u>(1,636,697)</u>	<u>(518,573)</u>
Net Change in Fund Balance	(2,661,177)	(805,582)	(659,665)	145,917
Beginning Cash Fund Balance	9,400,503	9,400,503	9,400,503	-
Prior Year's Reserve for Encumbrances Outstanding At December 31	(203,330)	(203,330)	(203,330)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(1,081,772)</u>	<u>(1,081,772)</u>	<u>(1,081,772)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>5,454,224</u>	\$ <u>7,309,819</u>	\$ 7,455,736	\$ <u>145,917</u>
Reserved for Encumbrances-All Budget Years			<u>837,485</u>	
Total Cash Fund Balance-December 31			\$ <u>8,293,221</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Urban Renewal Debt Service Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ -	\$ -	\$ 440,519	\$ 440,519
Intergovernmental	-	-	24,111	24,111
Other Revenue	<u>-</u>	<u>-</u>	<u>14,636</u>	<u>14,636</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>479,266</u>	<u>479,266</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive	15,000	15,000	7,067	7,933
Debt Service:				
Principal Retirements	7,030,720	7,115,000	7,115,000	-
Interest and Fiscal Charges	<u>1,229,280</u>	<u>1,229,280</u>	<u>948,767</u>	<u>280,513</u>
Total Expenditures	<u>8,275,000</u>	<u>8,359,280</u>	<u>8,070,834</u>	<u>288,446</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,275,000)</u>	<u>(8,359,280)</u>	<u>(7,591,568)</u>	<u>767,712</u>
Other Financing Sources (Uses):				
Proceeds from the Sale of Bonds	7,800,000	8,125,000	6,870,806	(1,254,194)
Transfers - In	<u>325,000</u>	<u>947,700</u>	<u>945,188</u>	<u>(2,512)</u>
Total Other Financing Sources (Uses)	<u>8,125,000</u>	<u>9,072,700</u>	<u>7,815,994</u>	<u>(1,256,706)</u>
Net Change in Fund Balance	(150,000)	713,420	224,426	(488,994)
Beginning Cash Fund Balance	<u>521,258</u>	<u>521,258</u>	<u>521,258</u>	<u>-</u>
Ending Cash Fund Balance	\$ <u><u>371,258</u></u>	\$ <u><u>1,234,678</u></u>	\$ <u><u>745,684</u></u>	\$ <u><u>(488,994)</u></u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Street Maintenance and Repair **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
State Levied Shared Taxes	\$ 800,000	\$ 751,000	\$ 1,040,870	\$ 289,870
Expenditures:				
Current:				
Street Maintenance and Repair	<u>1,411,341</u>	<u>1,347,370</u>	<u>1,276,818</u>	<u>70,552</u>
Excess of Revenues Over (Under) Expenditures	(611,341)	(596,370)	(235,948)	360,422
Other Financing Sources (Uses):				
Transfer – In	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net Change in Fund Balance	(411,341)	(396,370)	(35,948)	360,422
Beginning Cash Fund Balance	736,751	736,751	736,751	-
Prior Year's Reserve for Encumbrances Outstanding At December 31	(4,781)	(4,781)	(4,781)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(14,859)</u>	<u>(14,859)</u>	<u>(14,859)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u><u>305,770</u></u>	\$ <u><u>320,741</u></u>	681,163	\$ <u><u>360,422</u></u>
Reserved for Encumbrances- All Budget Years			<u>50,227</u>	
Total Cash Fund Balance-December 31			\$ <u><u>731,390</u></u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual State Highway Fund **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
State Levied Shared Taxes	\$ 75,000	\$ 50,000	\$ 71,514	\$ 21,514
Investment Earnings	<u>-</u>	<u>1,000</u>	<u>1,009</u>	<u>9</u>
Total Revenues	75,000	51,000	72,523	21,523
Expenditures:				
Current:				
Street Maintenance and Repair	<u>63,971</u>	<u>63,971</u>	<u>44,812</u>	<u>19,159</u>
Net Change in Fund Balance	11,029	(12,971)	27,711	40,682
Beginning Cash Fund Balance	65,412	65,412	65,412	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance				
	<u>(25,642)</u>	<u>(25,642)</u>	<u>(25,642)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>50,799</u>	\$ <u>26,799</u>	67,481	\$ <u>40,682</u>
Reserved for Encumbrances All Budget Years				
			<u>2,108</u>	
Total Cash Fund Balance-December 31			\$ <u>69,589</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Economic Development Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 175,000	\$ 175,000
Rents	<u>150,000</u>	<u>-</u>	<u>127,628</u>	<u>127,628</u>
Total Revenues	150,000	-	302,628	302,628
Expenditures:				
Current:				
Housing and Community Development	<u>224,000</u>	<u>100,000</u>	<u>108,269</u>	<u>(8,269)</u>
Excess of Revenues Over (Under) Expenditures	<u>(74,000)</u>	<u>(100,000)</u>	<u>194,359</u>	<u>294,359</u>
Other Financing Sources (Uses):				
Transfers – In	100,000	100,000	100,000	-
Transfers – Out	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net Change in Fund Balance	26,000	(100,000)	294,359	394,359
Beginning Cash Fund Balance	319,974	319,974	319,974	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(213,973)</u>	<u>(213,973)</u>	<u>(213,973)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u><u>132,001</u></u>	\$ <u><u>6,001</u></u>	400,360	\$ <u><u>394,359</u></u>
Reserved for Encumbrances All Budget Years			<u>3,072</u>	
Total Cash Fund Balance-December 31			\$ <u><u>403,432</u></u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Sewer Maintenance Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 5,900	\$ 5,902	\$ 2
Charges for Services	1,480,000	801,000	1,284,920	483,920
Investment Earnings	<u>-</u>	<u>55,000</u>	<u>67,745</u>	<u>12,745</u>
Total Revenues	1,480,000	861,900	1,358,567	496,667
Expenditures:				
Current:				
Sanitation and Sewer Services	<u>1,302,755</u>	<u>1,355,780</u>	<u>1,333,176</u>	<u>22,604</u>
Excess of Revenues Over (Under) Expenditures	177,245	(493,880)	25,391	519,271
Other Financing Sources (Uses):				
Transfers - Out	<u>(40,400)</u>	<u>(89,400)</u>	<u>(89,375)</u>	<u>25</u>
Net Change in Fund Balance	136,845	(583,280)	(63,984)	519,296
Beginning Cash Fund Balance	1,636,377	1,636,377	1,636,377	-
Prior Year's Reserve for Encumbrances Outstanding At December 31	(6,015)	(6,015)	(6,015)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance				
	<u>(179,334)</u>	<u>(179,334)</u>	<u>(179,334)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>1,587,873</u>	\$ <u>867,748</u>	1,387,044	\$ <u>519,296</u>
Reserved for Encumbrances All Budget Years			<u>65,949</u>	
Total Cash Fund Balance-December 31			\$ <u>1,452,993</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Police Pension Fund **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property Taxes	\$ 250,240	\$ 250,000	\$ 236,850	\$ (13,150)
Intergovernmental	<u>-</u>	<u>-</u>	<u>37,777</u>	<u>37,777</u>
Total Revenues	250,240	250,000	274,627	24,627
Expenditures:				
Current:				
Security of Persons and Property:				
Police	<u>1,169,300</u>	<u>1,169,300</u>	<u>918,044</u>	<u>251,256</u>
Excess of Revenues Over (Under) Expenditures	(919,060)	(919,300)	(643,417)	275,883
Other Financing Sources (Uses):				
Transfers - In	<u>750,000</u>	<u>900,560</u>	<u>744,958</u>	<u>(155,602)</u>
Net Change in Fund Balance	(169,060)	(18,740)	101,541	120,281
Beginning Cash Fund Balance	614,308	614,308	614,308	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(246,375)</u>	<u>(246,375)</u>	<u>(246,375)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>198,873</u>	\$ <u>349,193</u>	\$ <u>469,474</u>	\$ <u>120,281</u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -
 Budget (Non-GAAP Budgetary Basis) and Actual
 Fire Pension Fund
For The Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property Taxes	\$ 250,240	\$ 250,000	\$ 236,850	\$ (13,150)
Intergovernmental	<u>-</u>	<u>-</u>	<u>37,777</u>	<u>37,777</u>
Total Revenues	250,240	250,000	274,627	24,627
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	<u>1,200,239</u>	<u>1,315,516</u>	<u>1,094,856</u>	<u>220,660</u>
Excess of Revenues Over (Under) Expenditures	(949,999)	(1,065,516)	(820,229)	245,287
Other Financing Sources (Uses):				
Transfers – In	<u>800,000</u>	<u>1,028,790</u>	<u>941,083</u>	<u>(87,707)</u>
Net Change in Fund Balance	(149,999)	(36,726)	120,854	157,580
Beginning Cash Fund Balance	488,877	488,877	488,877	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(277,277)</u>	<u>(277,277)</u>	<u>(277,277)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>61,601</u>	\$ <u>174,874</u>	\$ <u>332,454</u>	\$ <u>157,580</u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Indigent Driver Alcohol Treatment Fund **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 6,949	\$ (1,051)
Investment Earnings	<u>-</u>	<u>1,000</u>	<u>891</u>	<u>(109)</u>
Total Revenues	8,000	9,000	7,840	(1,160)
Expenditures:				
Current:				
General Government:				
Judicial System	<u>10,000</u>	<u>10,000</u>	<u>6,530</u>	<u>3,470</u>
Net Change in Fund Balance	(2,000)	(1,000)	1,310	2,310
Beginning Cash Fund Balance	<u>41,558</u>	<u>41,558</u>	<u>41,558</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u><u>39,558</u></u>	\$ <u><u>40,558</u></u>	\$ <u><u>42,868</u></u>	\$ <u><u>2,310</u></u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Court Computer Legal Research Fund **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 15,000	\$ -	\$ -	\$ -
Investment Earnings	-	2,600	2,945	345
Fines and Forfeitures	<u>40,000</u>	<u>35,000</u>	<u>34,053</u>	<u>(947)</u>
Total Revenues	55,000	37,600	36,998	(602)
Expenditures:				
Current:				
General Government:				
Judicial System	<u>75,000</u>	<u>84,400</u>	<u>37,803</u>	<u>46,597</u>
Net Change in Fund Balance	(20,000)	(46,800)	(805)	45,995
Beginning Cash Fund Balance	134,096	134,096	134,096	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance				
	<u>(239)</u>	<u>(239)</u>	<u>(239)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>113,857</u>	\$ <u>87,057</u>	133,052	\$ <u>45,995</u>
Reserved for Encumbrances- All Budget Years			<u>1,929</u>	
Total Cash Fund Balance-December 31			\$ <u>134,981</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Clerk's Computerization Fund **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ -	\$ 4,500	\$ 4,534	\$ 34
Fines and Forfeitures	<u>120,000</u>	<u>100,000</u>	<u>113,496</u>	<u>13,496</u>
Total Revenues	120,000	104,500	118,030	13,530
Expenditures:				
Current:				
General Government:				
Judicial System	<u>114,500</u>	<u>114,500</u>	<u>35,834</u>	<u>78,666</u>
Net Change in Fund Balance	5,500	(10,000)	82,196	92,196
Beginning Cash Fund Balance	175,248	175,248	175,248	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance				
	<u>(13,055)</u>	<u>(13,055)</u>	<u>(13,055)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>167,693</u>	\$ <u>152,193</u>	244,389	\$ <u>92,196</u>
Reserved for Encumbrances All Budget Years				
			<u>5,765</u>	
Total Cash Fund Balance-December 31			\$ <u>250,154</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -
 Budget (Non-GAAP Budgetary Basis) and Actual
 Exterior Home Maintenance Fund
For The Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 50,000	\$ -	\$ -	\$ -
Excess of Revenues Over (Under) Expenditures	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	50,000	-	-	-
Beginning Cash Fund Balance	<u>36,392</u>	<u>36,392</u>	<u>36,392</u>	<u>-</u>
Total Cash Fund Balance-December 31	\$ <u><u>86,392</u></u>	\$ <u><u>36,392</u></u>	\$ <u><u>36,392</u></u>	\$ <u><u>-</u></u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -
 Budget (Non-GAAP Budgetary Basis) and Actual
 Fair Housing Grant Fund
For The Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 50,000	\$ 42,000	\$ 40,988	\$ (1,012)
Investment Earnings	<u>-</u>	<u>2,500</u>	<u>2,468</u>	<u>(32)</u>
Total Revenues	50,000	44,500	43,456	(1,044)
Expenditures:				
Current:				
General Government:				
Legislative and Executive	<u>104,857</u>	<u>104,857</u>	<u>75,799</u>	<u>29,058</u>
Net Change in Fund Balance	(54,857)	(60,357)	(32,343)	28,014
Beginning Cash Fund Balance	136,130	136,130	136,130	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(1,327)</u>	<u>(1,327)</u>	<u>(1,327)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u><u>79,946</u></u>	\$ <u><u>74,446</u></u>	\$ <u><u>102,460</u></u>	\$ <u><u>28,014</u></u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Community Preservation Partnership Fund **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 100,000	\$ -	\$ -	\$ -
Other Revenue	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total Revenues	100,000	-	100,000	100,000
Expenditures:				
Current:				
Housing and Community Development	<u>390,210</u>	<u>390,210</u>	<u>98,700</u>	<u>291,510</u>
Net Change in Fund Balance	(290,210)	(390,210)	1,300	391,510
Beginning Cash Fund Balance	457,994	457,994	457,994	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance				
	<u>(3,724)</u>	<u>(3,724)</u>	<u>(3,724)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u><u>164,060</u></u>	\$ <u><u>64,060</u></u>	455,570	\$ <u><u>391,510</u></u>
Reserved for Encumbrances All Budget Years				
			<u>3,885</u>	
Total Cash Fund Balance-December 31			\$ <u><u>459,455</u></u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -
 Budget (Non-GAAP Budgetary Basis) and Actual
 Law Enforcement Grant Fund
For The Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 5,000	\$ 7,000	\$ 6,900	\$ (100)
Expenditures:				
Current:				
Security of Persons and Property:				
Police	<u>-</u>	<u>11,840</u>	<u>9,715</u>	<u>2,125</u>
Excess of Revenues Over (Under)				
Expenditures	5,000	(4,840)	(2,815)	2,025
Other Financing Sources (Uses):				
Transfers – Out	<u>-</u>	<u>(560)</u>	<u>-</u>	<u>560</u>
Net Change in Fund Balance	5,000	(5,400)	(2,815)	2,585
Beginning Cash Fund Balance	5,520	5,520	5,520	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(113)</u>	<u>(113)</u>	<u>(113)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>10,407</u>	\$ <u>7</u>	\$ <u>2,592</u>	\$ <u>2,585</u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Court Community Service Fund **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for Services	\$ 6,000	\$ 7,000	\$ 8,080	\$ 1,080
Investment Earnings	<u>-</u>	<u>1,000</u>	<u>870</u>	<u>(130)</u>
Total Revenues	6,000	8,000	8,950	950
Expenditures:				
Current:				
General Government:				
Judicial System	<u>7,000</u>	<u>7,000</u>	<u>303</u>	<u>6,697</u>
Net Change in Fund Balance	(1,000)	1,000	8,647	7,647
Beginning Cash Fund Balance	37,948	37,948	37,948	-
Prior Year's Reserve for Encumbrances				
Outstanding At December 31	(1,213)	(1,213)	(1,213)	-
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	<u>(2,730)</u>	<u>(2,730)</u>	<u>(2,730)</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u>33,005</u>	\$ <u>35,005</u>	42,652	\$ <u>7,647</u>
Reserved for Encumbrances				
All Budget Years			<u>1,213</u>	
Total Cash Fund Balance-December 31			\$ <u>43,865</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Court Alternate Disputer Resolution Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 40,000	\$ 36,000	\$ 43,146	\$ 7,146
Investment Earnings	-	1,000	960	(40)
Total Revenues	40,000	37,000	44,106	7,106
Expenditures:				
Current:				
General Government:				
Judicial System	42,300	43,000	37,609	5,391
Net Change in Fund Balance	(2,300)	(6,000)	6,497	12,497
Beginning Cash Fund Balance	41,736	41,736	41,736	-
Current Year Cash Expenditures				
Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(1,000)	(1,000)	(1,000)	-
Ending Unreserved Cash Fund Balance	\$ 38,436	\$ 34,736	\$ 47,233	\$ 12,497

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Ohio Court Security Project Fund
For The Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 8,500	\$ -	\$ -	\$ -
Investment Earnings	-	600	577	(23)
Other Revenues	-	7,500	8,394	894
Total Revenues	8,500	8,100	8,971	871
Expenditures:				
Current:				
General Government:				
Judicial System	16,000	16,000	5,070	10,930
Net Change in Fund Balance	(7,500)	(7,900)	3,901	11,801
Beginning Cash Fund Balance	24,524	24,524	24,524	-
Prior Year's Reserve for Encumbrances Outstanding At December 31	(1,012)	(1,012)	(1,012)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(1,220)	(1,220)	(1,220)	-
Total Cash Fund Balance – December 31	\$ 14,792	\$ 14,392	26,193	\$ 11,801
Reserved for Encumbrances All Budget Years			3,729	
Total Cash Fund Balance – December 31			\$ 29,922	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual High Intensity Drug Trafficking Area Grant (H.I.D.T.A.) Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 3,500,000	\$ 4,882,539	\$ 4,759,972	\$ (122,567)
Other Revenues	<u>-</u>	<u>-</u>	<u>17,786</u>	<u>17,786</u>
Total Revenues	3,500,000	4,882,539	4,777,758	(104,781)
Expenditures:				
Current:				
Security of Persons and Property:				
Police	<u>2,977,174</u>	<u>3,385,317</u>	<u>3,776,332</u>	<u>(391,015)</u>
Excess of Revenues Over (Under) Expenditures	<u>522,826</u>	<u>1,497,222</u>	<u>1,001,426</u>	<u>(495,796)</u>
Other Financing Sources (Uses):				
Advances – In	-	150,000	-	(150,000)
Advances – Out	<u>(457,683)</u>	<u>(1,497,222)</u>	<u>-</u>	<u>1,497,222</u>
Total Other Financing Sources (Uses)	<u>(457,683)</u>	<u>(1,347,222)</u>	<u>-</u>	<u>1,347,222</u>
Net Change in Fund Balance	65,143	150,000	1,001,426	851,426
Beginning Cash Fund Balance	23,057	23,057	23,057	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(23,057)</u>	<u>(23,057)</u>	<u>(23,057)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>65,143</u>	\$ <u>150,000</u>	1,001,426	\$ <u>851,426</u>
Reserved for Encumbrances All Budget Years			<u>100,620</u>	
Total Cash Fund Balance – December 31			\$ <u>1,102,046</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Drug Free Community Grant Fund **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 93,066	\$ (6,934)
Expenditures:				
Current:				
Public Health Services	<u>100,000</u>	<u>100,000</u>	<u>89,382</u>	<u>10,618</u>
Excess of Revenues Over (Under) Expenditures	-	-	3,684	3,684
Other Financing Sources (Uses):				
Advances – Out	<u>-</u>	<u>-</u>	<u>(3,503)</u>	<u>(3,503)</u>
Net Change in Fund Balance	-	-	181	181
Beginning Cash Fund Balance	671	671	671	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(671)</u>	<u>(671)</u>	<u>(671)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>181</u>	\$ <u>181</u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Housing and Nuisance Abatement Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 300,000	\$ 245,000	\$ 243,776	\$ (1,224)
Special Assessments	-	285,500	283,782	(1,718)
Investment Earnings	-	17,000	18,487	1,487
Other Revenue	-	500,000	500,000	-
Total Revenues	300,000	1,047,500	1,046,045	(1,455)
Expenditures:				
Current:				
Housing and Community Development	438,000	615,000	317,087	297,913
Excess of Revenues Over (Under) Expenditures	(138,000)	432,500	728,958	296,458
Other Financing Sources (Uses):				
Transfers – Out	(62,000)	(286,400)	(286,400)	-
Net Change in Fund Balance	(200,000)	146,100	442,558	296,458
Beginning Cash Fund Balance	211,228	211,228	211,228	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance				
	(11,810)	(11,810)	(11,810)	-
Ending Unreserved Cash Fund Balance	\$ (582)	\$ 345,518	641,976	\$ 296,458
Reserved for Encumbrances All Budget Years				
			79,168	
Total CashFundBalance-December31			\$ 721,144	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -
 Budget (Non-GAAP Budgetary Basis) and Actual
 Indigent Driver Interlock Device Fund
For The Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ -	\$ -	\$ 1,056	\$ 1,056
Investment Earnings	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Net Change in Fund Balance	-	-	1,058	1,058
Beginning Cash Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balance - December 31	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,058</u>	\$ <u>1,058</u>

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Street Lighting Special Assessment Fund **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Special Assessments	\$ 587,900	\$ 600,000	\$ 593,429	\$ (6,571)
Expenditures:				
Current:				
Security of Persons and Property:				
Other	<u>605,800</u>	<u>605,800</u>	<u>550,653</u>	<u>55,147</u>
Excess of Revenues Over (Under) Expenditures	(17,900)	(5,800)	42,776	48,576
Other Financing Sources (Uses):				
Transfers - In	<u>12,100</u>	<u>12,100</u>	<u>12,100</u>	<u>-</u>
Net Change in Fund Balance	(5,800)	6,300	54,876	48,576
Beginning Cash Fund Balance	<u>299,951</u>	<u>299,951</u>	<u>299,951</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u><u>294,151</u></u>	\$ <u><u>306,251</u></u>	354,827	\$ <u><u>48,576</u></u>
Reserved for Encumbrances- All Budget Years			<u>194</u>	
Total Cash Fund Balance-December 31			\$ <u><u>355,021</u></u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Tree Maintenance Assessment Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 500,000	\$ 820,000	\$ 790,386	\$ (29,614)
Charges for Services	-	-	5,250	5,250
Total Revenues	500,000	820,000	795,636	(24,364)
Expenditures:				
Current:				
Housing and Community Development	987,970	987,970	929,035	58,935
Net Change in Fund Balance	(487,970)	(167,970)	(133,399)	34,571
Beginning Cash Fund Balance	679,791	679,791	679,791	-
Prior Year's Reserve for Encumbrances				
Outstanding at December 31	(902)	(902)	(902)	-
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	(20,388)	(20,388)	(20,388)	-
Ending Unreserved Cash Fund Balance	\$ 170,531	\$ 490,531	525,102	\$ 34,571
Reserved for Encumbrances				
All Budget Years			29,406	
Total Cash Fund Balance – December 31			\$ 554,508	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Central Service Operation Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 750,000	\$ 1,128,271	\$ 684,679	\$ (443,592)
Expenditures:				
Current:				
Security of Persons and Property:				
Police	11,459	10,000	-	10,000
Fire	2,700	5,534	2,611	2,923
Public Works-Other	709,541	1,080,956	679,294	401,662
General Government:				
Legislative and Executive	<u>75,700</u>	<u>93,500</u>	<u>62,587</u>	<u>30,913</u>
Total Expenditures	<u>799,400</u>	<u>1,189,990</u>	<u>744,492</u>	<u>445,498</u>
Excess of Revenues (Under) Over Expenditures	(49,400)	(61,719)	(59,813)	1,906
Other Financing Sources (Uses):				
Transfers - Out	<u>(600)</u>	<u>(660)</u>	<u>(107)</u>	<u>553</u>
Net Change in Fund Balance	(50,000)	(62,379)	(59,920)	2,459
Beginning Cash Fund Balance	123,134	123,134	123,134	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(84,705)</u>	<u>(84,705)</u>	<u>(84,705)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>(11,571)</u>	\$ <u>(23,950)</u>	(21,491)	\$ <u>2,459</u>
Reserved for Encumbrances- All Budget Years			<u>55,154</u>	
Total Cash Fund Balance-December 31			\$ <u><u>33,663</u></u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Law Enforcement Trust Fund **For The Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ -	\$ -	\$ 130	\$ 130
Fines and Forfeitures	<u>250,000</u>	<u>131,900</u>	<u>131,916</u>	<u>16</u>
Total Revenues	250,000	131,900	132,046	146
Expenditures:				
Current:				
Security of Persons and Property:				
Police	<u>-</u>	<u>131,900</u>	<u>50,982</u>	<u>80,918</u>
Excess of Revenues Over (Under) Expenditures	<u>250,000</u>	<u>-</u>	<u>81,064</u>	<u>81,064</u>
Other Financing Sources (Uses):				
Transfers – Out	-	(150,000)	-	150,000
Advance – In	<u>-</u>	<u>594,367</u>	<u>-</u>	<u>(594,367)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>444,367</u>	<u>-</u>	<u>(444,367)</u>
Net Change in Fund Balance	250,000	444,367	81,064	(363,303)
Beginning Cash Fund Balance	<u>78</u>	<u>78</u>	<u>78</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u><u>250,078</u></u>	\$ <u><u>444,445</u></u>	81,142	\$ <u><u>(363,303)</u></u>
Reserved for Encumbrances				
All Budget Years			<u>17,992</u>	
Total Cash Fund Balance-December 31			\$ <u><u>99,134</u></u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Debt Service Administration Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ -	\$ -	\$ 1,835	\$ 1,835
Other Revenue	-	-	174,866	174,866
Total Revenues	-	-	176,701	176,701
Expenditures:				
Current:				
General Government:				
Legislative and Executive	15,000	15,000	5,024	9,976
Debt Service:				
Principal Retirements	795,375	2,660,375	2,260,142	400,233
Interest and Fiscal Charges	101,534	101,534	101,524	10
Total Expenditures	911,909	2,776,909	2,366,690	410,219
Excess of Revenues Over (Under) Expenditures	(911,909)	(2,776,909)	(2,189,989)	586,920
Other Financing Sources (Uses):				
Proceeds from the Sale of Notes	1,337,745	2,693,426	1,319,263	(1,374,163)
Transfers - In	662,255	886,655	873,217	(13,438)
Total Other Financing Sources (Uses)	2,000,000	3,580,081	2,192,480	(1,387,601)
Net Change in Fund Balance	1,088,091	803,172	2,491	(800,681)
Beginning Cash Fund Balance	83,766	83,766	83,766	-
Ending Unreserved Cash Fund Equity	\$ 1,171,857	\$ 886,938	86,257	\$ (800,681)
Reserved for Encumbrances- All Budget Years			122,571	
Total Cash Fund Balance-December 31			\$ 208,828	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -
 Budget (Non-GAAP Budgetary Basis) and Actual
 Central Purchasing Fund
For The Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for Services	\$ 380,000	\$ 610,000	\$ 558,691	\$ (51,309)
Expenses:				
Materials and Supplies	<u>430,000</u>	<u>715,700</u>	<u>662,877</u>	<u>52,823</u>
Net Change in Fund Equity	(50,000)	(105,700)	(104,186)	1,514
Beginning Cash Fund Equity	<u>108,376</u>	<u>108,376</u>	<u>108,376</u>	<u>-</u>
Ending Unreserved Cash Fund Equity	\$ <u>58,376</u>	\$ <u>2,676</u>	4,190	\$ <u>1,514</u>
Reserved for Encumbrances				
All Budget Years			<u>17,168</u>	
Total Cash Fund Equity – December 31			\$ <u>21,358</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -
 Budget (Non-GAAP Budgetary Basis) and Actual
 Copier Management Fund
For The Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for Services	\$ 75,000	\$ 89,400	\$ 22,582	\$ (66,818)
Expenses:				
Contractual Services	<u>87,000</u>	<u>89,400</u>	<u>4,254</u>	<u>85,146</u>
Net Change in Fund Equity	(12,000)	-	18,328	18,328
Beginning Cash Fund Equity	<u>7,283</u>	<u>7,283</u>	<u>7,283</u>	<u>-</u>
Ending Unreserved Cash Fund Equity	\$ <u>(4,717)</u>	\$ <u>7,283</u>	25,611	\$ <u>18,328</u>
Reserved for Encumbrances – All Budget Years			<u>4,254</u>	
Total Cash Fund Equity – December 31			\$ <u>29,865</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Municipal Garage Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 1,200,000	\$ 1,350,000	\$ 1,222,318	\$ (127,682)
Expenses:				
Personal Services	1,125,064	1,119,130	979,080	140,050
Travel and Education	1,500	1,500	1,500	-
Contractual Services	216,000	243,580	237,807	5,773
Materials and Supplies	<u>29,500</u>	<u>29,500</u>	<u>42,117</u>	<u>(12,617)</u>
Total Expenses	<u>1,372,064</u>	<u>1,393,710</u>	<u>1,260,504</u>	<u>133,206</u>
Net Change in Fund Equity	(172,064)	(43,710)	(38,186)	5,524
Beginning Cash Fund Equity	101,301	101,301	101,301	-
Prior Year's Reserve for Encumbrances Outstanding at December 31	(3,131)	(3,131)	(3,131)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Equity Reserved For Encumbrance	<u>(28,599)</u>	<u>(28,599)</u>	<u>(28,599)</u>	<u>-</u>
Ending Unreserved Cash Fund Equity	\$ <u>(102,493)</u>	\$ <u>25,861</u>	31,385	\$ <u>5,524</u>
Reserved for Encumbrances All Budget Years			<u>39,647</u>	
Total Cash Fund Equity-December 31			\$ <u>71,032</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Self Insurance Fund **For The Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ -	\$ 40,000	\$ 43,466	\$ 3,466
Other Revenues	<u>-</u>	<u>-</u>	<u>122,890</u>	<u>122,890</u>
Total Revenues	<u>-</u>	<u>40,000</u>	<u>166,356</u>	<u>126,356</u>
Expenses:				
Personal Services	91,670	78,100	79,445	(1,345)
Travel and Education	1,000	1,000	472	528
Contractual Services	424,000	728,270	615,366	112,904
Materials and Supplies	2,500	2,500	1,255	1,245
Other Expenses	<u>50,000</u>	<u>145,000</u>	<u>135,575</u>	<u>9,425</u>
Total Expenses	<u>569,170</u>	<u>954,870</u>	<u>832,113</u>	<u>122,757</u>
Excess of Revenues Over Expenses	(569,170)	(954,870)	(709,223)	245,647
Other Financing Sources:				
Transfers-In	<u>200,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net Change in Fund Equity	(369,170)	(614,870)	(365,757)	249,113
Beginning Cash Fund Equity	2,468,855	2,468,855	2,468,855	-
Prior Year's Reserve for Encumbrances Outstanding At December 31	(290,989)	(290,989)	(290,989)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Equity Reserved For Encumbrance	<u>(11,527)</u>	<u>(11,527)</u>	<u>(11,527)</u>	<u>-</u>
Ending Unreserved Cash Fund Equity	\$ <u>1,797,169</u>	\$ <u>1,551,469</u>	1,800,582	\$ <u>249,113</u>
Reserved for Encumbrances- All Budget Years			<u>301,334</u>	
Total Cash Fund Equity-December 31			\$ <u>2,101,916</u>	

City of Shaker Heights, Ohio

Combining Statements
Non-Major Internal Services Funds

For The Year Ended December 31, 2008

Central Purchasing Fund

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

Copier Management Fund

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

Municipal Garage Fund

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

Self Insurance Fund

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

City of Shaker Heights, Ohio

Combining Statement of Fund Net Assets Nonmajor Internal Service Funds

December 31, 2008

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total Internal Service Funds</u>
Assets:					
Equity in city treasury cash	\$ 21,358	\$ 29,865	\$ 71,032	\$ 2,101,916	\$ 2,224,171
Accounts receivable	-	-	-	2,653	2,653
Interfund receivable	11,537	-	89,658	-	101,195
Inventory of supplies	34,903	-	-	-	34,903
Prepaid items	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,596</u>	<u>1,596</u>
Total assets	<u>67,798</u>	<u>29,865</u>	<u>160,690</u>	<u>2,106,165</u>	<u>2,364,518</u>
Liabilities:					
Accounts payable	35,439	1,113	53,125	44,495	134,172
Accrued wages and benefits	-	-	56,754	1,366	58,120
Accrued compensated absences	-	-	38,555	-	38,555
Interfund payable	42,429	-	-	-	42,429
Claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,051</u>	<u>88,051</u>
Total current liabilities	77,868	1,113	148,434	133,912	361,327
Long-term liabilities (net of current portion):					
Accrued compensated absences	<u>-</u>	<u>-</u>	<u>99,631</u>	<u>-</u>	<u>99,631</u>
Total liabilities	<u>77,868</u>	<u>1,113</u>	<u>248,065</u>	<u>133,912</u>	<u>460,958</u>
Net assets:					
Unrestricted (deficit)	\$ <u><u>(10,070)</u></u>	\$ <u><u>28,752</u></u>	\$ <u><u>(87,375)</u></u>	\$ <u><u>1,972,253</u></u>	\$ <u><u>1,903,560</u></u>

City of Shaker Heights, Ohio

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Internal Service Funds

For The Year Ended December 31, 2008

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total Internal Service Funds</u>
Operating revenues:					
Charges for services	\$ 546,158	\$ 311	\$ 1,222,318	\$ 125,542	\$ 1,894,329
Reimbursements	<u>12,534</u>	<u>22,271</u>	<u>-</u>	<u>-</u>	<u>34,805</u>
Total operating revenues	<u>558,692</u>	<u>22,582</u>	<u>1,222,318</u>	<u>125,542</u>	<u>1,929,134</u>
Operating expenses:					
Personal services	-	-	970,540	78,129	1,048,669
Travel and education	-	-	1,501	471	1,972
Contractual services	3,434	-	185,626	570,561	759,621
Material and supplies	<u>643,474</u>	<u>1,113</u>	<u>39,974</u>	<u>1,256</u>	<u>685,817</u>
Total operating expenses	<u>646,908</u>	<u>1,113</u>	<u>1,197,641</u>	<u>650,417</u>	<u>2,496,079</u>
Operating income (loss)	(88,216)	21,469	24,677	(524,875)	(566,945)
Non operating revenues:					
Interest earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,466</u>	<u>43,466</u>
Operating income (loss) before transfers	(88,216)	21,469	24,677	(481,409)	(566,945)
Transfers-in	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Change in net assets	(88,216)	21,469	24,677	(181,409)	(223,479)
Net assets (deficit) at beginning of year	<u>78,146</u>	<u>7,283</u>	<u>(112,052)</u>	<u>2,153,662</u>	<u>2,127,039</u>
Net assets (deficit) at end of year	\$ <u><u>(10,070)</u></u>	\$ <u><u>28,752</u></u>	\$ <u><u>(87,375)</u></u>	\$ <u><u>1,972,253</u></u>	\$ <u><u>1,903,560</u></u>

City of Shaker Heights, Ohio

Combining Statements of Cash Flows Non-Major Internal Services Funds

For The Year Ended December 31, 2008

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total Internal Service Funds</u>
Increase (decrease) in cash and cash equivalents:					
Cash flows from operating activities:					
Cash received from internal services \$	546,158	\$ 311	\$ 1,222,318	\$ 122,889	\$ 1,891,676
Cash payments to suppliers	(642,276)	-	(39,878)	(1,145)	(683,299)
Cash payments for goods and services	(3,434)	-	(209,077)	(751,008)	(963,519)
Cash payments to employees	-	-	(1,003,632)	(81,141)	(1,084,773)
Cash received for other operating Activities	<u>12,534</u>	<u>22,271</u>	<u>-</u>	<u>-</u>	<u>34,805</u>
Net cash provided by (used for) operating activities	(87,018)	22,582	(30,269)	(710,405)	(805,110)
Cash flows from non-capital financing activities:					
Transfers-in	-	-	-	300,000	300,000
Cash flows from investing activities:					
Interest earned on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,466</u>	<u>43,466</u>
Net increase (decrease) in cash and cash equivalents	(87,018)	22,582	(30,269)	(366,939)	(761,644)
Cash and cash equivalents at beginning of year	<u>108,376</u>	<u>7,283</u>	<u>101,301</u>	<u>2,468,855</u>	<u>2,685,815</u>
Cash and cash equivalents at end of year	\$ <u><u>21,358</u></u>	\$ <u><u>29,865</u></u>	\$ <u><u>71,032</u></u>	\$ <u><u>2,101,916</u></u>	\$ <u><u>2,224,171</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (88,216)	\$ 21,469	\$ 24,677	\$ (524,875)	\$ (566,945)
Adjustments:					
Changes in assets/liabilities:					
Increase in accounts receivable	-	-	-	(2,653)	(2,653)
Increase in material and supplies inventory	(4,572)	-	-	-	(4,572)
Increase (decrease) in accounts payable	5,770	1,113	(21,854)	28,843	13,872
Decrease in accrued wages and benefits	-	-	(28,900)	(3,012)	(31,912)
Decrease in compensated absences	-	-	(4,192)	-	(4,192)
Decrease in self insurance claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>(208,708)</u>	<u>(208,708)</u>
Total adjustments	<u>1,198</u>	<u>1,113</u>	<u>(54,946)</u>	<u>(185,530)</u>	<u>(238,165)</u>
Net cash provided by (used for) operating activities	\$ <u><u>(87,018)</u></u>	\$ <u><u>22,582</u></u>	\$ <u><u>(30,269)</u></u>	\$ <u><u>(710,405)</u></u>	\$ <u><u>(805,110)</u></u>

City of Shaker Heights, Ohio

Combining Statements Agency Funds

For The Year Ended December 31, 2008

Public Art Deposit Fund

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

Obstruction Permit Deposit Fund

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

Excavating Permit Deposit Fund

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

Unclaimed Monies Fund

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

Fund for the Future of Shaker Heights Fund

To account for the assets, held by the City as fiscal agent, of the Fund for the Future of Shaker Heights, Inc. (F.F.S.H.), a non-profit corporation formed to promote pro-integrative housing moves within the City of Shaker Heights.

Municipal Court Fund

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

Contractor Deposit Fund

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

Recreation Scholarship Fund

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

Shaker Family Resource Center Fund

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

City of Shaker Heights, Ohio

Combining Statements
Agency Funds (Continued)

For The Year Ended December 31, 2008

Board of Building Standards Fund

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

Heights Area Special Rescue Team Fund

To account for assets held by the city for the Heights Area Special Rescue Team (HASRT).

City of Shaker Heights, Ohio

Combining Statements of Changes in Assets and Liabilities Agency Funds

For The Year Ended December 31, 2008

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
Public Art Deposit Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>2,531</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,531</u>
Liabilities:				
Deposits held and due to others	\$ <u>2,531</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,531</u>
Obstruction Permit Deposit Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>74,416</u>	\$ <u>-</u>	\$ <u>1,776</u>	\$ <u>72,640</u>
Liabilities:				
Deposits held and due to others	\$ <u>74,416</u>	\$ <u>-</u>	\$ <u>1,776</u>	\$ <u>72,640</u>
Excavating Permit Deposit Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>13,825</u>	\$ <u>-</u>	\$ <u>1,870</u>	\$ <u>11,955</u>
Liabilities:				
Deposits held and due to others	\$ <u>13,825</u>	\$ <u>-</u>	\$ <u>1,870</u>	\$ <u>11,955</u>
Unclaimed Monies Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>260,989</u>	\$ <u>74,362</u>	\$ <u>110,181</u>	\$ <u>225,170</u>
Liabilities:				
Deposits held and due to others	\$ <u>260,989</u>	\$ <u>74,362</u>	\$ <u>110,181</u>	\$ <u>225,170</u>
Fund for the Future of Shaker Heights Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ 744,224	\$ 141,581	\$ 188,261	\$ 697,544
Mortgage loans receivable	<u>198,510</u>	<u>48,050</u>	<u>87,618</u>	<u>158,942</u>
Total Assets	\$ <u>942,734</u>	\$ <u>189,631</u>	\$ <u>275,879</u>	\$ <u>856,486</u>
Liabilities:				
Deposits held and due to others	\$ <u>942,734</u>	\$ <u>189,631</u>	\$ <u>275,879</u>	\$ <u>856,486</u>

City of Shaker Heights, Ohio

Combining Statements of Changes in Assets and Liabilities Agency Funds

For The Year Ended December 31, 2008

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
Municipal Court Fund				
Assets:				
Cash and cash equivalents in segregated accounts	\$ <u>472,632</u>	\$ <u>3,390,585</u>	\$ <u>3,360,173</u>	\$ <u>503,044</u>
Liabilities:				
Intergovernmental payable	\$ 258,910	\$ 2,787,978	\$ 2,759,675	\$ 287,213
Deposits held and due to others	<u>213,722</u>	<u>602,607</u>	<u>600,498</u>	<u>215,831</u>
Total Liabilities	\$ <u>472,632</u>	\$ <u>3,390,585</u>	\$ <u>3,360,173</u>	\$ <u>503,044</u>
Contractor Deposit Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>142,220</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>142,220</u>
Liabilities:				
Deposits held and due to others	\$ <u>142,220</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>142,220</u>
Recreation Scholarship Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>39,675</u>	\$ <u>6,262</u>	\$ <u>6,357</u>	\$ <u>39,580</u>
Liabilities:				
Deposits held and due to others	\$ <u>39,675</u>	\$ <u>6,262</u>	\$ <u>6,357</u>	\$ <u>39,580</u>
Shaker Family Resource Center				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>60</u>	\$ <u>317,442</u>	\$ <u>304,403</u>	\$ <u>13,099</u>
Liabilities:				
Deposits held and due to others	\$ <u>60</u>	\$ <u>317,442</u>	\$ <u>304,403</u>	\$ <u>13,099</u>
Board of Building Standards Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>542</u>	\$ <u>2,689</u>	\$ <u>2,722</u>	\$ <u>509</u>
Liabilities:				
Intergovernmental payable	\$ <u>542</u>	\$ <u>2,689</u>	\$ <u>2,722</u>	\$ <u>509</u>
Heights Area Special Rescue Team Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>108,134</u>	\$ <u>51,635</u>	\$ <u>28,208</u>	\$ <u>131,561</u>
Liabilities:				
Intergovernmental payable	\$ <u>108,134</u>	\$ <u>51,635</u>	\$ <u>28,208</u>	\$ <u>131,561</u>

City of Shaker Heights, Ohio

Combining Statements of Changes in Assets and Liabilities Agency Funds

For The Year Ended December 31, 2008

	Balance December 31, <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2008</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,386,616	\$ 593,971	\$ 643,778	\$ 1,336,809
Cash and cash equivalents				
In segregated accounts	472,632	3,390,585	3,360,173	503,044
Mortgage loan receivable	<u>198,510</u>	<u>48,050</u>	<u>87,618</u>	<u>158,942</u>
Total assets	\$ <u><u>2,057,758</u></u>	\$ <u><u>4,032,606</u></u>	\$ <u><u>4,091,569</u></u>	\$ <u><u>1,998,795</u></u>
Liabilities:				
Intergovernmental payable	\$ 367,586	\$ 2,842,302	\$ 2,790,605	\$ 419,283
Deposits held and due to others	<u>1,690,172</u>	<u>1,190,304</u>	<u>1,300,964</u>	<u>1,579,512</u>
Total liabilities	\$ <u><u>2,057,758</u></u>	\$ <u><u>4,032,606</u></u>	\$ <u><u>4,091,569</u></u>	\$ <u><u>1,998,795</u></u>

**STATISTICAL
SECTION**

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S3 - S9
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	S10 - S17
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S18 - S23
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S25 - S27
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S29 - S33

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that fiscal year.

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City of Shaker Heights, Ohio
Net Assets By Component
Last Five Years
(Accrual Basis of Accounting)

	2008	2007	2006	2005	2004
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 58,708,166	\$ 44,729,593	\$ 39,706,310	\$ 28,686,344	\$ 32,387,135
Restricted:					
Capital Projects	25,606,578	31,339,125	38,040,586	32,600,572	29,667,802
Debt Service	915,681	-	-	-	-
Other Purposes	6,091,245	193,610	665,036	7,998,216	2,781,854
Unrestricted	15,311,338	26,003,445	23,169,111	15,936,739	18,128,161
<i>Total Governmental Activities Net Assets</i>	<u>\$ 106,633,008</u>	<u>\$ 102,265,773</u>	<u>\$ 101,581,043</u>	<u>\$ 85,221,871</u>	<u>\$ 82,964,952</u>

Source: City Financial Records

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City of Shaker Heights, Ohio
Changes in Net Assets
Last Five Years
(Accrual Basis of Accounting)

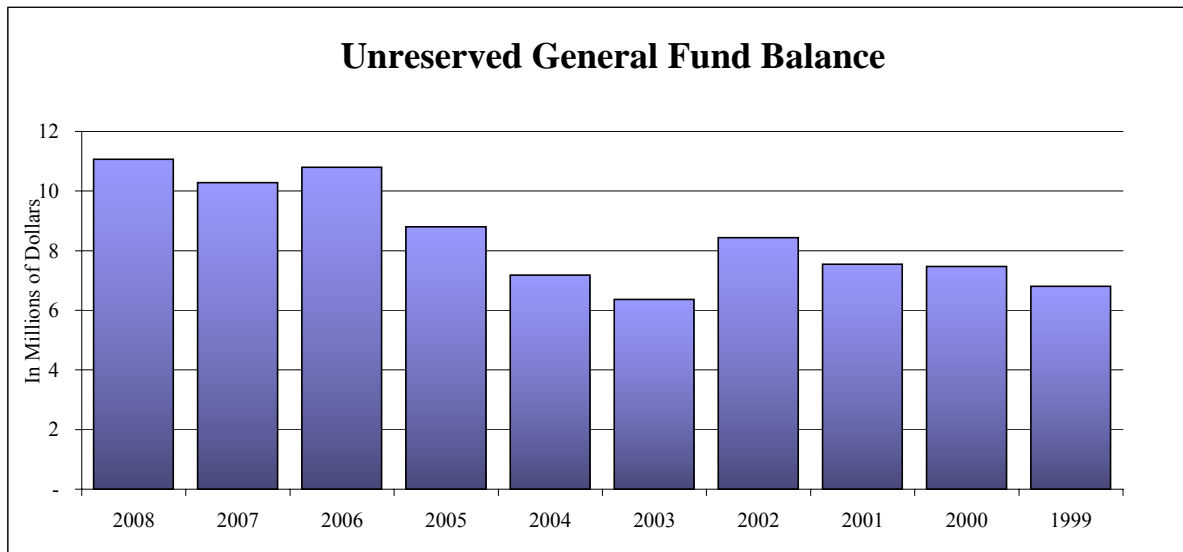
	2008	2007	2006	2005	2004
Program Revenues					
Governmental Activities:					
Charges for Services:					
Security of Persons and Property	\$ 1,340,465	\$ 860,784	\$ 908,354	\$ 797,872	\$ 832,026
Public Health Services	80,210	82,688	80,425	84,582	73,237
Leisure Time Activities	1,827,419	1,884,955	1,818,800	2,002,191	2,173,065
Housing and Community Development	2,117,015	1,528,272	1,692,407	1,330,108	1,247,013
Sanitation and Sewer Services	1,541,510	1,504,818	1,419,346	1,506,353	1,520,428
Street Maintenance and Repair	8,238	219,668	205,733	410,546	45,106
Public Works - Other	711,143	545,830	538,584	427,956	1,221,186
General Government	2,613,369	2,602,509	2,645,655	4,853,488	2,226,749
Operating Grants and Contributions:					
Security of Persons and Property	4,895,746	2,218,326	3,671,222	3,262,043	2,867,495
Public Health Services	-	26,114	34,335	20,657	119,319
Leisure Time Activities	-	1,683	4,238	5,626	-
Housing and Community Development	35,976	116,139	135,317	45,009	119,227
Sanitation and Sewer Services	5,901	-	-	38,000	19,454
Street Maintenance and Repair	-	-	-	26,630	6,741
General Government	40,987	75	140	-	1,407,545
Capital Grants and Contributions:					
Security of Persons and Property	5,000	-	-	37,722	84,316
Public Health Services	-	-	-	-	23,712
Housing and Community Development	1,701,268	163,667	17,531	738,451	-
Sanitation and Sewer Services	1,467,333	-	-	-	-
Street Maintenance and Repair	508,705	-	-	1,165,442	73,255
Public Works - Other	-	465,443	7,954,422	-	163
<i>Total Governmental Activities Program Revenues</i>	<u>18,900,285</u>	<u>12,220,971</u>	<u>21,126,509</u>	<u>16,752,676</u>	<u>14,060,037</u>
Expenses					
Governmental Activities:					
General Government	7,087,741	6,427,598	6,297,348	6,186,733	6,454,681
Security of Persons and Property	23,458,781	23,903,946	22,068,064	23,038,851	22,909,631
Public Health and Welfare	448,703	563,495	558,169	538,756	632,970
Leisure Time Activities	3,877,476	3,664,496	4,137,650	3,751,953	3,992,118
Housing and Community Development	6,989,574	7,240,967	7,215,561	7,165,612	7,489,338
Sanitation and Sewer Services	5,018,134	2,167,731	2,830,739	2,688,129	4,076,738
Street Maintenance and Repair	2,817,752	2,181,766	2,181,740	1,513,229	2,962,286
Public Works - Other	3,905,495	2,938,506	3,492,889	4,810,977	3,922,743
Interest and Fiscal Charges	1,001,492	1,048,868	1,076,682	773,737	491,535
<i>Total Governmental Activities Expenses</i>	<u>54,605,148</u>	<u>50,137,373</u>	<u>49,858,842</u>	<u>50,467,977</u>	<u>52,932,040</u>
Net (Expense)/Revenue					
Governmental Activities	<u>(35,704,863)</u>	<u>(37,916,402)</u>	<u>(28,732,333)</u>	<u>(33,715,301)</u>	<u>(38,872,003)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Property Taxes	8,224,540	8,966,264	7,380,267	7,384,160	7,264,319
Income and Other Taxes	20,819,652	23,244,676	18,002,688	22,653,723	18,530,905
Grants and Entitlements	5,670,500	7,752,673	17,249,741	4,903,785	7,615,993
Investment Earnings	629,378	1,963,517	2,411,188	1,024,160	399,676
Miscellaneous Income	232,203	218,240	47,621	6,393	-
Special Item	-	(1,731,108)	-	-	-
<i>Total Governmental Activities</i>	<u>35,576,273</u>	<u>40,414,262</u>	<u>45,091,505</u>	<u>35,972,221</u>	<u>33,810,893</u>
Change in Net Assets					
Governmental Activities	<u>\$ (128,590)</u>	<u>\$ 2,497,860</u>	<u>\$ 16,359,172</u>	<u>\$ 2,256,920</u>	<u>\$ (5,061,110)</u>

Source: City Financial Records

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

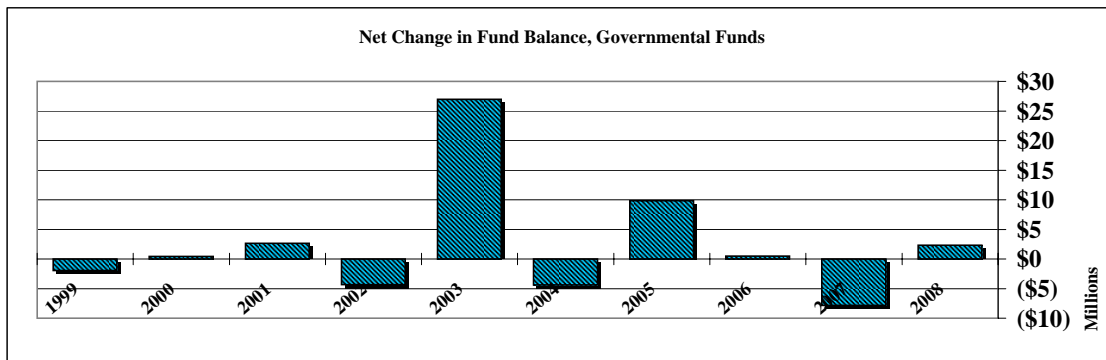
	2008	2007	2006	2005	2004
General Fund					
Reserved	\$ 658,094	\$ 737,765	\$ 645,010	\$ 618,498	\$ 620,813
Unreserved	11,068,444	10,277,756	10,800,682	8,803,020	7,177,276
Total General Fund	11,726,538	11,015,521	11,445,692	9,421,518	7,798,089
All Other Governmental Funds					
Reserved	8,286,921	21,462,206	25,400,516	20,831,407	18,534,385
Unreserved, Undesignated, Reported in:					
Special Revenue funds	5,830,175	3,638,148	4,625,921	4,227,083	5,485,075
Debt Service funds	793,110	(6,320,440)	(6,444,691)	642,972	461,017
Capital Projects funds	17,703,298	10,321,345	12,940,408	12,377,248	5,384,372
Total All Other Governmental Funds	32,613,504	29,101,259	36,522,154	38,078,710	29,864,849
Total Governmental Funds	\$ 44,340,042	\$ 40,116,780	\$ 47,967,846	\$ 47,500,228	\$ 37,662,938



2003	2002	2001	2000	1999
\$ 493,249	\$ 546,667	\$ 841,512	\$ 795,634	\$ 654,456
6,368,592	8,431,718	7,548,699	7,474,289	6,808,407
6,861,841	8,978,385	8,390,211	8,269,923	7,462,863
9,577,630	10,279,656	5,457,642	3,292,264	3,999,027
6,147,351	5,614,309	3,282,087	1,908,132	1,675,144
325,971	-	-	-	-
19,118,859	(9,843,621)	1,473,271	2,264,741	2,093,295
35,169,811	6,050,344	10,213,000	7,465,137	7,767,466
\$ 42,031,652	\$ 15,028,729	\$ 18,603,211	\$ 15,735,060	\$ 15,230,329

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

	2008	2007	2006	2005	2004
Revenues					
Property taxes	\$ 8,256,559	\$ 8,889,841	\$ 7,428,674	\$ 7,331,189	\$ 7,269,251
Municipal Income Taxes	20,840,303	20,246,324	19,886,483	21,861,847	18,783,048
Other Local Taxes	55,599	68,772	72,795	82,208	7,406,893
Intergovernmental	14,936,366	10,218,683	29,295,902	12,452,589	4,721,227
Charges for Services	6,591,980	6,508,530	6,843,816	6,630,592	6,607,922
Fees, Licenses and Permits	764,096	746,352	848,307	509,945	449,452
Fines and Forfeitures	995,703	1,007,083	1,007,772	884,476	799,324
Special Assessments	1,767,705	1,437,429	1,551,355	1,421,099	1,529,226
Interest Earnings	585,912	1,851,297	2,310,585	949,769	339,094
Other Revenue	490,070	633,891	879,638	982,334	1,339,428
<i>Total Revenues</i>	<u>55,284,293</u>	<u>51,608,202</u>	<u>70,125,327</u>	<u>53,106,048</u>	<u>49,244,865</u>
Expenditures					
Current:					
Security of Persons and Property	24,202,081	23,574,673	22,052,139	22,975,164	21,581,448
Public Health and Welfare	529,080	558,251	556,927	547,922	624,730
Leisure Time Activities	3,750,314	7,555,496	4,832,651	3,721,751	4,039,570
Housing and Community Development	8,985,556	7,347,631	8,487,286	7,053,154	6,049,968
Sanitation and Sewer Services	7,498,220	4,242,460	4,719,322	4,682,615	8,710,562
Street Maintenance and Repair	3,280,365	4,300,875	2,520,981	3,080,371	4,676,644
Public Works - Other	2,611,414	3,454,788	11,934,551	4,969,107	3,506,111
General Government	7,113,939	6,645,189	5,732,134	6,058,532	7,212,530
Debt Service:					
Principal Retirement	2,407,571	2,960,142	10,520,233	182,850	145,375
Interest and Fiscal Charges	966,611	1,084,763	1,101,485	565,169	664,604
<i>Total Expenditures</i>	<u>61,345,151</u>	<u>61,724,268</u>	<u>72,457,709</u>	<u>53,836,635</u>	<u>57,211,542</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(6,060,858)</u>	<u>(10,116,066)</u>	<u>(2,332,382)</u>	<u>(730,587)</u>	<u>(7,966,677)</u>
Other Financing Sources (Uses)					
Issuance of Debt	8,660,000	2,265,000	2,800,000	10,567,878	3,597,963
Transfers In	3,993,546	3,748,042	4,495,644	4,269,619	6,516,731
Transfers Out	(4,293,546)	(3,748,042)	(4,495,644)	(4,269,619)	(6,516,731)
<i>Total Other Financing Sources (Uses)</i>	<u>8,360,000</u>	<u>2,265,000</u>	<u>2,800,000</u>	<u>10,567,878</u>	<u>3,597,963</u>
<i>Net Change in Fund Balances</i>	<u>\$ 2,299,142</u>	<u>\$ (7,851,066)</u>	<u>\$ 467,618</u>	<u>\$ 9,837,291</u>	<u>\$ (4,368,714)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.30%	7.36%	19.35%	1.68%	1.64%



	2003	2002	2001	2000	1999
\$	6,384,628	\$ 6,423,446	\$ 6,368,356	\$ 5,719,115	\$ 5,770,937
	22,649,166	18,648,908	18,927,461	17,264,797	17,486,702
	17,135,868	4,580,163	5,961,216	5,210,818	4,582,569
	3,624,484	3,805,168	2,920,659	2,138,177	2,360,440
	5,959,401	3,812,324	3,276,315	3,210,192	3,356,057
	487,677	409,093	340,124	363,509	385,808
	1,028,445	737,865	718,435	751,017	797,967
	1,347,023	1,348,169	1,324,288	1,239,530	1,247,115
	490,633	940,869	1,833,419	1,770,726	500,799
	1,082,301	1,918,912	1,478,583	1,648,313	1,728,859
	<u>60,189,626</u>	<u>42,624,917</u>	<u>43,148,856</u>	<u>39,316,194</u>	<u>38,217,253</u>
	22,718,906	17,442,316	16,212,087	15,429,843	14,384,253
	629,242	509,328	397,931	375,271	378,668
	3,702,571	501,136	582,860	570,420	604,396
	5,648,055	4,838,231	4,590,959	4,377,913	4,694,019
	4,073,814	3,563,023	3,182,130	3,168,986	3,159,114
	2,588,086	1,361,726	1,542,087	2,144,245	1,909,710
	2,501,287	10,076,546	5,463,532	4,529,806	4,711,457
	6,545,599	7,412,559	7,219,513	7,157,255	6,959,563
	40,375	40,375	40,375	40,375	2,091,421
	304,627	219,082	191,123	103,932	184,730
	<u>48,752,562</u>	<u>45,964,322</u>	<u>39,422,597</u>	<u>37,898,046</u>	<u>39,077,331</u>
	11,437,064	(3,339,405)	3,726,259	1,418,148	(860,078)
	15,543,069	-	-	-	-
	9,337,294	2,843,725	4,460,545	3,437,075	2,864,054
	(9,337,294)	(3,826,348)	(5,553,383)	(4,398,237)	(3,974,146)
	<u>15,543,069</u>	<u>(982,623)</u>	<u>(1,092,838)</u>	<u>(961,162)</u>	<u>(1,110,092)</u>
\$	<u>26,980,133</u>	<u>\$ (4,322,028)</u>	<u>\$ 2,633,421</u>	<u>\$ 456,986</u>	<u>\$ (1,970,170)</u>
	0.79%	0.64%	0.63%	0.41%	6.06%

City of Shaker Heights, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Tax Year/ Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2008/2009	\$ 801,142,110	\$ 75,467,590	\$ 2,504,599,143	\$ 9,080,760	\$ 10,683,247
2007/2008	803,262,820	72,752,030	2,502,899,571	8,674,200	10,204,941
2006/2007	805,954,540	76,868,340	2,522,351,086	13,511,530	15,354,011
2005/2006	725,141,720	77,496,570	2,293,252,257	14,062,560	15,980,182
2004/2005	727,292,290	79,064,110	2,303,875,429	15,654,670	17,789,398
2003/2004	726,385,090	80,074,430	2,304,170,057	15,799,910	17,954,443
2002/2003	630,577,980	76,418,240	2,019,989,200	15,306,100	17,393,295
2001/2002	630,875,050	77,190,760	2,023,045,171	16,032,480	18,218,727
2000/2001	630,147,140	74,268,190	2,012,615,229	20,868,560	23,714,273
1999/2000	556,661,160	63,754,230	1,772,615,400	21,083,660	23,958,705

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

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

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

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

Source: Cuyahoga County Auditor

Tangible Personal Property						
General Business			Total Direct Rate (1)	Total		
Assessed Value	Estimated Actual Value	Assessed Value		Estimated Actual Value	Ratio	
\$ 3,788,537	\$ 30,308,296	\$ 9.90	\$ 889,478,997	\$ 2,545,590,686	34.94%	
6,129,221	49,033,768	9.90	890,818,271	2,562,138,281	34.77%	
8,478,082	45,216,437	9.90	904,812,492	2,582,921,534	35.03%	
9,956,280	39,825,120	9.90	826,657,130	2,349,057,559	35.19%	
10,246,645	48,793,548	9.90	832,257,715	2,370,458,374	35.11%	
13,064,821	59,385,550	9.90	835,324,251	2,381,510,050	35.08%	
16,864,140	73,322,348	9.90	739,166,460	2,110,704,843	35.02%	
14,106,723	58,778,013	9.90	738,205,013	2,100,041,911	35.15%	
12,360,677	49,442,708	9.90	737,644,567	2,085,772,209	35.37%	
11,173,500	44,694,000	9.90	652,672,550	1,841,268,105	35.45%	

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

	2008	2007	2006	2005	2004
Unvoted Millage					
Operating	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80
Fire Pension	0.30	0.30	0.30	0.30	0.30
Police Pension	0.30	0.30	0.30	0.30	0.30
<i>Total Unvoted Millage</i>	<u>4.40</u>	<u>4.40</u>	<u>4.40</u>	<u>4.40</u>	<u>4.40</u>
Charter Millage					
1948 Charter/Current Expense	2.50	2.50	2.50	2.50	2.50
1966 Charter/Current expense	3.00	3.00	3.00	3.00	3.00
<i>Total Charter Millage</i>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>
Total Millage	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>
Overlapping Rates by Taxing District					
Shaker Heights City School District Voted Millage					
Effective Millage Rates					
Residential/Agricultural Real	\$ 71.00	\$ 70.47	\$ 70.36	\$ 67.34	\$ 65.93
Commercial/Industrial and Public Utility	98.68	96.61	95.58	90.65	86.12
Tangible/Public Utility Personal	170.60	170.30	170.30	160.50	159.20
Cuyahoga County Voted Millage					
Effective Millage Rates					
Residential/Agricultural Real	18.10	18.20	18.30	18.30	18.00
Commercial/Industrial and Public Utility	16.82	16.03	16.02	15.27	14.61
Tangible/Public Utility Personal	17.21	16.83	17.13	16.50	16.05
Shaker Heights Public Library Voted Millage	18.10	18.20	18.30	18.30	18.00
Effective Millage Rates					
Residential/Agricultural Real	4.00	4.00	4.00	4.00	4.00
Commercial/Industrial and Public Utility	4.00	3.18	3.52	3.52	3.48
Tangible/Public Utility Personal	4.00	3.83	4.00	4.00	3.87

Source: Cuyahoga County Auditor

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

Charter millage is consistently applied to all types of property.

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

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

	2003	2002	2001	2000	1999
\$	3.80	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80
	0.30	0.30	0.30	0.30	0.30
	0.30	0.30	0.30	0.30	0.30
	4.40	4.40	4.40	4.40	4.40
	2.50	2.50	2.50	2.50	2.50
	3.00	3.00	3.00	3.00	3.00
	5.50	5.50	5.50	5.50	5.50
\$	9.90	\$ 9.90	\$ 9.90	\$ 9.90	\$ 9.90

\$	65.08	\$ 64.90	\$ 65.33	\$ 65.30	\$ 63.40
	85.87	79.58	78.12	78.12	80.80
	158.90	150.00	150.50	150.50	141.00
	16.20	16.20	16.20	15.30	15.30
	13.74	12.66	12.68	12.84	12.85
	14.22	13.34	13.25	13.88	13.91
	16.20	16.20	16.20	15.30	15.30
	4.00	4.00	4.00	4.00	4.00
	4.00	3.29	3.29	3.72	3.72
	4.00	3.26	3.33	3.90	3.89
	4.00	4.00	4.00	4.00	4.00

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

Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2008	\$ 9,283,993	\$ 8,788,652	94.66%	\$ 611,039	\$ 9,399,691
2007	9,276,821	8,714,549	93.94%	350,287	9,064,836
2006	8,376,278	7,925,497	94.62%	343,990	8,269,487
2005	8,309,695	7,824,579	94.16%	388,075	8,212,654
2004	8,139,415	7,758,017	95.31%	370,672	8,128,689
2003	7,167,586	6,776,892	94.55%	337,096	7,113,988
2002	7,162,530	6,774,784	94.59%	356,670	7,131,454
2001	7,178,496	6,827,641	95.11%	263,535	7,091,176
2000	6,377,232	6,106,668	95.76%	268,430	6,375,098
1999	6,374,373	6,134,194	96.23%	282,750	6,416,944

Source: Cuyahoga County Auditor

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

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

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
101.25%	\$ 433,822	4.67%
97.71%	657,326	7.09%
98.73%	561,799	6.71%
98.83%	622,308	7.49%
99.87%	644,490	7.92%
99.25%	652,146	9.10%
99.57%	542,690	7.58%
98.78%	492,465	6.86%
99.97%	371,021	5.82%
100.67%	386,184	6.06%

City of Shaker Heights, Ohio
Principal Taxpayers - Real Estate Tax
 2008 and 1999

Taxpayer	2008	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	\$ 6,620,800	0.76%
University Hospitals	5,226,940	0.60%
Tower East Operating Assoc.	4,416,510	0.50%
Deborah Salzberg Tr.	2,959,460	0.34%
Oliver Family LTD	2,296,110	0.26%
Shaker Town Centre E&A	2,150,890	0.25%
Shaker Town Center E&A LLC	1,735,030	0.20%
Shaker Plaza LTD	1,504,760	0.17%
East Ohio Gas Company	1,452,220	0.17%
Cleveland Skating Club	1,383,630	0.16%
Total	\$ 29,746,350	3.39%
Total Assessed Valuation	\$ 876,609,700	

Taxpayer	1999	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	\$ 10,131,340	1.63%
Ohio Bell Telephone Company	8,949,370	1.44%
East Ohio Gas Company	4,276,010	0.69%
Shaker Town Centre LTD Partnership	3,272,500	0.53%
Community Links Limited Partnership	2,975,000	0.48%
WKB Value Partners Limited Partnership	2,867,240	0.46%
OfficeMax Incorporated	2,613,170	0.42%
Somerset Point LTD Partnership	1,850,800	0.30%
Karrington Acquisition Inc.	1,595,300	0.26%
Albert Ratner, Trustee ETAL	1,583,120	0.26%
Total	\$ 40,113,850	6.47%
Total Assessed Valuation	\$ 620,415,390	

Source: Cuyahoga County Auditor

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

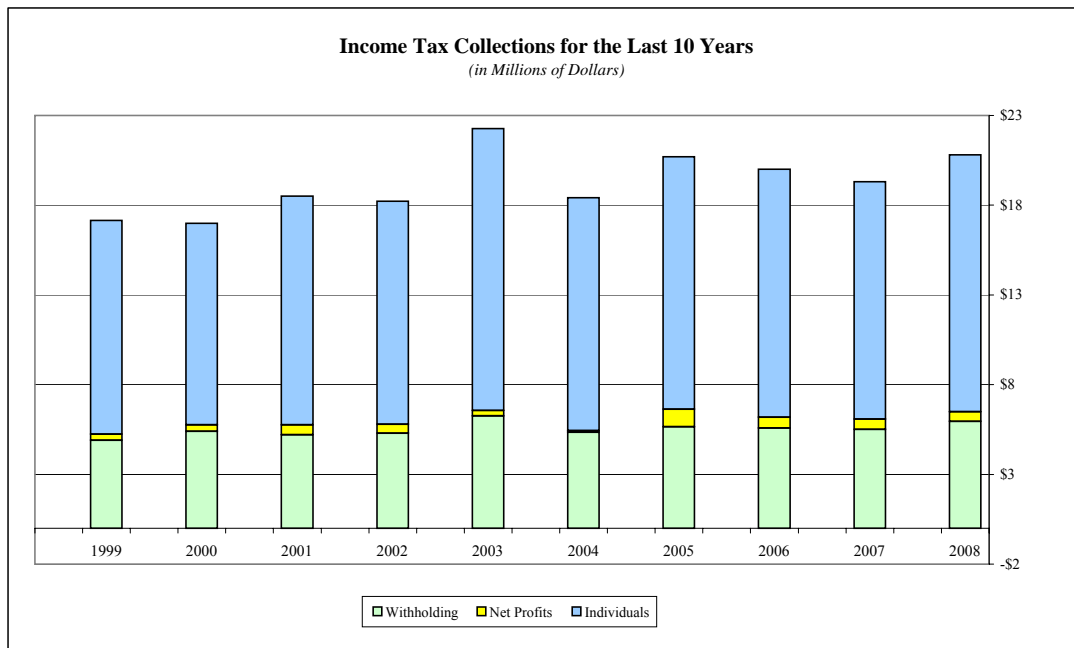
City of Shaker Heights, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year (1)	Tax Rate (2)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2008	1.75%	\$ 20,809,784	\$ 5,949,834	28.59%	\$ 541,495	2.60%	\$ 14,318,455	68.81%
2007	1.75%	19,706,989	5,507,718	27.95%	568,723	2.89%	13,233,471	67.15%
2006	1.75%	19,988,510	5,580,143	27.92%	610,508	3.05%	13,821,363	69.15%
2005	1.75%	20,713,751	5,655,308	27.30%	976,929	4.72%	14,061,219	67.88%
2004	1.75%	18,783,048	5,353,559	28.50%	76,721	0.41%	12,993,713	69.18%
2003	1.75%	22,649,166	6,253,899	27.61%	300,104	1.33%	15,711,901	69.37%
2002	1.75%	18,648,908	5,293,177	28.38%	506,343	2.72%	12,415,761	66.58%
2001	1.75%	18,927,461	5,201,142	27.48%	556,797	2.94%	12,739,568	67.31%
2000	1.75%	17,264,797	5,405,606	31.31%	348,985	2.02%	11,236,797	65.09%
1999	1.75%	17,486,702	4,899,988	28.02%	342,527	1.96%	11,900,607	68.06%

(1) 2002 through 2008 are on a Cash Basis and 1999 through 2001 are on a Modified Accrual Basis

(2) Effective April 1, 1981

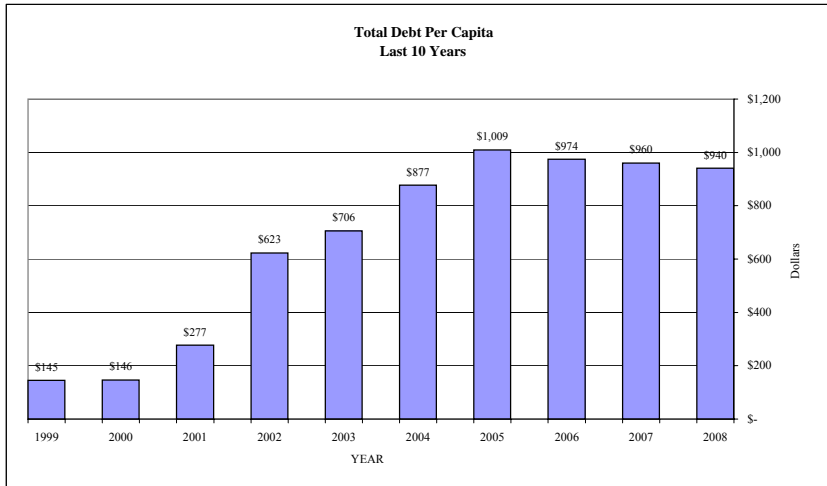
Note: The City is prohibited by statute from presenting information regarding individual taxpayers.



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

Year	Governmental Activities					Total Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Urban Renewal Temporary Bonds	Bond Anticipation Notes	OPWC Loans	Taxable Special Obligation Housing Notes			
2008	\$ 14,585,000	\$ 6,845,000	\$ 1,315,000	\$ 3,903,479	\$ 1,000,000	\$ 27,648,479	2.27%	\$ 940
2007	14,855,000	6,845,000	1,765,000	4,026,050	750,000	28,241,050	2.32	960
2006	15,020,000	6,845,000	2,250,000	4,271,192	250,000	28,636,192	2.35	974
2005	15,155,000	6,845,000	3,365,000	4,306,928	-	29,671,928	2.44	1,009
2004	15,265,000	2,215,000	4,280,000	4,021,900	-	25,781,900	2.12	877
2003	15,370,000	2,215,000	2,710,000	464,312	-	20,759,312	1.71	706
2002	-	12,825,000	4,975,000	504,687	-	18,304,687	1.51	623
2001	-	3,825,000	3,775,000	545,062	-	8,145,062	0.67	277
2000	-	-	3,935,000	585,437	-	4,520,437	0.45	146
1999	-	-	3,845,000	625,812	-	4,470,812	0.44	145

Note: Population and Personal Income data are presented on page S28.



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

Year	Population (1)		Assessed Value of Taxable Property (2)	Gross Bonded Debt (3)	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capita
2008	29,405	b	\$ 889,478,997	\$ 22,745,000	2.56 %	\$ 773.51
2007	29,405	b	890,818,271	23,465,000	2.63 %	797.99
2006	29,405	b	904,812,492	24,115,000	2.67 %	820.10
2005	29,405	b	826,657,130	25,365,000	3.07 %	862.61
2004	29,405	b	832,257,715	21,298,983	2.56 %	724.33
2003	29,405	b	835,324,251	19,969,029	2.39 %	679.10
2002	29,405	b	739,166,460	17,475,566	2.36 %	594.31
2001	29,405	b	738,205,013	7,281,125	0.99 %	247.62
2000	30,867	a	737,644,567	3,628,946	0.49 %	117.57
1999	30,867	a	652,672,550	3,553,776	0.54 %	115.13

Sources:

- (1) U. S. Bureau of Census, Census of Population.
(a) 1990 Federal Census
(b) 2000 Federal Census

(2) Cuyahoga County Auditor

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

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City of Shaker Heights, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2008

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of			
City of Shaker Heights General Obligation Bonds & Anticipation Notes	\$22,745,000	100.00%	\$22,745,000
<i>Total Direct Debt</i>	<u>22,745,000</u>		<u>22,745,000</u>
Overlapping			
Shaker Heights City School District			
General Obligation Bonds	28,044,592	94.50%	26,502,139
Notes Payable	500,000	94.50%	472,500
Cuyahoga County			
General Obligation Bonds	248,899,326	2.72%	6,770,062
Regional			
Transit Authority	172,765,000	2.72%	4,699,208
<i>Total Overlapping Debt</i>	<u>450,208,918</u>		<u>38,443,909</u>
Total	<u><u>\$472,953,918</u></u>		<u><u>\$61,188,909</u></u>

Source: Cuyahoga County Auditor

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

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

	2008	2007	2006	2005
Total Assessed Property Value	\$ 889,478,997	\$ 890,818,271	\$ 904,812,492	\$ 826,657,130
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	\$ 93,395,295	\$ 93,535,918	\$ 95,005,312	\$ 86,798,999
Debt Outstanding:				
General Obligation Bonds	14,585,000	14,855,000	15,020,000	15,155,000
Bond Anticipation Notes	8,160,000	8,610,000	9,095,000	10,210,000
OPWC Loans	3,903,479	4,026,050	4,271,192	4,306,928
Total Gross Indebtedness	26,648,479	27,491,050	28,386,192	29,671,928
Less:				
Bond Anticipation Notes	-	-	-	-
OPWC Loans	(3,903,479)	(4,026,050)	(4,271,192)	(4,306,928)
Temporary Urban Renewal Bonds	(6,845,000)	(6,845,000)	(6,845,000)	(6,845,000)
Permanent Urban Renewal Bonds	(14,585,000)	(14,855,000)	(15,020,000)	(15,155,000)
Debt Service Fund Balance	(178,239)	(53,177)	(325,715)	(642,972)
Total Net Debt Applicable to Debt Limit	1,136,761	1,711,823	1,924,285	2,722,028
Legal Debt Margin Within 10 ½ % Limitations	\$ 92,258,534	\$ 91,824,095	\$ 93,081,027	\$ 84,076,971
Legal Debt Margin as a Percentage of the Debt Limit	98.78%	98.17%	97.97%	96.86%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	\$ 48,921,345	\$ 48,995,005	\$ 49,764,687	\$ 45,466,142
Total Gross Indebtedness	26,648,479	27,491,050	28,386,192	29,671,928
Less:				
Bond Anticipation Notes	-	-	-	-
OPWC Loans	(3,903,479)	(4,026,050)	(4,271,192)	(4,306,928)
Temporary Urban Renewal Bonds	(6,845,000)	(6,845,000)	(6,845,000)	(6,845,000)
Permanent Urban Renewal Bonds	(14,585,000)	(14,855,000)	(15,020,000)	(15,155,000)
Debt Service Fund Balance	(178,239)	(53,177)	(325,715)	(642,972)
Net Debt Within 5 ½ % Limitations	1,136,761	1,711,823	1,924,285	2,722,028
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$ 47,784,584	\$ 47,283,182	\$ 47,840,402	\$ 42,744,114
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	97.68%	96.51%	96.13%	94.01%

Source: City Financial Records

2004	2003	2002	2001	2000	1999
<u>\$ 832,257,715</u>	<u>\$ 835,324,251</u>	<u>\$ 739,166,460</u>	<u>\$ 738,205,013</u>	<u>\$ 737,644,567</u>	<u>\$ 652,672,550</u>
<u>\$ 87,387,060</u>	<u>\$ 87,709,046</u>	<u>\$ 77,612,478</u>	<u>\$ 77,511,526</u>	<u>\$ 77,452,680</u>	<u>\$ 68,530,618</u>
15,265,000	15,370,000	17,800,000	-	-	-
6,495,000	4,925,000	-	7,600,000	3,935,000	3,845,000
<u>4,021,900</u>	<u>464,312</u>	<u>504,687</u>	<u>545,062</u>	<u>585,437</u>	<u>625,812</u>
25,781,900	20,759,312	18,304,687	8,145,062	4,520,437	4,470,812
-	-	-	(6,380,000)	(3,935,000)	(3,845,000)
<u>(4,021,900)</u>	<u>(464,312)</u>	<u>(504,687)</u>	<u>(545,062)</u>	<u>(585,437)</u>	<u>(625,812)</u>
<u>(2,215,000)</u>	<u>(2,215,000)</u>	<u>(12,825,000)</u>	-	-	-
<u>(15,265,000)</u>	<u>(15,370,000)</u>	-	-	-	-
<u>(461,017)</u>	<u>(325,971)</u>	<u>(324,434)</u>	<u>(318,875)</u>	<u>(306,054)</u>	<u>(291,224)</u>
<u>3,818,983</u>	<u>2,384,029</u>	<u>4,650,566</u>	<u>901,125</u>	<u>(306,054)</u>	<u>(291,224)</u>
<u>\$ 83,568,077</u>	<u>\$ 85,325,017</u>	<u>\$ 72,961,912</u>	<u>\$ 76,610,401</u>	<u>\$ 77,758,734</u>	<u>\$ 68,821,842</u>
95.63%	97.28%	94.01%	98.84%	100.40%	100.42%
<u>\$ 45,774,174</u>	<u>\$ 45,942,834</u>	<u>\$ 40,654,155</u>	<u>\$ 40,601,276</u>	<u>\$ 40,570,451</u>	<u>\$ 35,896,990</u>
25,781,900	20,759,312	18,304,687	8,145,062	4,520,437	4,470,812
-	-	-	(6,380,000)	(3,935,000)	(3,845,000)
<u>(4,021,900)</u>	<u>(464,312)</u>	<u>(504,687)</u>	<u>(545,062)</u>	<u>(585,437)</u>	<u>(625,812)</u>
<u>(2,215,000)</u>	<u>(2,215,000)</u>	<u>(12,825,000)</u>	-	-	-
<u>(15,265,000)</u>	<u>(15,370,000)</u>	-	-	-	-
<u>(461,017)</u>	<u>(325,971)</u>	<u>(324,434)</u>	<u>(318,875)</u>	<u>(306,054)</u>	<u>(291,224)</u>
<u>3,818,983</u>	<u>2,384,029</u>	<u>4,650,566</u>	<u>901,125</u>	<u>(306,054)</u>	<u>(291,224)</u>
<u>\$ 41,955,191</u>	<u>\$ 43,558,805</u>	<u>\$ 36,003,589</u>	<u>\$ 39,700,151</u>	<u>\$ 40,876,505</u>	<u>\$ 36,188,214</u>
91.66%	94.81%	88.56%	97.78%	100.75%	100.81%

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City of Shaker Heights, Ohio
Principal Employers
 2008 (1)

2008

Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,127	27%
University Hospital Health System	Non Profit Organization	1,013	25%
City of Shaker Heights	Government Entity	683	17%
Hathaway Brown School	Private School	413	10%
Center for Dialysis Care	Medical Facility	334	8%
University School (Shaker Heights Campus)	Private School	221	5%
Laurel School	Private School	183	4%
Life Banc	Medical Facility	87	2%
The Equity Engineering Group	Engineering Support	53	1%
Total		<u>4,114</u>	<u>100%</u>
Total Employment within the City of Shaker Heights, Ohio		<u>n/a</u>	

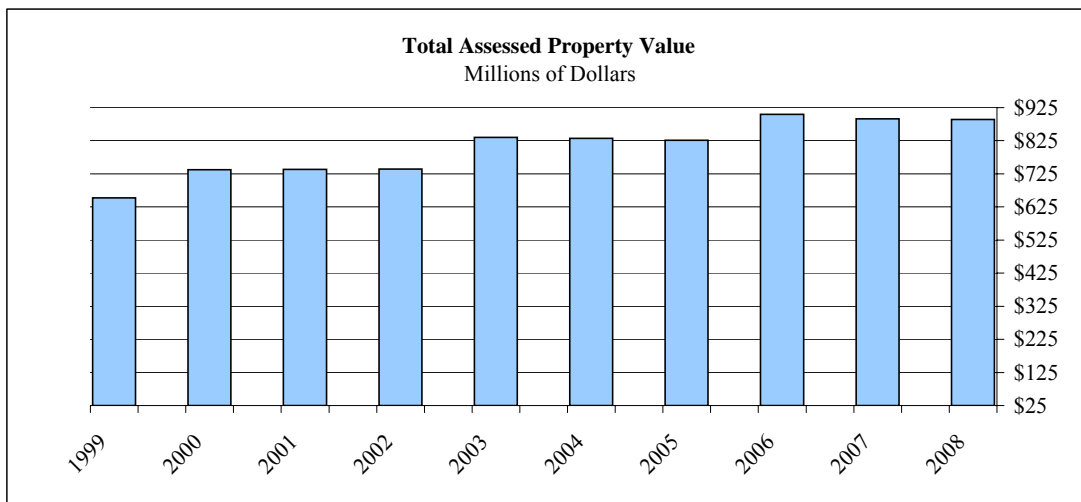
Source: Regional Income Tax Agency (RITA)

(1) Information prior to 2006 is not available.
 n/a - Information not available

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2008	29,405	\$1,216,014,370	\$41,354	\$85,893	39.6
2007	29,405	1,216,014,370	41,354	85,893	39.6
2006	29,405	1,216,014,370	41,354	85,893	39.6
2005	29,405	1,216,014,370	41,354	85,893	39.6
2004	29,405	1,216,014,370	41,354	85,893	39.6
2003	29,405	1,216,014,370	41,354	85,893	39.6
2002	29,405	1,216,014,370	41,354	85,893	39.6
2001	29,405	1,216,014,370	41,354	85,893	39.6
2000	30,867	1,009,597,836	32,708	65,913	37.8
1999	30,867	1,009,597,836	32,708	65,913	37.8

- (1) Source: U. S. Census
 - (a) Years 2000 through 2006 - 2000 Federal Census
 - (b) Years 1997 through 1999 - 1990 Federal Census
- (2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"
- (3) Source: Ohio Department of Job and Family Services
- (4) Source: County Auditor
- (5) Computation of per capita personal income multiplied by population



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
21.88%	5,482	6.8%	\$282,019	\$889,478,997
21.88	5,577	6.1	262,941	890,818,271
21.88	5,628	5.6	256,128	904,812,492
21.88	5,734	5.9	272,875	826,657,130
21.88	5,623	6.6	258,529	832,257,715
21.88	5,608	6.7	257,319	835,324,251
21.88	5,619	4.6	276,404	739,166,460
21.88	5,625	4.5	229,119	738,205,013
21.09	5,714	4.5	230,000	737,644,567
21.09	5,640	4.6	210,300	652,672,550



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City of Shaker Heights, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Five Years (1)

Function/Program	2008	2007	2006	2005	2004
General Government					
Council	3.5	3.5	3.0	3.5	3.5
Finance	7.0	9.5	6.0	8.0	9.5
Mayor	2.0	2.0	2.0	2.0	2.0
Law	5.5	6.5	6.5	5.5	4.5
Chief Administrative Officer	2.0	2.0	2.0	2.0	2.0
Service Administration - Public Works	11.0	13.0	12.0	12.5	12.0
Municipal Court	44.0	43.0	41.5	42.5	42.0
Human Resources	5.5	5.5	5.5	5.5	5.5
Information Technology	2.0	3.0	3.0	2.0	2.5
Security of Persons and Property:					
Police	63.0	71.0	68.0	72.0	68.5
Police - Crossing Guards	11.5	11.0	10.5	11.0	11.5
Police - Dispatchers/Watch Officer	10.0	15.0	14.0	11.5	11.5
Police - Jailers	4.0	4.5	4.5	3.5	4.0
Police - Administrative	16.5	14.5	14.5	14.0	14.5
Police - HIDTA	9.0	11.0	12.0	9.0	6.0
Fire	57.0	67.0	67.0	66.0	65.0
Fire - Other	6.0	4.0	4.5	4.0	4.0
Security of Persons/Property - Other	0.0	0.0	0.0	0.0	1.0
Public Health Services	10.0	10.0	11.0	9.5	8.0
Leisure Time Activities:					
Recreation	53.5	63.0	71.0	84.5	77.0
Park and Public Land Maintenance	17.0	13.0	14.5	14.5	21.0
Community Development:					
Building	5.0	5.0	6.0	6.5	6.5
Housing	11.0	9.0	9.0	9.0	9.0
Planning	8.5	11.5	12.5	12.0	10.5
Community Development - Other*	20.5	28.0	26.5	34.5	34.5
Street Maintenance and Repair	11.0	12.0	5.0	6.0	7.0
Sanitation and Sewer Services:					
Refuse and Brush Collection	20.0	26.0	25.5	27.5	22.5
Sewer Maintenance	8.0	7.5	6.5	6.0	5.0
Public Works - Other:	19.0	22.0	24.0	26.0	25.5
Totals:	<u>443.0</u>	<u>493.0</u>	<u>488.0</u>	<u>510.5</u>	<u>496.0</u>

Source: Finance Department

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

* Includes Community Life, Neighborhood Revitalization, Economic Development, Shaker Life Magazine, Communications and Outreach, Leaf Removal and Recycling .

City of Shaker Heights, Ohio
Operating Indicators by Function/Program
Last Five Years (1)

Function/Program	2008	2007	2006	2005	2004
General Government					
<i>Council and Clerk</i>					
Number of Ordinances Passed	115	132	143	148	178
Number of Resolutions Passed	16	10	9	20	14
Number of Planning Commission docket items	8	11	17	24	23
Zoning Board of Appeals docket items	21	20	18	29	22
<i>Finance Department</i>					
Number of checks/vouchers issued, A/P	7,293	7,197	6,948	8,063	7,710
Amount of checks written, A/P	\$ 32,229,682	\$ 41,908,141	\$ 41,092,604	\$ 33,691,141	\$ 31,795,540
Interest earnings for fiscal year (cash basis)	\$ 918,229	\$ 2,279,750	\$ 1,602,151	\$ 949,769	\$ 339,094
Number of Receipts issued	11,995	1,748	1,801	1,822	n/a
Number of Journal Entries issued	1,102	322	224	388	449
Agency Ratings - Standard & Poors	Aa1	Aa1	Aa1	Aa1	Aa1
General Fund Receipts (cash basis)	\$ 38,875,699	\$ 39,696,013	\$ 39,052,454	\$ 38,596,321	\$ 35,107,330
General Fund Expenditures (cash basis)	\$ 39,073,922	\$ 40,622,949	\$ 37,666,848	\$ 35,019,392	\$ 34,650,735
General Fund Cash Balances	\$ 8,293,218	\$ 9,400,503	\$ 9,903,006	\$ 9,421,518	\$ 7,798,089
<i>Municipal Court</i>					
Number of Civil Cases	2,443	1,463	2,200	2,040	1,976
Number of Criminal cases	10,477	12,242	12,248	11,908	11,938
<i>Vital Statistics</i>					
Certificates Filed	99	137	178	220	224
Number of Births	0	0	0	1	1
Number of Deaths	99	137	178	219	223
Certificates Issued	455	448	537	619	480
Number of Births	5	1	6	3	6
Number of Deaths	450	447	531	616	474
Burial Permits Issued	246	262	409	465	452
<i>Civil Service</i>					
Number of police entry tests administered	0	1	0	1	0
Number of fire entry tests administered	0	1	0	0	1
Number of police promotional tests administered	0	0	1	0	0
Number of fire promotional tests administered	0	0	0	1	0
Number of hires of Police Officers from certified lists	0	3	4	0	6
Number of hires of Fire/Medics from certified lists	0	1	2	3	2
Number of promotions from police certified lists	0	1	1	0	4
Number of promotions from fire certified lists	0	1	2	0	0

City of Shaker Heights, Ohio
Operating Indicators by Function/Program (continued)
Last Five Years (1)

Function/Program	2008	2007	2006	2005	2004
Security of Persons & Property					
<i>Police</i>					
Total Calls for Services	29,333	33,303	38,992	38,878	38,059
Number of traffic citations issued	8,964	10,923	11,114	11,582	10,147
Number of parking citations issued	3,969	4,349	5,709	6,273	4,930
Number of criminal arrests	1,168	896	1,698	1,781	1,749
Part 1 Offenses (major offenses)	704	807	754	707	758
Police Dept. Auxiliary hours worked	N/A	N/A	N/A	N/A	N/A
DUI Arrests	254	94	136	107	81
Prisoners	1,269	1,254	1,218	1,282	1,342
Motor Vehicle Accidents	898	958	1,019	907	1,077
Property damage accidents	(813)	(879)	(946)	(813)	(960)
Community Diversion Program Youths	99	126	69	97	114
Community Diversion Program - community service hours	165	170	120	139	163
<i>Fire</i>					
EMS Calls	2,448	2,369	2,186	2,188	2,212
Ambulance Billing Collections (net)	\$ 529,381	\$ 466,505	\$ 455,783	\$ 449,910	\$ 434,269
Fire Calls	1,284	93	39	36	50
Fires with Loss	7	32	35	41	37
Fires with Losses exceeding \$10K	7	10	10	7	9
Fire Losses	\$ 737,800	\$ 1,289,500	\$ 651,390	\$ 1,203,865	\$ 739,680
Fire Safety Inspections	1,847	2,645	2,672	2,903	2,891
Number of times Mutual Aid given to Fire and EMS	52	41	31	45	43
Number of times Mutual Aid received for Fire and EMS	52	87	79	63	72
Leisure Time Activities					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$ 229,347	\$ 223,067	\$ 172,873	\$ 179,937	\$ 163,183
Recreation Mens & Womens Leagues receipts	2,800	3,400	4,200	3,800	3,700
Recreation Children's Leagues receipts	26,827	27,742	26,653	23,444	30,730
Senior Van Fees (2)	1,376	1,583	1,370	5,119	7,617
Facilities rentals	152,688	150,354	150,831	144,220	142,237
Total Recreation Department receipts	<u>\$ 413,038</u>	<u>\$ 406,146</u>	<u>\$ 355,927</u>	<u>\$ 356,520</u>	<u>\$ 347,467</u>

Source: City Records

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

Function/Program	2008	2007	2006	2005
General Government				
Square Footage of City Hall	40,000	40,000	40,000	40,000
Administrative Vehicles	1	1	1	1
Inspection Vehicles	12	12	12	13
Municipal Court Vehicles	0	0	0	0
Police				
Stations	1	1	1	1
Square Footage of Building	29,425	29,425	29,425	29,425
Vehicles	n/a	n/a	n/a	n/a
Fire				
Stations	2	2	2	2
Square Footage of Building #1	21,000	21,000	21,000	21,000
Square Footage of Building #2	15,000	15,000	15,000	15,000
Vehicles	17	17	17	17
Recreation				
Number of Parks	4	4	4	4
Number of Pools	1	1	1	1
Number of Ice Rinks	1	1	1	1
Number of Tennis Courts	10	10	10	10
Number of Skateboarding Areas	1	1	0	0
Number of Baseball Diamonds	5	5	5	5
Number of Playgrounds	5	5	5	5
Number of Soccer Fields	3	3	3	3
Vehicles	6	6	6	8

2004	2003	2002	2001	2000	1999
40,000	40,000	40,000	40,000	40,000	40,000
1	1	1	1	1	1
13	13	13	13	13	13
0	0	0	0	0	0
1	1	1	1	1	1
29,425	29,425	29,425	29,425	29,425	29,425
n/a	n/a	n/a	n/a	n/a	n/a
2	2	2	2	2	2
21,000	9,800	9,800	9,800	9,800	9,800
15,000	15,000	15,000	15,000	15,000	15,000
17	17	17	17	17	17
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
10	10	10	10	10	10
0	0	0	0	0	0
5	5	5	5	5	5
5	5	5	5	5	5
3	3	3	3	3	3
8	8	8	8	6	6

City of Shaker Heights, Ohio

**Single Audit Reports
For the Year Ended December 31, 2008**

City of Shaker Heights, Ohio

For The Year Ended December 31, 2008

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**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***

Members of the City Council
City of Shaker Heights, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights (the “City”) as of and for the year ended December 31, 2008, which collectively comprise the City’s basic financial statements and have issued our report thereon dated September 9, 2009, wherein we noted that the City adopted *GASB Statement Nos. 45, 49, and 50*. 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

In planning and performing our audit, we considered the City’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 City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City’s financial statements that is more than inconsequential will not be prevented or detected by the City’s internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting: 2008-3.

Members of the City Council
City of Shaker Heights, Ohio

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2008-1 and 2008-2.

We noted certain matters that we have reported to management of the City in a separate letter dated September 9, 2009.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, Finance Committee, Management, Auditor of State's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Parichi, Inc.

Cleveland, Ohio
September 9, 2009

**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

Members of the City Council
City of Shaker Heights, Ohio

Compliance

We have audited the compliance of the City of Shaker Heights (the “City”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City’s management. Our responsibility is to express an opinion on the City’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 City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City’s compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City’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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over compliance.

Members of the City Council
City of Shaker Heights, Ohio

A *control deficiency* in the City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2008, and have issued our report thereon dated September 9, 2009, wherein we noted the City adopted *GASB Statement Nos. 45, 49 and 50*. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, Finance Committee, Management, Auditor of State's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cioni & Parichi, Inc.

Cleveland, Ohio
September 9, 2009

City of Shaker Heights, Ohio

Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2008

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Cash Receipts</u>	<u>Federal Cash Disbursements</u>
U.S. Department of Justice:				
Bulletproof Vest Partnership Program	16.607	N/A	\$ <u>4,410</u>	\$ <u>4,410</u>
U.S. Department of Health and Human Services:				
Passed through the Ohio Department on Aging and the Western Reserve Area Agency on Aging: Special Programs for the Aging – Title III, Part B	93.044	N/A	<u>38,740</u>	<u>38,740</u>
Drug Free Community Grant	93.276	N/A	<u>93,066</u>	<u>93,556</u>
Passed through Cuyahoga County:				
Health Department Grants:				
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	N/A	19,447	19,447
Center for Disease Control and Prevention Investigations and Technical Assistance	93.283	N/A	<u>8,212</u>	<u>8,212</u>
Total passed through Cuyahoga County:			<u>27,659</u>	<u>27,659</u>
Total U.S. Department of Health and Human Services			<u>159,465</u>	<u>159,955</u>

The accompanying notes are an integral part of this schedule

City of Shaker Heights, Ohio

Schedule of Expenditures of Federal Awards (continued)

For The Year Ended December 31, 2008

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Cash Receipts</u>	<u>Federal Cash Disbursements</u>
U.S. Department of Interior:				
Passed through the Ohio Historical Society:				
Historic Preservation Fund Grants-In-Aid	15.904	N/A	<u>8,412</u>	<u>8,412</u>
U.S. Department of Housing and Urban Development:				
Fair Housing Assistance Program – State and Local	14.401	N/A	<u>40,987</u>	<u>77,125</u>
Executive Office of the President - Office of National Drug Control Policy Direct Program:				
High Intensity Drug Trafficking Area – Ohio – 2003	N/A	N/A	347	347
High Intensity Drug Trafficking Area – Ohio – 2004	N/A	N/A	320	320
High Intensity Drug Trafficking Area – Ohio – 2005	N/A	N/A	247,191	247,191
High Intensity Drug Trafficking Area – Ohio – 2006	N/A	N/A	863,790	863,790
High Intensity Drug Trafficking Area – Ohio – 2007	N/A	N/A	2,479,178	2,479,178
High Intensity Drug Trafficking Area – Ohio – 2008	N/A	N/A	<u>1,169,147</u>	<u>1,169,147</u>
Total Executive Office of the President			<u>4,759,973</u>	<u>4,759,973</u>

The accompanying notes are an integral part of this schedule

City of Shaker Heights, Ohio

Schedule of Expenditures of Federal Awards (continued)

For The Year Ended December 31, 2008

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Cash Receipts</u>	<u>Federal Cash Disbursements</u>
U.S. Department of Federal Highway Administration:				
Passed through NOACA				
Surface Transportation Program:				
Transportation for Livable Communities (TLCI) Grants	20.205	N/A	37,125	24,331
Transportation for Livable Communities (TLCI) Grants	20.205	N/A	<u>75,000</u>	<u>75,000</u>
Total Surface Transportation Program			<u>112,125</u>	<u>99,331</u>
Passed through Ohio Department of Transportation				
Highway Planning and Construction	20.205	15395	174,790	174,790
Highway Planning and Construction	20.205	15396	<u>144,042</u>	<u>144,042</u>
Total Highway Planning and Construction			<u>318,832</u>	<u>318,832</u>
Total U.S. Department of Federal Highway Administration			<u>430,957</u>	<u>418,163</u>
Total Federal Assistance			\$ <u>5,404,204</u>	\$ <u>5,428,038</u>

The accompanying notes are an integral part of this schedule

City of Shaker Heights, Ohio

Notes to the Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2008

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Shaker Heights, Ohio and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Matching Requirements

Certain federal programs require that the City contribute non-federal (matching) funds to support the federally funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the accompanying Schedule.

N/A – Not Applicable

City of Shaker Heights, Ohio

Schedule of Findings OMB Circular A-133, Section .505

December 31, 2008

1. Summary of Auditors' Results

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(I)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(I)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(I)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	High Intensity Drug Trafficking Area Grant; CFDA #20.205 Highway Planning and Construction
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

City of Shaker Heights, Ohio

Schedule of Findings OMB Circular A-133, Section .505 (continued)

December 31, 2008

2. Findings Related to the Financial Statements Required To Be Reported In Accordance With GAGAS

2008-1 Material Noncompliance

Ohio Revised Code 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. At December 31, 2008, the City had expenditures plus encumbrances in excess of final appropriations as follows:

	<u>Final</u> <u>Appropriations</u>	<u>Actual</u> <u>Expenditures</u>	<u>Excess</u>
General Fund:			
Parks and Public Lands Maintenance:			
Personal Services	\$ 498,980	\$ 511,204	\$ (12,224)
Tree Maintenance and Leaf Collection:			
Other	181,600	185,152	(3,552)
Refuse Collection and Disposal:			
Personal Services	1,437,140	1,457,749	(20,609)
Brush Collection and Disposal:			
Other	176,900	185,124	(8,224)
Street Maintenance and Repair:			
Personal Services	240,040	346,735	(106,695)
Public Works Administration:			
Other	60,900	68,543	(7,643)
Public Building Maintenance:			
Personal Services	531,430	535,448	(4,018)
Special Revenue Funds:			
Economic Development Fund			
Housing and Community Development	100,000	108,269	(8,269)
H.I.D.T.A Fund			
Police	3,385,317	3,776,332	(391,015)
Drug Free Community Grant Fund			
Advances – out	-	3,503	(3,503)
Internal Service Funds:			
Municipal Garage Fund:			
Materials and Supplies	29,500	42,117	(12,617)
Self Insurance Fund:			
Personal Services	78,100	79,445	(1,345)

City of Shaker Heights, Ohio

Schedule of Findings OMB Circular A-133, Section .505 (continued)

December 31, 2008

2. Findings Related to the Financial Statements Required To Be Reported In Accordance With GAGAS (continued)

2008-2 Material Noncompliance

Ohio Revised Code 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

At December 31, 2008, the following funds had final appropriations in excess of final estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	<u>Final Certificate</u>	<u>Final Appropriations</u>	<u>Excess</u>
Central Service Operating Fund	\$ 1,166,700	\$ 1,190,650	\$ (23,950)

At December 31, 2008, the following funds had original appropriations in excess of the original estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	<u>Original Certificate</u>	<u>Original Appropriations</u>	<u>Excess</u>
Housing and Nuisance Abatement Fund	\$ 499,418	\$ 500,000	\$ (582)
Central Services Operating Fund	788,429	800,000	(11,571)
Copier Management Fund	82,283	87,000	(4,717)
Municipal Garage Fund	1,269,571	1,372,064	(102,493)

2008-3 Financial Reporting – Significant Deficiency / Material Weakness

Sound financial reporting is the responsibility of the Finance Director and the City Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the financial statements, and where applicable, to the City's accounting records:

1. Restated capital assets due to a physical inventory performed during 2008.
2. Restated compensated absences that were due within one year.

The lack of controls over capital asset financial reporting can result in errors that may go undetected and decreases the reliability of financial data at year-end.

Officials Response: The City has implemented new policies and procedures for controls over capital assets, as noted by the physical inventory performed, to help ensure the information accurately reflects the activity of the City, thereby increasing the reliability of the financial data at year-end. Management will also develop a process to oversee the GAAP process more closely.

City of Shaker Heights, Ohio

Schedule of Prior Audit Findings OMB Circular A-133, Section .315(b)

December 31, 2008

Finding No.	Finding Summary	Fully Corrected	Explanation
2007-1	<p>The City does not maintain a complete detailed list of all capital assets.</p> <p>The City does not have a written capital asset policy.</p> <p>A restatement of the prior year capital asset balance was required due to the City not recording infrastructure relating to the City-wide signalization project in the prior year.</p>	<p>Yes</p> <p>No</p> <p>No</p>	<p>The City performed a physical inventory of capital assets during 2008 and maintains a complete detailed list.</p> <p>The City has not adopted a written capital asset policy.</p> <p>A restatement of capital assets was required again in 2008 due to the physical inventory performed.</p>
2007-2	<p>Ohio Revised Code 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. At December 31, 2007, the City had expenditures plus encumbrances in excess of final appropriations.</p>	<p>No</p>	<p>The City has noncompliance again in 2008.</p>
2007-3	<p>Ohio Revised Code 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.</p> <p>At December 31, 2007, the municipal garage fund had original and final appropriations in excess of original and final estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code.</p>	<p>No</p>	<p>The City has noncompliance again in 2008.</p>

City of Shaker Heights

3400 Lee Road
Shaker Heights, Ohio 44120
(216) 491-1420

Response to Findings Associated with Audit Conducted
in Accordance with *Government Auditing Standards*
For the Year Ended December 31, 2008

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2008-1	The City will monitor actual expenditures closely to ensure that budgeted appropriations in all funds are not exceeded.	12/31/08	Robert H. Baker, Finance Director
2008-2	The City will monitor the Certificate of Estimated Resources as compared to appropriations in all Funds which are legally required to be budgeted to Ensure compliance with the requirement.	12/31/08	Robert H. Baker, Finance Director
2008-3	The City will monitor the GAAP conversion process more closely. The City has already performed a physical inventory of capital assets.	12/31/08	Robert H. Baker, Finance Director



Mary Taylor, CPA
Auditor of State

CITY OF SHAKER HEIGHTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 5, 2009**