



SHAKER HEIGHTS

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2009
City of Shaker Heights, Ohio



Mary Taylor, CPA
Auditor of State

Honorable Mayor and Members of 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, 2009 through December 31, 2009. 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

August 5, 2010

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**INTRODUCTORY
SECTION**

City of Shaker Heights, Ohio

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2009**

**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, 2009

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SHAKER HEIGHTS

June 28, 2010

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 2009 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 2009 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, 2009. 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, 2009, 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, 2009 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.

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, respectively. The City also provides a natural gas aggregation program for its residents with Interstate Gas Supply, Inc. which is used by about 4,000 households in the City. 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 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 large item drop off and 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. For 2010, Council adopted an annual budget prior to December 31, 2009.

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 2009, four of the top six are schools; the Shaker Heights City School District, Hathaway Brown School, Laurel School and University 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 71% of residential property taxes support 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%. In May 2010, voters approved an additional levy of 9.9 mills for operating expenses of the Shaker Heights City School District.

All of these factors have contributed to the continuing economic strength of the community. According to the Cuyahoga County Auditor, the total real property assessed valuation for the 2009 tax year was \$889,478,997. For the 2000 tax year the total real property assessed valuation was \$652,672,550. This was an increase during the ten year period from 1999 to 2009 of 36.28%. However, the total assessed valuation declined to \$825,442,570 for the 2010 tax year.

City income tax revenue grew 13.71% during the ten year period from 2000 to 2009. There was a 5.66% decline in income tax revenue in 2009 compared to 2008 as a result of the recession. Despite the recession, as a result of the relocation of the University Hospitals Health System administrative and corporate offices to the former Office Max headquarters building in the City, the income tax revenue from University Hospital employees exceeded the income tax revenue 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 of the Temporary Urban Renewal Bond 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, slightly over 50% of the units had been sold or leased by December 31, 2009, and sales are continuing. However, the owner of the project has defaulted on the mortgage, and the project has been put into receivership. 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 for some period of time, the City's General Capital Fund will be needed to support debt service on the outstanding urban renewal 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.

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.

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 included 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. Planning and engineering work is underway for the highway reconfiguration that is expected to begin in 2013.

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 2009, the point-of-sale escrow program resulted in an additional \$2.7 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 57 properties in 2009 for items such as removal of boarded windows, replacement of broken windows, mold, holes in roofs, and demolition of four dwelling structures.

In 2009, the Neighborhood Revitalization Department assisted 110 property owners with housing improvement projects through technical assistance, housing financial assistance and landlord programs. The City leveraged \$35.00 of private investment for every \$1.00 the City spent through its housing assistance programs.

In 2009, the City conducted nuisance abatement work on 8 properties in an effort to maintain property values in the neighborhoods where these houses are located, representing approximately \$120,000 of investment in these neighborhoods.

The City acquired and demolished 21 vacant and deteriorated properties. All of the properties are being attractively landscaped and then 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 93 rental home units and 25 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, 101 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 2008, 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, 2009 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 and Accounting Technician Janet Jones. Without the dedicated assistance of the Finance Department employees, this report would not have been possible. Finally, the Staff wishes to extend its appreciation to the Mayor, City Council, and the Finance Committee for their support and commitment to responsible fiscal reporting.

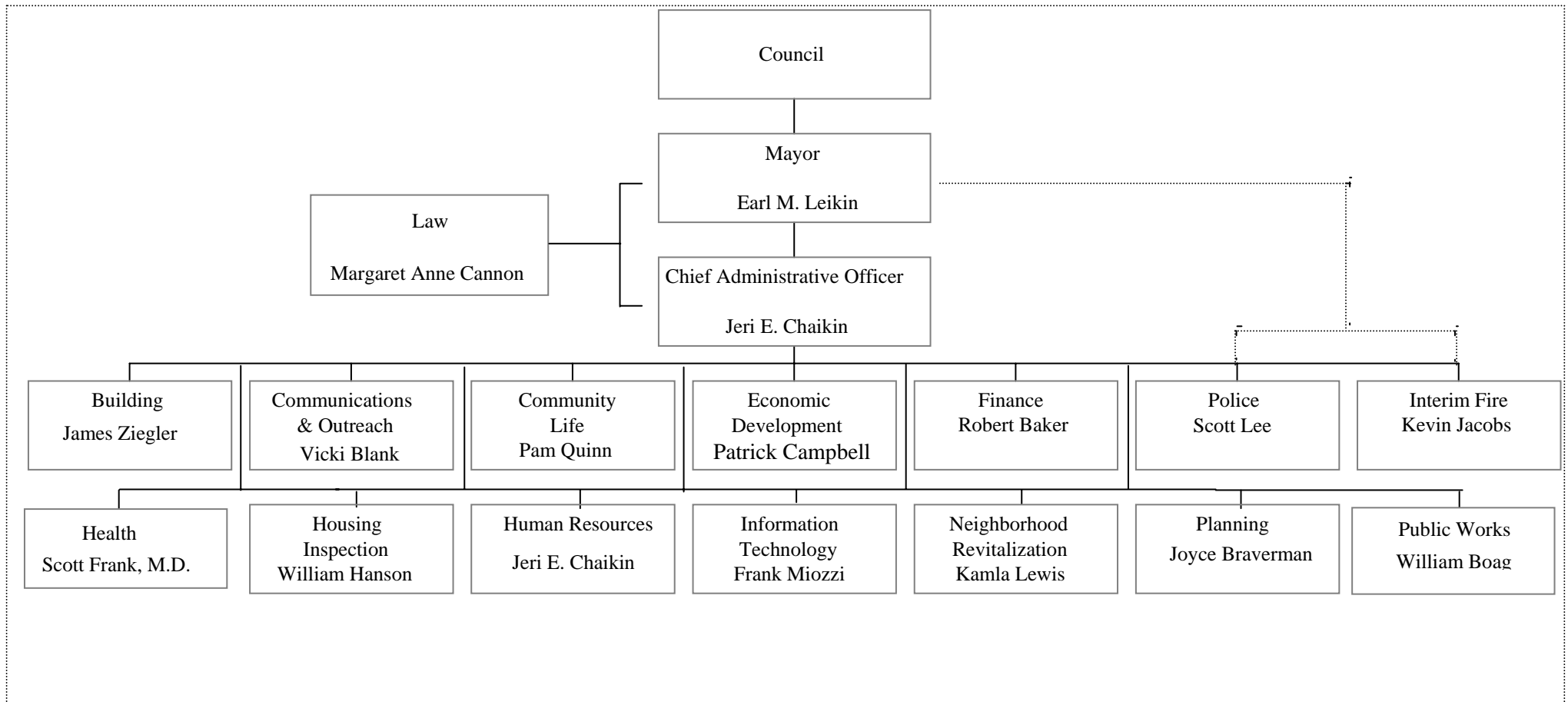
Respectfully submitted,


Jeri E. Chaikin
Chief Administrative Officer

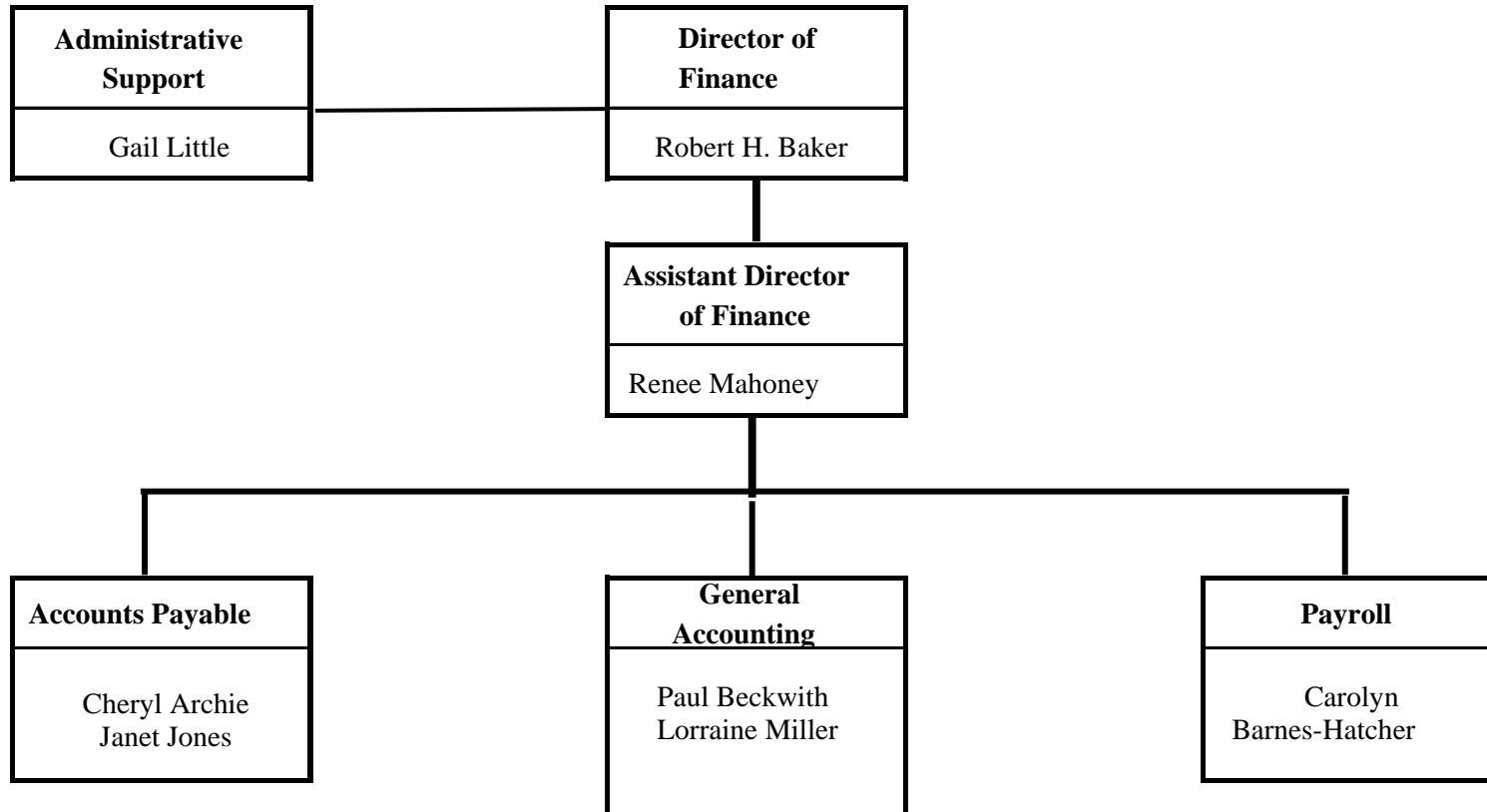


Robert H. Baker
Director of Finance

City of Shaker Heights, Ohio Organizational Chart December 31, 2009



City of Shaker Heights, Ohio
Finance Department Organizational Chart
December 31, 2009



City of Shaker Heights, Ohio

Listing of Principal City Officials

December 31, 2009

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

APPOINTED OFFICIALS

Chief Administrative Officer	Jeri E. Chaikin
Director of Finance	Robert Baker
Director of Building.....	James P. Zeigler
Director of Community Life	Pamela Quinn
Director of Economic Development	Patrick Campbell
Chief of Fire - Interim.....	Kevin Jacobs
Director of Health	Dr. Scott H. Frank
Director of Housing Inspection.....	William E. Hanson
Director of Human Resources.....	Jeri E. Chaikin
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
Manager of Communications and Outreach	Vicki Blank
Director of Information Technology.....	Frank Miozzi

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, 2008

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.



President

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, Ohio (the "City"), Ohio as of and for the year ended December 31, 2009, 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, 2009, 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, 2009, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 28, 2010

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2009

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, 2009. 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 2009 are as follows:

- ◆ The assets of the City of Shaker Heights exceeded its liabilities at the close of the most recent fiscal year by \$104,888,297. Of this amount, \$19,904,961 may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ Total assets decreased by \$4,531,695, which represents a decrease of 3.0 percent from 2008. The biggest changes were a \$5.7 million decrease in cash and cash equivalents as a result of the payment of outstanding Temporary Urban Renewal Bonds and a draw down of cash balances, including funding a deficit in the General Fund, offset by a \$2 million increase in capital assets.
- ◆ Total liabilities decreased by \$2,786,984 which represents a decrease of 6.1 percent from 2008. The main factors contributing to this change include a \$1,402,780 decrease in accrued wages and benefits and a \$590,479 decrease in unearned revenue.
- ◆ In total, net assets in governmental activities decreased by \$1,744,711 during 2009. This represents a 1.6 percent decrease from 2008.

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, increases or decreases 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, 2009

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, 2009

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 2009 as compared to 2008.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2009

Table 1
Net Assets

	Governmental Activities	
	2009	2008
Assets		
Current and Other Asset	\$ 63,698,483	\$ 70,225,756
Capital Assets, Net	<u>83,731,368</u>	<u>81,735,790</u>
<i>Total Assets</i>	<u>147,429,851</u>	<u>151,961,546</u>
Liabilities		
Current Liabilities and Other Liabilities	9,298,023	11,579,526
Long-term Liabilities:		
Due Within One Year	3,596,055	5,268,204
Due In More Than One Year	<u>29,647,476</u>	<u>28,480,808</u>
<i>Total Liabilities</i>	<u>42,541,554</u>	<u>45,328,538</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	61,712,406	58,708,166
Restricted for:		
Capital Projects	18,947,218	25,606,578
Debt Service	1,237,432	915,681
Streets	724,281	906,871
Public Safety	1,724,661	1,342,216
Judicial Services	637,338	555,708
Unrestricted	<u>19,904,961</u>	<u>18,597,788</u>
<i>Total Net Assets</i>	<u>\$ 104,888,297</u>	<u>\$ 106,633,008</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 \$104,888,297 as of December 31, 2009. The largest portion of the City's net assets (58.8%) 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 taxes or other revenues since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets decreased by \$4,531,695 from 2008 to 2009 and total liabilities decreased by \$2,786,984. The most significant changes were found in cash and cash equivalents and capital assets. Cash and cash equivalents decreased \$5.7 million from the previous year. Capital assets increased \$2 million during the fiscal year, offsetting the decrease in cash and cash equivalents. The decrease in liabilities was mainly due to the decrease in accrued wages and benefits, unearned revenue, and long-term liabilities. The decrease in accrued wages is due to the timing of the last payroll. In 2009, the City had 27 pay periods causing a decrease in the amount accrued at year-end. The unearned revenue decreased due to a decrease in taxes receivable and the decrease in long-term liabilities was caused by the payment of a portion of the principal of the Temporary Urban Renewal Bonds without the issuance of new debt. Please see page 14 for the Statement of Net Assets, a detailed version of the above summary of the City's net assets.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2009

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 2009 as compared to 2008.

Table 2
Changes in Net Assets

	<u>2009</u>	<u>2008</u>
Program Revenues		
Charges for Services	\$ 10,100,630	\$ 10,239,369
Operating Grants, Contributions, and Interest	4,651,210	4,978,610
Capital Grants and Contributions	<u>492,845</u>	<u>3,682,306</u>
Total Program Revenues	<u>15,244,685</u>	<u>18,900,285</u>
General Revenues		
Property Taxes	8,579,190	8,224,540
Income and Other Taxes	19,523,078	20,819,652
Grants and Entitlements	7,372,760	5,670,500
Investments Earnings	289,963	629,378
Miscellaneous Income	<u>451,678</u>	<u>232,203</u>
Total General Revenues	<u>36,216,669</u>	<u>35,576,273</u>
Total Revenues	<u>51,461,354</u>	<u>54,476,558</u>
Program Expenses		
General Government	6,729,574	7,087,741
Security of Persons and Property	23,988,819	23,458,781
Public Health Services	692,906	448,703
Leisure Time Activities	4,039,556	3,877,476
Housing and Community Development	7,441,799	6,989,574
Sanitation and Sewer Services	4,024,723	5,018,134
Street Maintenance and Repair	2,388,186	2,817,752
Public Works – Other	2,971,552	3,905,495
Interest and Fiscal Charges	<u>928,950</u>	<u>1,001,492</u>
Total Program Expenses	<u>53,206,065</u>	<u>54,605,148</u>
Change in Net Assets	(1,744,711)	(128,590)
Net Assets at Beginning of Year	<u>106,633,008</u>	<u>106,761,598</u>
Net Assets at End of Year	\$ <u>104,888,297</u>	\$ <u>106,633,008</u>

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2009

Governmental Activities

Comparing 2009 to 2008, the City's net assets for Government Activities decreased \$1,744,711. The 2009 revenues were not enough to cover the 2009 expenses although the City took steps during 2009 to reduce expenses including layoffs and furloughs. The City used beginning fund balances to fund the remaining expenses. The City monitors its sources of revenues closely for fluctuations. For the most part, increases in expenses relate to increased personnel costs and other expenses which closely parallel inflation.

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 and grants and entitlements. The City's income tax rate was 1.75% for 2009. 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 almost 1.4% since 2000 after factoring out the extraordinary revenue received in 2003 and 2005 and the extraordinary refund paid in 2004, 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 2009 was \$19,523,078, accounting for 37.9% of the City's total 2009 revenue of \$51,461,354. Charges for Services of \$10,100,630 account for 19.6% of total revenues. Property taxes of \$8,579,190 account for 16.7% of total revenues. Unrestricted Grants and Entitlements of \$7,372,760 account for 14.3% of total revenue. Capital grants of \$492,845 account for 1% of total revenues. All other revenue of \$5,392,851 accounts for the remaining 10.5% of the City's 2009 revenue. The City monitors its sources of revenue very closely for fluctuations throughout the year, especially income tax.

During 2009, City expenses continued to be dominated by its three largest departments, Police, Fire and Public Works. These three departments account for approximately 62.8% of the City's total 2009 program expenses of \$53,206,065. Expenses for Security of Persons and Property (primarily the City's Police and Fire Departments) accounted for 45.1% of the City's 2009 expense total. Expenses for Sanitation and Sewer Services (7.6%), Street Maintenance (4.5%) and other Public Works activities (5.6%) accounted for 17.7% of the City's 2009 expense total. The next largest expense category was General Government, which accounted for 12.6% of the City's expense total. 14.0% 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 7.6% of total expenses. Public Health and Interest and Fiscal Charges account for the remaining 3.0% of the City's total expenses for 2009. For the most part, City expenses closely paralleled inflation during 2009; however, it should be noted that the ever-increasing cost of providing employee health care negatively impacted the 2009 budget. While the City has lowered the rate of health care cost increases in 2009, this trend is expected to continue into the future. Despite the pressure to increase costs, costs were controlled in 2009 through layoffs, employee furloughs, elimination of many vacant positions and the renegotiation of union contracts to reduce previously bargained wage increases. Despite the cost reductions, there has been very little impact on services to residents.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2009

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, 2009, the City's governmental funds reported a combined ending fund balance of \$40,285,955 of which \$33,696,184 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, 2009, \$6,589,771 of the total governmental fund balance was reserved for purchase commitments or capital project appropriations.

For the period ending December 31, 2009, all governmental funds had total revenues and other financing sources of \$69,243,701 and expenditures and transfers-out totaling \$73,297,788 resulting in an decrease in fund balance of \$4,054,087. This decrease is primarily due to the loss of intergovernmental revenues received for capital projects in 2008 that the City did not receive in 2009 and use of beginning fund balances for operating fund deficits.

The General Fund is the primary operating fund of the City. As of December 31, 2009, the total fund balance of the General Fund on a GAAP basis was \$11,505,207, of which \$672,271 (5.8%) was reserved for encumbrances and \$10,832,936 (94.2%) 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, 2009 the City's unreserved fund balance was equal to 26.6% of its total operating 2009 expenditures of \$35,102,725 plus its transfers to other funds of \$5,638,051.

During 2009, the fund balance of the General Fund on a GAAP basis decreased by \$221,331. Included in this amount are interfund transfers-out of \$5,638,051. Without these transfers, General Fund revenues would have exceeded General Fund expenditures and other uses by \$5,416,720.

During 2009, the fund balance of the Capital Projects Fund decreased by \$6,659,360. The decrease can be attributed to the reduction in capital grants revenue of approximately \$4,415,347 and the transfers-out of \$3,560,245 for debt service and other purposes, offset by an increase in debt proceeds of \$2,060,852.

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2009

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 by City Council at fund level and within each fund, broken out between personal services and other expenses. 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 2009, the City used this process to amend its General Fund budget on eleven 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 \$37,832,855; the final budgeted revenues were \$41,179,456. The City's ending unencumbered fund balance, computed on a cash basis of accounting, was \$7,809,638 which was \$4,051,027 more than the final budgeted fund balance of \$3,758,611. In recognition of the importance of maintaining an adequate level of fund equity, the City Council has adopted a fund balance policy for the General Fund. The City's ending general fund balance on a GAAP basis was 18.5% of 2009 general fund expenditures and transfers-out.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2009, the City of Shaker Heights had \$83,731,368 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, 2009

Table 3 shows fiscal 2009 balances of Capital Assets as compared to 2008:

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

	Governmental Activities	
	2009	2008
Land	\$ 17,995,770	\$ 17,671,506
Buildings and Improvements	9,944,792	10,132,417
Land Improvements	6,260,531	6,376,478
Machinery and Equipment	6,050,348	6,282,320
Infrastructure		
Street	16,429,985	16,712,410
Sanitary and Storm Sewer System	7,146,798	7,249,534
Traffic Signals System	11,651,988	11,720,187
Bridges	89,428	95,364
Culverts	52,204	52,951
Construction in Progress	8,109,524	5,442,623
Total Capital Assets	\$ <u>83,731,368</u>	\$ <u>81,735,790</u>

Total capital assets of the City as of December 31, 2009 were \$1,995,578 greater than 2008. The most significant increases in the City's capital assets came in Infrastructure, more specifically to the construction in progress. 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.

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, 2009

Debt

At December 31, 2009, the City of Shaker Heights had \$33,243,531 in debt and compensated absences outstanding, of which \$3,596,055 is due within one year. Table 4 summarizes the City's debt outstanding as of December 31, 2009 and 2008:

Table 4
Outstanding Debt at Year End

	<u>2009</u>	<u>2008</u>
General Obligation Bonds	\$ 19,071,497	\$ 14,585,000
Urban Renewal Temporary Bonds	-	6,845,000
Bond Anticipation Notes	865,000	1,315,000
Housing Nuisance Notes	750,000	1,000,000
OPWC Loans	5,675,050	3,903,479
Compensated Absences	6,207,330	6,012,482
Claims Payable	<u>674,654</u>	<u>-</u>
Total	\$ <u>33,243,531</u>	\$ <u>33,660,961</u>

In 2008, the City became self insured for workers' compensation liability. The claims payable at December 31, 2009 represent expected future payments for workers' compensation claims incurred in 2008 and 2009.

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, 2009, the City's overall legal debt margin was \$86,016,051 and its unvoted debt margin was \$44,743,922.

In 2003, the City issued \$15.37 million general obligation bonds 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 increment 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 temporary urban renewal bonds for this project. On April 22, 2009 \$4,600,000 of the temporary urban renewal bonds were replaced by long-term debt maturing December 1, 2031 and the balance of the temporary urban renewal 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.

The City began 2009 with \$1.315 million in one-year notes qualifying for display as a long-term liability. 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

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2009

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 \$865,000 to refinance the balance.

With the exception of the library improvements, the City plans to retire this portion of the notes over the next five years with City funds. The library improvements will be retired over the next two 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 loans to replace or reline water lines serving the City. In 2009, 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. The City was also awarded by the OPWC a \$573,000, twenty-year, interest free loan for the Hildana-Ludgate Sanitary Sewer Project. The full proceeds have not been received for the Hildana-Ludgate project and repayment will begin in 2011. As of December 31, 2009 the unpaid balance of these loans was \$5,675,050.

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

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. The rating by Fitch Rating Services has been recalibrated to AAA. These ratings are the result of the City's history of creative planning and the combined cooperation of the elected officials, professional administration and employees and, most importantly, its residents. The City is well prepared to meet the challenges of the future. 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, 2009

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 39,529,105
Accounts receivable	1,470,105
Accrued interest receivable	42,299
Intergovernmental receivable	2,866,651
Inventory of supplies	290,546
Prepaid items	51,332
Special assessments receivable	3,561,136
Lease receivable	496,107
Taxes receivable	15,283,348
Unamortized bond issuance costs	107,854
Nondepreciable capital assets	26,105,294
Depreciable capital assets, net	<u>57,626,074</u>
Total assets	<u>147,429,851</u>
Liabilities:	
Accounts payable	1,436,691
Accrued wages and benefits	1,209,387
Unearned revenue	6,507,254
Matured compensated absences	69,655
Notes and bonds interest payable	75,036
Long-term liabilities:	
Due within one year	3,596,055
Due in more than one year	<u>29,647,476</u>
Total liabilities	<u>42,541,554</u>
Net assets:	
Invested in capital assets, net of related debt	61,712,406
Restricted for:	
Capital projects	18,947,218
Debt service	1,237,432
Streets	724,281
Public safety	1,724,661
Judicial services	637,338
Unreserved	<u>19,904,961</u>
Total net assets	<u>\$ 104,888,297</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, 2009

	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	\$ 14,776,734	\$ 78,666	\$ 4,258,075	\$ -	\$ (10,439,993)
Fire	8,515,892	500,328	35,837	4,000	(7,975,727)
Other	696,193	434,949	-	-	(261,244)
Public health services	692,906	70,133	4,780	-	(617,993)
Leisure time activities:					
Culture and recreation	2,984,882	1,753,423	-	-	(1,231,459)
Parks and public land maintenance	1,054,674	1,415	-	-	(1,053,259)
Housing and community development	7,441,799	2,504,195	44,215	188,689	(4,704,700)
Sanitation and sewer services	4,024,723	1,333,696	295,303	298,216	(2,097,508)
Street maintenance and repair	2,388,186	8,231	-	1,940	(2,378,015)
Public work – other	2,971,552	707,206	-	-	(2,264,346)
General government:					
Legislative and executive	4,316,001	89,094	13,000	-	(4,213,907)
Judicial system	2,413,573	2,619,294	-	-	205,721
Interest and fiscal charges	<u>928,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(928,950)</u>
Total governmental activities	\$ <u>53,206,065</u>	\$ <u>10,100,630</u>	\$ <u>4,651,210</u>	\$ <u>492,845</u>	<u>(37,961,380)</u>
General revenues:					
Property taxes used for:					
General purposes					7,444,238
Police and fire pension					477,099
Debt service					657,853
Municipal income taxes levied for:					
General purposes					19,466,209
Other local taxes levied for:					
General purposes					56,869
Grants and entitlements not restricted to specific programs					7,372,760
Interest earnings					289,963
Miscellaneous income					<u>451,678</u>
Total general revenues					<u>36,216,669</u>
Change in net assets					(1,744,711)
Net assets at beginning of year, restated					<u>106,633,008</u>
Net assets at end of year					\$ <u>104,888,297</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, 2009

	<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	\$ 7,849,765	\$ 19,205,944	\$ 1,066,682	\$ 9,350,498	\$ 37,472,889
Taxes receivable	14,847,100	-	-	436,248	15,283,348
Accounts receivable	490,126	-	-	977,326	1,467,452
Special assessments receivable	5,398	-	-	3,555,738	3,561,136
Lease receivable	206,100	290,007	-	-	496,107
Interfund receivable	112,151	46,310	3,143	186,337	347,941
Accrued interest receivable	42,299	-	-	-	42,299
Intergovernmental receivable	1,824,385	-	-	1,042,266	2,866,651
Inventory of supplies	138,040	-	-	-	138,040
Total assets	<u>\$ 25,515,364</u>	<u>\$ 19,542,261</u>	<u>\$ 1,069,825</u>	<u>\$ 15,548,413</u>	<u>\$ 61,675,863</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 371,802	\$ 297,557	\$ -	\$ 643,548	\$ 1,312,907
Accrued wages	724,270	-	-	470,755	1,195,025
Interfund payable	119,729	7,479	11,385	268,114	406,707
Matured compensated absences	69,655	-	-	-	69,655
Deferred revenue	12,724,701	290,007	-	5,390,906	18,405,614
Total liabilities	<u>14,010,157</u>	<u>595,043</u>	<u>11,385</u>	<u>6,773,323</u>	<u>21,389,908</u>
Fund balances:					
Reserved for encumbrances	672,271	1,143,829	-	624,140	2,440,240
Reserved for appropriations	-	4,149,531	-	-	4,149,531
Unreserved:					
Undesignated, reported in:					
General fund	10,832,936	-	-	-	10,832,936
Special revenue funds	-	-	-	8,165,918	8,165,918
Debt service fund	-	-	1,058,440	(14,968)	1,043,472
Capital projects fund	-	13,653,858	-	-	13,653,858
Total fund balances	<u>11,505,207</u>	<u>18,947,218</u>	<u>1,058,440</u>	<u>8,775,090</u>	<u>40,285,955</u>
Total liabilities and fund balances	<u>\$ 25,515,364</u>	<u>\$ 19,542,261</u>	<u>\$ 1,069,825</u>	<u>\$ 15,548,413</u>	<u>\$ 61,675,863</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, 2009

Total Governmental Funds balances \$ 40,285,955

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	\$ 26,105,294	
Depreciable capital assets	<u>57,626,074</u>	
Total		83,731,368

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

Delinquent property taxes	677,123	
Municipal income taxes	4,160,093	
Special Assessments	3,561,136	
Intergovernmental	1,774,702	
Interest earnings	35,700	
Charges for service	<u>1,689,606</u>	
Total		11,898,360

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

1,384,442

In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in the governmental funds bond issuance expenditures is reported when bonds are issued.

107,854

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

Bonds payable	(18,895,000)	
Premium on bonds	(176,497)	
OPWC loans	(5,675,050)	
Notes payable	(1,615,000)	
Interest payable	(75,036)	
Compensated absences	<u>(6,083,099)</u>	
Total		<u>(32,519,682)</u>

Net Assets of Governmental Activities \$ 104,888,297

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, 2009

	General	Capital Projects	Urban Renewal Debt Service	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 7,275,326	\$ -	\$ 657,853	\$ 466,122	\$ 8,399,301
Municipal income taxes	20,144,932	-	-	-	20,144,932
Other local taxes	53,478	-	-	-	53,478
Intergovernmental	6,549,955	473,146	-	5,315,883	12,338,984
Charges for services	4,732,688	4,000	-	1,801,741	6,538,429
Interest earnings	216,347	-	7,833	30,083	254,263
Fees, licenses and permits	577,437	-	-	-	577,437
Fines and forfeitures	795,412	-	-	273,715	1,069,127
Special assessments	6,800	-	-	1,823,321	1,830,121
Other revenue	132,159	39,549	-	498,046	669,754
Total revenues	<u>40,484,534</u>	<u>516,695</u>	<u>665,686</u>	<u>10,208,911</u>	<u>51,875,826</u>
Expenditures:					
Current operations and maintenance:					
Security of persons and property:					
Police	8,805,402	1,114,594	-	4,698,742	14,618,738
Fire	6,992,308	28,758	-	1,190,650	8,211,716
Other	90,717	-	-	656,216	746,933
Public health services	449,924	-	-	122,831	572,755
Leisure time activities:					
Culture and recreation	2,585,730	25,442	-	-	2,611,172
Park and public land maintenance	744,134	278,773	-	-	1,022,907
Housing and community development					
Sanitation and sewer services	4,079,922	1,855,940	-	1,619,779	7,555,641
Street maintenance and repair	2,979,946	1,013,231	-	1,037,983	5,031,160
Street maintenance and repair	517,143	1,336,908	-	1,491,001	3,345,052
Public works – other	1,978,557	687	-	713,251	2,692,495
General government:					
Legislative and executive	3,682,082	246,722	229	124,836	4,053,869
Judicial system	2,196,860	-	-	149,956	2,346,816
Debt service:					
Principal retirement	-	-	7,135,000	2,104,281	9,239,281
Interest and fiscal charges	-	-	914,330	76,025	990,355
Debt issuance costs	-	-	107,854	-	107,854
Total expenditures	<u>35,102,725</u>	<u>5,901,055</u>	<u>8,157,413</u>	<u>13,985,551</u>	<u>63,146,744</u>
Excess of revenues over (under) expenditures	<u>5,381,809</u>	<u>(5,384,360)</u>	<u>(7,491,727)</u>	<u>(3,776,640)</u>	<u>(11,270,918)</u>
Other financing sources (uses):					
Issuance of debt	-	2,060,852	4,600,000	1,115,000	7,775,852
Sale of capital assets	34,911	1,001	-	28,570	64,482
Transfers – in	-	223,392	3,036,228	6,091,424	9,351,044
Transfers – out	(5,638,051)	(3,560,245)	-	(952,748)	(10,151,044)
Premium on bonds	-	-	176,497	-	176,497
Total other financing sources (uses)	<u>(5,603,140)</u>	<u>(1,275,000)</u>	<u>7,812,725</u>	<u>6,282,246</u>	<u>7,216,831</u>
Net change in fund balances	(221,331)	(6,659,360)	320,998	2,505,606	(4,054,087)
Fund balances (deficit) at beginning 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>
Fund balances at end of year	<u>\$ 11,505,207</u>	<u>\$ 18,947,218</u>	<u>\$ 1,058,440</u>	<u>\$ 8,775,090</u>	<u>\$ 40,285,955</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, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (4,054,087)

Amounts Reported for Governmental Activities in the Statement of Activities are different because:

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	\$ 4,971,423	
Depreciation	<u>(2,846,283)</u>	2,125,140

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. (129,562)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Funds.

Delinquent property and other taxes	183,280	
Municipal income taxes	(678,723)	
Special assessments	514,873	
Intergovernmental	166,156	
Interest earnings	35,700	
Charges for services	<u>(635,758)</u>	(414,472)

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, OPWC loans, and General Obligation Bonds. (7,952,349)

Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal	9,239,281	
Interest and fiscal charges	<u>61,405</u>	9,300,686

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. (208,803)

In the Statement of Activities, bond issuance costs are amortized over the term of the bonds, whereas, in the Governmental Funds, a bond issuance expenditure is reported when the bonds are issued. 107,854

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. (519,118)

Change in Net Assets of Governmental Activities \$ (1,744,711)

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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 8,313,054	\$ 8,174,154	\$ 8,326,906	\$ 152,752
Municipal Income Taxes	19,809,785	19,603,815	19,646,181	42,366
Other Local Taxes	60,000	60,000	51,542	(8,458)
State Levied Shared Taxes	1,598,909	5,133,717	5,120,993	(12,724)
Intergovernmental	427,586	490,687	492,045	1,358
Charges for Services	4,968,646	4,811,588	4,816,033	4,445
Fees, Licenses and Permits	637,981	627,222	637,967	10,745
Investment Earnings	200,000	160,222	223,909	63,687
Fines and Forfeitures	676,200	671,700	665,009	(6,691)
Other Revenues	217,839	539,496	507,078	(32,418)
Total Revenues	<u>36,910,000</u>	<u>40,272,601</u>	<u>40,487,663</u>	<u>215,062</u>
Expenditures:				
Current:				
Security of Persons and Property	17,397,708	17,203,934	16,598,839	605,095
Public Health Services	471,873	610,728	468,308	142,420
Culture and Recreation	2,728,977	2,776,528	2,649,810	126,718
Parks and Public Lands Maintenance	868,003	809,474	787,185	22,289
Housing and Community Development	4,524,070	4,764,578	4,254,271	510,307
Sanitation and Sewer Services	3,169,888	3,309,341	2,973,507	335,834
Street Maintenance and Repair	792,380	763,240	738,567	24,673
Public Works – Other	2,059,167	2,250,295	2,027,482	222,813
Legislative and Executive	4,054,085	4,357,428	3,758,878	598,550
Judicial System	2,392,902	2,419,168	2,289,258	129,910
Total Expenditures	<u>38,459,053</u>	<u>39,264,714</u>	<u>36,546,105</u>	<u>2,718,609</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,549,053)</u>	<u>1,007,887</u>	<u>3,941,558</u>	<u>2,933,671</u>
Other Financing Sources (Uses):				
Transfers – in	20,000	4,000	5,511	1,511
Transfers – out	(1,909,409)	(5,639,551)	(5,639,551)	-
Advances – in	902,855	902,855	902,855	-
Advances – out	-	(225,000)	(19,706)	205,294
Total Other Financing Sources (Uses)	<u>(986,554)</u>	<u>(4,957,696)</u>	<u>(4,750,891)</u>	<u>206,805</u>
Net Change in Fund Balance	<u>(2,535,607)</u>	<u>(3,949,809)</u>	<u>(809,333)</u>	<u>3,140,476</u>
Beginning Cash Fund Balance	8,293,221	8,293,221	8,293,221	-
Prior Year's Reserve for Encumbrances Outstanding At December 31	(71,935)	(71,935)	(71,935)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(512,866)</u>	<u>(512,866)</u>	<u>(512,866)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>5,172,813</u>	\$ <u>3,758,611</u>	6,899,087	\$ <u>3,140,476</u>
Reserved for Encumbrances – all budget years			<u>910,551</u>	
Total cash fund balance - December 31			\$ <u>7,809,638</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, 2009

	Governmental Activities Internal Service Fund
Assets:	
Equity in city treasury cash	\$ 2,056,216
Accounts receivable	2,653
Interfund receivable	101,195
Inventory of supplies	152,506
Prepaid items	<u>51,332</u>
Total assets	<u>2,363,902</u>
Liabilities:	
Current liabilities:	
Accounts payable	123,784
Accrued wages and benefits	14,362
Interfund payable	42,429
Claims payable	135,017
Accrued compensated absences	<u>40,418</u>
Total current liabilities	<u>356,010</u>
Long-term liabilities (net of current portion)	
Claims payable	539,637
Accrued compensated absences	<u>83,813</u>
Total long-term liabilities	<u>623,450</u>
Total liabilities	<u>979,460</u>
Net assets:	
Unrestricted	\$ <u>1,384,442</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, 2009

	<u>Governmental Activities Internal Service Fund</u>
Operating revenues:	
Charges for services	\$ 1,717,238
Other	<u>15</u>
Total operating revenues	<u>1,717,253</u>
Operating expenses:	
Personal services	809,403
Travel and education	630
Contractual services	1,650,934
Materials and supplies	<u>575,404</u>
Total operating expenses	<u>3,036,371</u>
Operating loss before transfers	(1,319,118)
Transfers – in	<u>800,000</u>
Change in net assets	(519,118)
Net assets at beginning of year	<u>1,903,560</u>
Net assets at end of year	\$ <u><u>1,384,442</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, 2009

	<u>Governmental Activities Internal Service Fund</u>
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from interfund services	\$ 1,716,125
Cash payments to suppliers	(695,807)
Cash payment for goods and services	(1,121,172)
Cash payments to employees	(867,116)
Cash received from other operating activities	<u>15</u>
Net cash used for operating activities	(967,955)
Cash flows from non-capital financing activities:	
Transfers-in	<u>800,000</u>
Decrease in cash and cash equivalents	(167,955)
Cash and cash equivalents at beginning of year	<u>2,224,171</u>
Cash and cash equivalents at end of year	\$ <u><u>2,056,216</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (1,319,118)
Adjustments:	
Increase in assets:	
Materials and supplies inventory	(117,603)
Prepaid items	(49,736)
Increase/ (decrease) in liabilities:	
Accounts payable	(10,388)
Accrued wages and benefits	(43,758)
Accrued compensated absences	(13,955)
Self insurance claims payable	<u>586,603</u>
Total adjustments	<u>351,163</u>
Net cash used for operating activities	\$ <u><u>(967,955)</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, 2009

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 1,068,104
Cash and cash equivalents in segregated accounts	563,212
Mortgage loan receivable	<u>160,151</u>
Total assets	<u>\$ 1,791,467</u>
Liabilities:	
Intergovernmental payable	\$ 442,885
Deposits held and due to others	<u>1,348,582</u>
Total liabilities	<u>\$ 1,791,467</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, 2009

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

The City provides various services including police and fire protection, public health, parks and recreation, street maintenance, planning and zoning, community preservation 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 162 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, 2009

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, 2009

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, 2009

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, 2009

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, 2009, but which were levied to finance year 2010 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, 2009

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 2009, 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 2009 amounted to \$216,347, of which, \$163,140 was from other funds.

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, 2009, 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, 2009

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, 2009, 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, 2009 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, 2009

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 item occurred in 2009.

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, 2009

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 2009, the annual appropriation measure was passed by City Council on March 23, 2009. 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 2009 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, 2009.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

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. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 28, 2010, the date the financial statements were available to be issued.

T. 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 2008 financial statements in order to conform to the 2009 presentation.

Note 3 – Change in Accounting Principles

For 2009, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance contained in the AICPA Statements on Auditing Standards*.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 3 – Change in Accounting Principles (continued)

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accounts (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments – related party transactions, going concern considerations and subsequent events. The implementation of this statement did not result in any changes to the financial statements.

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.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 4 – Budgetary Basis of Accounting (continued)

Net Change in Fund Balance

GAAP Basis	\$ (221,331)
Net Adjustment for Revenue Accruals	875,216
Fair Value Adjustment for Investments 2008	(38,759)
Fair Value Adjustment for Investments 2009	40,127
Net Adjustment for Expenditure Accruals	(2,375,137)
Encumbrances	<u>910,551</u>
Budget Basis	\$ <u>(809,333)</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.

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.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 5 – Deposits and Investments (continued)

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.

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 \$19,005,924 (including \$15,535 of petty cash) and the bank balance was \$19,312,770. Of the bank balance, \$1,552,185 was covered by Federal depository insurance, and \$17,760,585 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, 2009, the City had the following investments:

	Fair Value	Maturities (in years)	
		Less than 1	1-3
US Treasury Notes	\$ 2,037,610	\$ 1,036,410	\$ 1,001,200
Temporary TLGP Securities	16,729,310	2,022,280	14,707,030
Repurchase Agreement	3,387,577	3,387,577	-
Total Portfolio	\$ 22,154,497	\$ 6,446,267	\$ 15,708,230

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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 5 – Deposits and Investments (continued)

open market prior to maturity and by investing operating funds primarily in short-term investments. The City's investment policy also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow. To date, no investments have been purchased with a life greater than five years.

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.

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	9.20 %
Temporary TLGP Securities	75.51 %
Repurchase Agreements	15.29 %

Note 6 – Receivables

Receivables at December 31, 2009, 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. Property tax revenue received during 2009 for real and public utility property taxes represents collections for 2008 taxes. Property tax payments received during 2009 for tangible personal property (and other public utility property) are for 2009 taxes.

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 percent of the appraised 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.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 6 – Receivables (continued)

A. Property Taxes (continued)

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 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.

Tangible personal property used in business (except for public utilities) is currently assessed for *ad valorem* taxation purposes and is being phased out – the assessment percentage for all property including inventory for 2009 is zero. Amounts for prior year unpaid tangible personal property taxes may still be collected. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

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 2009 and 2008 tax are as follows:

	<u>Tax Year/Collection Year</u>	
	<u>2009/2010</u>	<u>2008/2009</u>
Real Estate (other than public utility)	\$ 815,784,770	\$ 876,609,700
Public Utilities Real and Tangible Personal Property	9,657,800	9,080,760
Tangible Personal Property (other than public utility)	<u>-</u>	<u>3,788,537</u>
Total Valuation	\$ <u>825,442,570</u>	\$ <u>889,478,997</u>

The tax rate levied to finance the City's services for the years ended December 31, 2009 and December 31, 2008 was \$9.90 per \$1,000 of real estate and personal property valuation.

The receivable and related deferred revenue does not include property tax entitlements in the amount of \$1,155,521 that the City expects to receive in 2010 from the State of Ohio to finance 2010 operations. These entitlements are based upon 2009 local property tax relief granted by the State to qualified classes of real property owners in the form of homestead exemptions and tax rollbacks.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 6 – Receivables (continued)

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 2009 and 2008. 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 \$8,092,379 has been recorded in the General Fund. This total includes \$3,932,286 for the portion of taxes that is due prior to December 31, 2009, but is not received until January and February of the following year, and \$4,160,093 which has been billed, but is not available in the current period.

C. Intergovernmental Receivable

A summary of intergovernmental receivables at December 31, 2009, include the following:

<u>Governmental Activities</u>		<u>Amounts</u>
Local Government Contracts	\$	277,817
Auto Registration Fees		10,297
Homestead & Rollback		555,437
Gas Tax		387,165
Estate Tax		241,817
Local Government – State		160,359
Local Government – County		582,498
Federal Grants		568,113
CAT Tax		17,907
Permissive Tax		12,589
Other		<u>52,652</u>
Total	\$	<u>2,866,651</u>

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 7 – Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balances <u>12/31/08</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/09</u>
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 17,671,506	\$ 324,264	\$ -	\$ 17,995,770
Construction in Progress	<u>5,442,623</u>	<u>2,708,025</u>	<u>(41,124)</u>	<u>8,109,524</u>
Total Capital Assets not being depreciated	<u>23,114,129</u>	<u>3,032,289</u>	<u>(41,124)</u>	<u>26,105,294</u>
Capital Assets being depreciated:				
Buildings and Improvements	16,029,016	182,808	-	16,211,824
Land Improvements	8,102,254	191,065	-	8,293,319
Machinery and Equipment	15,350,553	1,160,619	(990,774)	15,520,398
Infrastructure:				
Streets	20,650,930	203,483	-	20,854,413
Storm and Sanitary Sewers	7,738,911	-	-	7,738,911
Bridges	148,389	-	-	148,389
Culverts	56,000	-	-	56,000
Traffic Signals	<u>12,867,448</u>	<u>242,283</u>	<u>-</u>	<u>13,109,731</u>
Total Capital Assets being depreciated	<u>80,943,501</u>	<u>1,980,258</u>	<u>(990,774)</u>	<u>81,932,985</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,896,599)	(370,433)	-	(6,267,032)
Land Improvements	(1,725,776)	(307,012)	-	(2,032,788)
Machinery and Equipment	(9,068,233)	(1,263,029)	861,212	(9,470,050)
Infrastructure:				
Streets	(3,938,520)	(485,908)	-	(4,424,428)
Storm and Sanitary Sewers	(489,377)	(102,736)	-	(592,113)
Bridges	(53,025)	(5,936)	-	(58,961)
Culverts	(3,049)	(747)	-	(3,796)
Traffic Signals	<u>(1,147,261)</u>	<u>(310,482)</u>	<u>-</u>	<u>(1,457,743)</u>
Total Accumulated Depreciation	<u>(22,321,840)</u>	<u>(2,846,283)</u>	<u>861,212</u>	<u>(24,306,911)</u>
Net Capital Assets being depreciated	<u>58,621,661</u>	<u>(866,025)</u>	<u>(129,562)</u>	<u>57,626,074</u>
Governmental Activities				
Capital Assets, Net	\$ <u>81,735,790</u>	\$ <u>2,166,264</u>	\$ <u>(170,686)</u>	\$ <u>83,731,368</u>

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 7 – Capital Assets (continued)

Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	\$ 700,375
Public Health Services	3,025
Leisure Time Activities	456,379
Housing and Community Development	84,455
Sanitation and Sewer Services	309,245
Street Maintenance and Repair	573,081
Public Works – Other	374,386
General Government – Legislative and Executive	320,523
General Government – Judicial System	<u>24,814</u>
Total	\$ <u>2,846,283</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, 2009

Note 9 – Long Term Obligations

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

	<u>Balance</u> <u>12/31/2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/2009</u>	<u>Amounts Due</u> <u>in One Year</u>
Bonds Payable					
Firehouse No. 1 Construction Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	\$ 4,445,000	\$ -	\$ (120,000)	\$ 4,325,000	\$ 125,000
Sussex Area Revitalization District Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	2,595,000	-	(70,000)	2,525,000	70,000
Shaker Town Centre Revitalization Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	7,545,000	-	(100,000)	7,445,000	210,000
TIF Urban Renewal Bonds, 4.30%, due 12/1/2031	-	4,600,000	-	4,600,000	140,000
Premium on TIF Urban Renewal Bonds	-	176,497	-	176,497	-
Total Bonds Payable	<u>14,585,000</u>	<u>4,776,497</u>	<u>(290,000)</u>	<u>19,071,497</u>	<u>545,000</u>
Loans Payable					
OPWC - CA611 - Shelburne Road Sanitary Sewer Replacement, 0%, maturing 7/1/2015	282,624	-	(40,375)	242,249	40,375
OPWC - CA08F - Water System Improvements, 0%, maturing 7/1/2025	2,516,704	-	(139,817)	2,376,887	139,817
OPWC - CA17E - City Water Line Improvements, 0%, maturing 7/1/2025	1,104,151	-	(64,950)	1,039,201	64,950
OPWC – CA17K – South Woodland Area Infrastructure Improvements, 0%, maturing 1/1/2029	-	1,765,549	(44,139)	1,721,410	88,278
OPWC – CA18M – Hildana-Ludgate Sanitary Sewer Improvements, 0%	-	295,303	-	295,303	-
Total Loans Payable	<u>3,903,479</u>	<u>2,060,852</u>	<u>(289,281)</u>	<u>5,675,050</u>	<u>333,420</u>
Long-term Notes Payable					
Various Purpose Improvement Notes	1,315,000	865,000	(1,315,000)	865,000	290,000
Taxable Special Obligation Housing Notes	1,000,000	250,000	(500,000)	750,000	250,000
STC TIF Project Temporary Bond	6,845,000	-	(6,845,000)	-	-
Total Long-term Notes Payable	<u>9,160,000</u>	<u>1,115,000</u>	<u>(8,660,000)</u>	<u>1,615,000</u>	<u>540,000</u>
Compensated Absences	6,012,482	2,749,402	(2,554,554)	6,207,330	2,042,618
Claims Payable	-	796,473	(121,819)	674,654	135,017
Total Long-term Obligations	<u>\$ 33,660,961</u>	<u>\$ 11,498,224</u>	<u>\$ (11,915,654)</u>	<u>\$ 33,243,531</u>	<u>\$ 3,596,055</u>

As of December 31, 2009, the City's future debt service requirements consisted of bonds and notes payable at various interest rates, five non-interest bearing Ohio Public Works Commission Loans numbered CA611, CA08F, CA17E, CA17K and CA18M, compensated absences and claims payable. For governmental activities, compensated absences are generally liquidated by the general fund and claims payable are generally liquidated from the self-insurance internal service fund.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 9 – Long Term Obligations (continued)

During the year, the City obtained partial proceeds for the Ohio Public Works Commission (“OPWC”) loan CA18M, that relates to Hildana-Ludgate Sanitary Sewer Improvements to be repaid in semi-annual principal and interest payments beginning in 2011. The City has not yet collected the total proceeds to be received on this loan and as a result, the debt maturity schedule below does not reflect any amounts for principal or interest. When the loan is finalized, the principal and interest will be included below.

During the year, the City issued TIF Urban Renewal Bonds for the purpose of retiring the STC TIF Project Temporary Bond.

Notes payable at December 31, 2009, consisted of the Various Purpose Improvement Notes and Taxable Special Obligation Housing Notes. 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 Various Purpose Improvement 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. The notes are dated May 8, 2009, and are due May 7, 2010, at an interest rate of 1.75%. The Series 2008, Taxable Special Obligation Housing Notes are dated July 15, 2008 and are due July 15, 2012 at an interest rate of 3.8%. The Series 2009, Taxable Special Obligation Housing Notes are dated June 12, 2009, and are due June 12, 2013 at an interest rate of 2.00%. Subsequent to year-end, the Various Purpose Improvement Notes were refinanced; therefore, these notes payable are recorded as long-term obligations.

The annual debt service requirements are as follows:

Year	Bonds Payable		Loans Payable Principal			
	Principal	Interest	CA611	CA08F	CA17E	CA17K
2010	\$ 405,000	\$ 666,169	\$ 40,375	\$ 139,817	\$ 64,950	\$ 88,277
2011	420,000	654,424	40,375	139,817	64,950	88,277
2012	430,000	640,774	40,375	139,817	64,950	88,277
2013	450,000	625,724	40,375	139,817	64,950	88,277
2014	470,000	609,524	40,375	139,817	64,950	88,277
2015-2019	2,645,000	2,729,020	40,374	699,085	324,750	441,387
2020-2024	3,295,000	2,008,592	-	699,085	324,750	441,387
2025-2029	4,195,000	1,074,738	-	279,632	64,951	397,251
2030-2031	<u>1,985,000</u>	<u>138,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>14,295,000</u>	\$ <u>9,147,715</u>	\$ <u>242,249</u>	\$ <u>2,376,887</u>	\$ <u>1,039,201</u>	\$ <u>1,721,410</u>

Legal Debt Margin Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2009, the City’s overall debt limitation is \$86,671,470 (10.5% of the City’s total assessed property valuation of \$825,442,570) of which \$86,016,051 is available for additional voted and unvoted general obligation debt. Of this total general obligation debt capacity, the City’s unvoted general obligation debt capacity is \$45,399,341 (5.5% of the City’s total assessed property valuation) at December 31, 2009, of which \$44,743,922 is available.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 10 – 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, OPERS invests employer contributions to provide a formula retirement benefit similar in nature 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 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. For the year ended December 31, 2009, 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.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$1,994,804, \$1,937,741, and \$2,113,796, respectively. The full amount has been contributed for 2008 and 2007. For 2009, 90.6 percent has been contributed, with the remainder being reported as a liability.

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, 2009, 2008, and 2007 were \$2,281,081, \$2,092,172, and \$2,244,685, respectively. The full amount has been contributed for 2008 and 2007. For 2009, 89.1 percent for police and 89.4 percent for firefighters has been contributed, with the remainder being reported as a liability.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 11 – Postemployment Benefits

A. Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment 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.

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 or 800-222-7377

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 2009, 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 2009, the employer contribution allocated to health care was 7.0 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage 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, 2009, 2008, and 2007 were \$837,105, \$968,871, and \$839,414, respectively. The full amount has been contributed for 2008 and 2007. For 2009, 90.6 percent has been contributed, with the remainder being reported as a liability.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 11 – Postemployment Benefits (continued)

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

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 on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

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, 2009, 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

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 11 – Postemployment Benefits (continued)

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

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.

The City's contributions to OP&F for the years ended December 31, 2009, 2008, and 2007 were \$2,281,081, \$2,092,172, and \$2,244,685, respectively, of which \$709,827, \$650,569, and \$696,626, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2008 and 2007. For 2009, 89.1 percent for police and 89.4 percent for firefighters has been contributed, with the remainder being reported as a liability.

Note 12 – Interfund Activity

A. Interfund activity for the year ended December 31, 2009 consisted of the following:

Interfund Receivable	Interfund Payable					Total
	General Fund	Capital Fund	Urban Renewal	Non Major Funds	Internal Service	
General Fund	\$ -	\$ -	\$ -	\$ 69,722	\$ 42,429	\$ 112,151
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	-	163,467	-	186,337
Internal Service Funds	101,195	-	-	-	-	101,195
Total	\$ 119,729	\$ 7,479	\$ 11,385	\$ 268,114	\$ 42,429	\$ 449,136

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, 2009, consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Capital Fund	Non Major Funds	
Capital Projects	\$ -	\$ -	\$ 223,392	\$ 223,392
Urban Renewal Debt Service Fund	-	3,036,228	-	3,036,228
Nonmajor Governmental Funds	4,838,051	524,017	729,356	6,091,424
Internal Service	800,000	-	-	800,000
Totals	\$ 5,638,051	\$ 3,560,245	\$ 952,748	\$ 10,151,044

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 12 – 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.

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 13 – Direct Financing Leases

As of December 31, 2009, the City has leased three 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 \$206,100 and Capital Projects Fund of \$290,007.

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.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 13 – Direct Financing Leases (continued)

The following lists the components of the net investment in direct financing leases as of December 31, 2009:

<u>Year Ending December 31,</u>	Capital		<u>Total</u>
	<u>General Fund</u>	<u>Projects Fund</u>	
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	43,750	3,851	47,601
2015-2019	-	79,252	79,252
2020	-	43,850	43,850
Total minimum lease receivable	277,850	332,357	610,207
Less: Amounts representing executory costs	(71,750)	(42,350)	(114,100)
Net investment in direct financing leases	\$ <u>206,100</u>	\$ <u>290,007</u>	\$ <u>496,107</u>

Note 14 – 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 2009, 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 refuse collection scooters) and physical damage insurance for all units valued at \$50,001 and above with a deductible of \$500. Any vehicle valued below \$50,001 does not carry comprehensive or collision insurance. The vehicles not carried under the plan are self-insured by the City. This coverage includes \$1,000,000 for Liability, \$25,000 for uninsured/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 \$44,246,936 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, 2009

Note 14 – 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, 2009, 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 2009 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 from 1999 through August 31, 2008, the City was part of the fully insured program.

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. The final liability under this plan was paid out in 2009.

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, 2009, \$ 674,654 has 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.

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 14 – Risk Management (continued)

A reconciliation of changes in the balances of claims liabilities during the fiscal years 2009 and 2008 were as follows:

	<u>Property and Casualty</u>		<u>Workers' Compensation</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Beginning of the Year Liability	\$ -	\$ -	\$ 88,051	\$ 296,758
Current Year Claims				
And Changes in Estimates	64,162	57,355	708,422	(180,613)
Claim Payments	<u>(64,162)</u>	<u>(57,355)</u>	<u>(121,819)</u>	<u>(28,094)</u>
Balance at End of Year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>674,654</u>	\$ <u>88,051</u>

Note 15 – Subsequent Event

On May 7, 2010, the City issued Various Purpose Improvement Notes in the amount of \$2,625,000 with an interest rate of 1.5%, maturing on May 6, 2011, to retire previously outstanding notes and for the following purpose: improving streets within the City by resurfacing and reconstructing surfaces.

Note 16 – Construction Commitments

The City has active construction projects as of December 31, 2009. As of December 31, 2009, the City's construction commitments with contractors were as follows:

<u>Project</u>	<u>Project Expenditures as of 12/31/2009</u>	<u>Remaining Commitment</u>
Street Improvements:		
2005 Street Repair Program	\$ 804,302	\$ 1,920
2006 Street Repair Program	689,724	87,908
2008 Street Repair Program	1,203,292	27,224
2009 Street Program	<u>1,082,132</u>	<u>121,710</u>
Total Street Improvements	<u>3,779,450</u>	<u>238,762</u>
Storm and Sanitary Sewer Improvements:		
South Woodland Project	2,538,136	792,298
Lee Road Sanitary Sewer	682,193	107,807
Horseshoe Lake Dam and Spillway	27,153	60,175
Lomond Project	54,117	7,232
Hildana-Ludgate Project	<u>769,673</u>	<u>51,290</u>
Total Storm and Sanitary Sewer Improvements	<u>4,071,272</u>	<u>1,018,802</u>
Total All Projects	\$ <u>7,850,722</u>	\$ <u>1,257,564</u>

City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

For The Year Ended December 31, 2009

Note 17 – 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.

Note 18 – Noncompliance

At December 31, 2009, 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>
Law Enforcement Grant Fund	\$ 7,592	\$ 8,291	\$ (699)
High Intensity Drug Trafficking Area Grant Fund	4,514,743	7,584,309	(3,069,566)
Indigent Driver Interlock Fund	1,058	5,400	(4,342)
Central Services Operation Fund	731,108	860,002	(128,894)
Central Purchasing Fund	384,529	662,463	(277,934)

Note 19 – Fund Deficits

Fund balances at December 31, 2009 included the following individual fund deficits:

<u>Funds</u>	<u>Deficit Fund Balance</u>
Nonmajor Special Revenue Funds:	
Exterior Home Maintenance Fund	\$ 32,167
High Intensity Drug Trafficking Area Fund	279,622
Drug Free Community Grant Fund	1,534
Nonmajor Internal Service Fund:	
Municipal Garage Fund	14,192

These fund deficits are the result of the recognition of liabilities in accordance with general accepted accounting principles.

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City of Shaker Heights, Ohio

Combining Statements
Non-Major Governmental Funds

For The Year Ended December 31, 2009

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 a transfer primarily from the City's General Fund.

Fire Pension Fund

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

Indigent Driver/Alcohol Treatment

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, 2009

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.

Housing Grant (Neighborhood Revitalization)

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 Dispute Resolution Fund

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

Ohio Court Security Project Fund

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

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, 2009

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, 2009

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in city treasury cash	\$ 9,140,917	\$ 209,581	\$ 9,350,498
Taxes receivable	436,248	-	436,248
Accounts receivable	977,326	-	977,326
Special assessments receivable	3,555,738	-	3,555,738
Interfund receivable	182,001	4,336	186,337
Intergovernmental receivable	<u>1,042,266</u>	<u>-</u>	<u>1,042,266</u>
 Total assets	 \$ <u>15,334,496</u>	 \$ <u>213,917</u>	 \$ <u>15,548,413</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 643,548	\$ -	\$ 643,548
Accrued wages	470,755	-	470,755
Interfund payable	233,189	34,925	268,114
Deferred revenue	<u>5,390,906</u>	<u>-</u>	<u>5,390,906</u>
 Total liabilities	 <u>6,738,398</u>	 <u>34,925</u>	 <u>6,773,323</u>
Fund balances:			
Reserved for encumbrances	430,180	193,960	624,140
Unreserved; undesignated	<u>8,165,918</u>	<u>(14,968)</u>	<u>8,150,950</u>
 Total fund balances	 <u>8,596,098</u>	 <u>178,992</u>	 <u>8,775,090</u>
 Total liabilities and fund balances	 \$ <u>15,334,496</u>	 \$ <u>213,917</u>	 \$ <u>15,548,413</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, 2009

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
Revenues:			
Property taxes	\$ 466,122	\$ -	\$ 466,122
Intergovernmental	5,315,883	-	5,315,883
Charges for services	1,801,741	-	1,801,741
Interest earnings	28,958	1,125	30,083
Fines and forfeitures	273,715	-	273,715
Special assessments	1,823,321	-	1,823,321
Other revenue	<u>329,370</u>	<u>168,676</u>	<u>498,046</u>
Total revenues	<u>10,039,110</u>	<u>169,801</u>	<u>10,208,911</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property:			
Police	4,698,742	-	4,698,742
Fire	1,190,650	-	1,190,650
Other	656,216	-	656,216
Public health service	122,831	-	122,831
Housing and community development	1,619,779	-	1,619,779
Sanitation and sewer service	1,037,983	-	1,037,983
Street maintenance and repair	1,491,001	-	1,491,001
Public works – other	713,251	-	713,251
General government:			
Legislative and executive	119,413	5,423	124,836
Judicial system	149,956	-	149,956
Debt service:			
Principal retirement	-	2,104,281	2,104,281
Interest and fiscal charges	<u>-</u>	<u>76,025</u>	<u>76,025</u>
Total expenditures	<u>11,799,822</u>	<u>2,185,729</u>	<u>13,985,551</u>
Excess of revenues over (under) expenditures	<u>(1,760,712)</u>	<u>(2,015,928)</u>	<u>(3,776,640)</u>
Other financing sources (uses):			
Issuance of debt	250,000	865,000	1,115,000
Sale of capital assets	28,570	-	28,570
Transfers – in	4,939,743	1,151,681	6,091,424
Transfers – out	<u>(952,748)</u>	<u>-</u>	<u>(952,748)</u>
Total other financing sources (uses)	<u>4,265,565</u>	<u>2,016,681</u>	<u>6,282,246</u>
Net change in fund balances	2,504,853	753	2,505,606
Fund balances at beginning of year, restated	<u>6,091,245</u>	<u>178,239</u>	<u>6,269,484</u>
Fund balances at end of year	\$ <u>8,596,098</u>	\$ <u>178,992</u>	\$ <u>8,775,090</u>

City of Shaker Heights, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds

December 31, 2009

	<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	\$ 492,031	\$ 98,685	\$ 3,210,402	\$ 1,425,234	\$ 577,406
Taxes receivable	-	-	-	-	218,124
Accounts receivable	-	-	-	608,005	-
Special assessments receivable	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Intergovernmental receivable	<u>380,242</u>	<u>29,809</u>	<u>19,378</u>	<u>-</u>	<u>17,374</u>
Total assets	<u>\$ 872,273</u>	<u>\$ 128,494</u>	<u>\$ 3,229,780</u>	<u>\$ 2,033,239</u>	<u>\$ 812,904</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 3,880	\$ -	\$ 31,656	\$ 11,796	\$ -
Accrued wages	12,728	-	-	9,446	216,163
Interfund payable	-	-	-	-	-
Deferred revenue	<u>240,387</u>	<u>19,491</u>	<u>19,378</u>	<u>547,597</u>	<u>235,498</u>
Total liabilities	<u>256,995</u>	<u>19,491</u>	<u>51,034</u>	<u>568,839</u>	<u>451,661</u>
Fund balances:					
Reserved for encumbrances	78,961	44,200	56,008	120,016	-
Undesignated, reported in:					
Special Revenue funds	<u>536,317</u>	<u>64,803</u>	<u>3,122,738</u>	<u>1,344,384</u>	<u>361,243</u>
Total fund balances (deficits)	<u>615,278</u>	<u>109,003</u>	<u>3,178,746</u>	<u>1,464,400</u>	<u>361,243</u>
Total liabilities and fund balances	<u>\$ 872,273</u>	<u>\$ 128,494</u>	<u>\$ 3,229,780</u>	<u>\$ 2,033,239</u>	<u>\$ 812,904</u>

	<u>Fire Pension</u>	<u>Indigent Driver / Alcohol Treatment</u>	<u>Court Computer</u>	<u>Clerk's Computerization</u>	<u>Housing Grant</u>	<u>Fair Housing Grant</u>	<u>Community Preservation</u>	<u>Law Enforcement Grants</u>	<u>Court Community Service</u>
\$	491,227	\$ 44,152	\$ 126,942	\$ 344,231	\$ 25,012	\$ 45,491	\$ 370,385	\$ 1,517	\$ 47,736
	218,124	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	18,534	-	-	-	-	-	34,002	-	-
	<u>17,373</u>	<u>939</u>	<u>2,341</u>	<u>7,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>950</u>	<u>751</u>
\$	<u>745,258</u>	\$ <u>45,091</u>	\$ <u>129,283</u>	\$ <u>351,552</u>	\$ <u>25,012</u>	\$ <u>45,491</u>	\$ <u>404,387</u>	\$ <u>2,467</u>	\$ <u>48,487</u>
\$	-	\$ -	\$ 39	\$ -	\$ 3,471	\$ -	\$ -	\$ -	\$ -
	206,045	-	-	-	-	-	-	-	-
	-	-	-	-	53,708	-	-	-	-
	<u>235,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>441,543</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>57,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	1,314	3,916	25,000	-	2,674	-	336
	<u>303,715</u>	<u>45,091</u>	<u>127,930</u>	<u>347,636</u>	<u>(57,167)</u>	<u>45,491</u>	<u>401,713</u>	<u>2,467</u>	<u>48,151</u>
	<u>303,715</u>	<u>45,091</u>	<u>129,244</u>	<u>351,552</u>	<u>(32,167)</u>	<u>45,491</u>	<u>404,387</u>	<u>2,467</u>	<u>48,487</u>
\$	<u>745,258</u>	\$ <u>45,091</u>	\$ <u>129,283</u>	\$ <u>351,552</u>	\$ <u>25,012</u>	\$ <u>45,491</u>	\$ <u>404,387</u>	\$ <u>2,467</u>	\$ <u>48,487</u>

(Continued)

City of Shaker Heights, Ohio

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

December 31, 2009

	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	\$ 29,248	\$ 32,172	\$ -	\$ 243	\$ 460,123	\$ 9,589
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	-	-	-	76,496	-
Special assessments receivable	-	-	-	-	1,502,300	-
Interfund receivable	-	-	-	-	-	-
Intergovernmental receivable	<u>2,538</u>	<u>656</u>	<u>561,368</u>	<u>416</u>	<u>-</u>	<u>810</u>
Total assets	\$ <u>31,786</u>	\$ <u>32,828</u>	\$ <u>561,368</u>	\$ <u>659</u>	\$ <u>2,038,919</u>	\$ <u>10,399</u>
Liabilities and fund balances:						
Liabilities:						
Accounts payable	\$ -	\$ 1,650	\$ 431,887	\$ 1,991	\$ 25,750	\$ -
Accrued wages	-	-	17,093	202	-	-
Interfund payable	-	-	129,481	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>262,529</u>	<u>-</u>	<u>1,564,751</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>1,650</u>	<u>840,990</u>	<u>2,193</u>	<u>1,590,501</u>	<u>-</u>
Fund balances:						
Reserved for encumbrances	-	1,539	-	-	6,800	-
Undesignated, reported in:						
Special revenue funds	<u>31,786</u>	<u>29,639</u>	<u>(279,622)</u>	<u>(1,534)</u>	<u>441,618</u>	<u>10,399</u>
Total fund balances (deficits)	<u>31,786</u>	<u>31,178</u>	<u>(279,622)</u>	<u>(1,534)</u>	<u>448,418</u>	<u>10,399</u>
Total liabilities and fund balances	\$ <u>31,786</u>	\$ <u>32,828</u>	\$ <u>561,368</u>	\$ <u>659</u>	\$ <u>2,038,919</u>	\$ <u>10,399</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>
\$	276,002	\$ 431,057	\$ 45,741	\$ 556,291	\$ 9,140,917
	-	-	-	-	436,248
	-	-	292,825	-	977,326
	706,452	924,916	422,070	-	3,555,738
	-	-	-	129,465	182,001
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,042,266</u>
\$	<u>982,454</u>	<u>\$ 1,355,973</u>	<u>\$ 760,636</u>	<u>\$ 685,756</u>	<u>\$ 15,334,496</u>
\$	81,989	\$ 34,251	\$ 15,188	\$ -	\$ 643,548
	-	9,078	-	-	470,755
	-	-	50,000	-	233,189
	<u>706,452</u>	<u>924,916</u>	<u>634,409</u>	<u>-</u>	<u>5,390,906</u>
	<u>788,441</u>	<u>968,245</u>	<u>699,597</u>	<u>-</u>	<u>6,738,398</u>
	-	47,793	41,623	-	430,180
	<u>194,013</u>	<u>339,935</u>	<u>19,416</u>	<u>685,756</u>	<u>8,165,918</u>
	<u>194,013</u>	<u>387,728</u>	<u>61,039</u>	<u>685,756</u>	<u>8,596,098</u>
\$	<u>982,454</u>	<u>\$ 1,355,973</u>	<u>\$ 760,636</u>	<u>\$ 685,756</u>	<u>\$ 15,334,496</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, 2009

	<u>Street Maintenance</u>	<u>State Highway</u>	<u>Economic Development</u>	<u>Sewer Maintenance</u>	<u>Police Pension</u>
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 233,061
Intergovernmental	984,531	67,191	-	148,432	39,057
Charges for services	6,105	-	41,242	1,140,134	-
Interest earnings	4,036	546	-	13,617	-
Fines and forfeitures	-	-	-	-	-
Special assessments	-	-	-	-	-
Other revenue	<u>200,360</u>	<u>-</u>	<u>17,706</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,195,032</u>	<u>67,737</u>	<u>58,948</u>	<u>1,302,183</u>	<u>272,118</u>
Expenditures:					
Current:					
Security of persons and property:					
Police	-	-	-	-	1,021,723
Fire	-	-	-	-	-
Other	-	-	-	-	-
Public health services	-	-	-	-	-
Housing and community development	-	-	181,796	-	-
Sanitation and sewer services	-	-	-	1,037,983	-
Street maintenance and repair	1,408,321	37,038	-	-	-
Public works – other	-	-	-	-	-
General government:					
Legislative and executive	-	-	-	-	-
Judicial system	-	-	-	-	-
Total expenditures	<u>1,408,321</u>	<u>37,038</u>	<u>181,796</u>	<u>1,037,983</u>	<u>1,021,723</u>
Excess of revenues over (under) expenditures	<u>(213,289)</u>	<u>30,699</u>	<u>(122,848)</u>	<u>264,200</u>	<u>(749,605)</u>
Other financing sources (uses):					
Issuance of debt	-	-	-	-	-
Sale of capital assets	-	-	8,699	-	-
Transfers – in	-	-	2,930,142	-	833,289
Transfers – out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(271,514)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,938,841</u>	<u>(271,514)</u>	<u>833,289</u>
Net change in fund balances	(213,289)	30,699	2,815,993	(7,314)	83,684
Fund balances (deficit) at beginning of year	<u>828,567</u>	<u>78,304</u>	<u>362,753</u>	<u>1,471,714</u>	<u>277,559</u>
Fund balances (deficit) at end of year	<u>\$ 615,278</u>	<u>\$ 109,003</u>	<u>\$ 3,178,746</u>	<u>\$ 1,464,400</u>	<u>\$ 361,243</u>

	<u>Fire Pension</u>	<u>Indigent Driver / Alcohol Treatment</u>	<u>Court Computer</u>	<u>Clerk's Computerization</u>	<u>Housing Grant</u>	<u>Fair Housing Grant</u>	<u>Community Preservation</u>	<u>Law Enforcement Grants</u>	<u>Court Community Service</u>
\$	233,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	39,057	-	7,504	-	137,588	13,000	-	5,700	-
	-	-	-	-	-	1,350	-	480	-
	-	238	769	1,918	194	344	2,708	-	283
	-	17,329	35,836	113,769	10,255	-	-	-	7,883
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	<u>272,118</u>	<u>17,567</u>	<u>44,109</u>	<u>115,687</u>	<u>148,037</u>	<u>14,694</u>	<u>2,708</u>	<u>6,180</u>	<u>8,166</u>
	-	-	-	-	-	-	-	5,660	-
1,180,602	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	246,202	-	100,378	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	70,476	-	-	-
-	<u>11,696</u>	<u>47,620</u>	<u>23,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,818</u>
<u>1,180,602</u>	<u>11,696</u>	<u>47,620</u>	<u>23,304</u>	<u>246,202</u>	<u>70,476</u>	<u>100,378</u>	<u>5,660</u>	<u>3,818</u>	
<u>(908,484)</u>	<u>5,871</u>	<u>(3,511)</u>	<u>92,383</u>	<u>(98,165)</u>	<u>(55,782)</u>	<u>(97,670)</u>	<u>520</u>	<u>4,348</u>	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	10,000	-	-
1,064,212	-	-	-	100,000	-	-	-	-	-
-	-	-	-	<u>(36,392)</u>	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>-</u>
<u>1,064,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,608</u>	<u>-</u>	<u>10,000</u>	<u>(500)</u>	<u>-</u>	<u>-</u>
155,728	5,871	(3,511)	92,383	(34,557)	(55,782)	(87,670)	20	4,348	
<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>303,715</u>	\$ <u>45,091</u>	\$ <u>129,244</u>	\$ <u>351,552</u>	\$ <u>(32,167)</u>	\$ <u>45,491</u>	\$ <u>404,387</u>	\$ <u>2,467</u>	\$ <u>48,487</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, 2009

	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	-	-	3,756,625	117,198	-	-
Charges for services	-	-	-	-	60,402	-
Interest Earnings	202	192	-	-	3,364	44
Fines and forfeitures	35,694	9,969	-	-	-	8,614
Special assessments	-	-	-	-	300,268	-
Other revenue	-	-	358	4,780	-	-
Total revenues	<u>35,896</u>	<u>10,161</u>	<u>3,756,983</u>	<u>121,978</u>	<u>364,034</u>	<u>8,658</u>
Expenditures:						
Current:						
Security of persons and property:						
Police	-	-	3,616,960	-	-	-
Fire	-	-	-	-	-	-
Other	-	-	-	-	-	-
Public health services	-	-	-	122,831	-	-
Housing and community development	-	-	-	-	205,656	-
Sanitation and sewer services	-	-	-	-	-	-
Street maintenance and repair	-	-	-	-	-	-
Public works – other	-	-	-	-	-	-
General government:						
Legislative and executive	-	-	-	-	-	-
Judicial system	54,665	8,853	-	-	-	-
Total expenditures	<u>54,665</u>	<u>8,853</u>	<u>3,616,960</u>	<u>122,831</u>	<u>205,656</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(18,769)</u>	<u>1,308</u>	<u>140,023</u>	<u>(853)</u>	<u>158,378</u>	<u>8,658</u>
Other financing sources (uses):						
Issuance of debt	-	-	-	-	250,000	-
Sale of capital assets	-	-	-	-	-	-
Transfers – in	-	-	-	-	-	-
Transfers – out	-	-	-	-	(643,150)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(393,150)</u>	<u>-</u>
Net change in fund balances	(18,769)	1,308	140,023	(853)	(234,772)	8,658
Fund balances (deficit) at beginning 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>
Fund balances (deficit) at end of year	\$ <u>31,786</u>	\$ <u>31,178</u>	\$ <u>(279,622)</u>	\$ <u>(1,534)</u>	\$ <u>448,418</u>	\$ <u>10,399</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>
\$ -	\$ -	\$ -	\$ -	\$ 466,122
-	-	-	-	5,315,883
-	-	552,028	-	1,801,741
-	-	-	503	28,958
-	-	-	34,366	273,715
581,809	772,479	168,765	-	1,823,321
<u>-</u>	<u>-</u>	<u>104,000</u>	<u>2,166</u>	<u>329,370</u>
<u>581,809</u>	<u>772,479</u>	<u>824,793</u>	<u>37,035</u>	<u>10,039,110</u>
-	-	-	54,399	4,698,742
-	-	10,048	-	1,190,650
656,216	-	-	-	656,216
-	-	-	-	122,831
-	885,747	-	-	1,619,779
-	-	-	-	1,037,983
-	-	45,642	-	1,491,001
-	-	713,251	-	713,251
-	-	48,937	-	119,413
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,956</u>
<u>656,216</u>	<u>885,747</u>	<u>817,878</u>	<u>54,399</u>	<u>11,799,822</u>
<u>(74,407)</u>	<u>(113,268)</u>	<u>6,915</u>	<u>(17,364)</u>	<u>(1,760,712)</u>
-	-	-	-	250,000
-	-	-	9,871	28,570
12,100	-	-	-	4,939,743
<u>-</u>	<u>-</u>	<u>(1,192)</u>	<u>-</u>	<u>(952,748)</u>
<u>12,100</u>	<u>-</u>	<u>(1,192)</u>	<u>9,871</u>	<u>4,265,565</u>
(62,307)	(113,268)	5,723	(7,493)	2,504,853
<u>256,320</u>	<u>500,996</u>	<u>55,316</u>	<u>693,249</u>	<u>6,091,245</u>
\$ <u>194,013</u>	\$ <u>387,728</u>	\$ <u>61,039</u>	\$ <u>685,756</u>	\$ <u>8,596,098</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 8,313,054	\$ 8,174,154	\$ 8,326,906	\$ 152,752
Municipal Income Taxes	19,809,785	19,603,815	19,646,181	42,366
Other Local Taxes	60,000	60,000	51,542	(8,458)
State Levied Shared Taxes	1,598,909	5,133,717	5,120,993	(12,724)
Intergovernmental	427,586	490,687	492,045	1,358
Charges for Services	4,968,646	4,811,588	4,816,033	4,445
Fees, Licenses and Permits	637,981	627,222	637,967	10,745
Investment Earnings	200,000	160,222	223,909	63,687
Fines and Forfeitures	676,200	671,700	665,009	(6,691)
Other Revenues	217,839	539,496	507,078	(32,418)
Total Revenues	36,910,000	40,272,601	40,487,663	215,062
Expenditures:				
Current:				
Security of Persons and Property:				
Police				
Personal Services	9,355,213	8,902,064	8,725,329	176,735
Other	754,390	832,522	569,956	262,566
Total Police	10,109,603	9,734,586	9,295,285	439,301
Fire				
Personal Services	6,742,769	6,838,447	6,813,582	24,865
Other	485,336	539,911	436,222	103,689
Total Fire	7,228,105	7,378,358	7,249,804	128,554
Other				
Other	60,000	90,990	53,750	37,240
Total Security of Persons and Property	17,397,708	17,203,934	16,598,839	605,095
Public Health Services:				
Personal Services	412,634	504,954	409,676	95,278
Other	59,239	105,774	58,632	47,142
Total Public Health Services	471,873	610,728	468,308	142,420
Leisure Time Activities:				
Culture and Recreation				
Personal Services	1,771,429	1,771,429	1,749,994	21,435
Other	957,548	1,005,099	899,816	105,283
Total Culture and Recreation	2,728,977	2,776,528	2,649,810	126,718
Parks and Public Lands Maintenance				
Personal Services	522,384	454,226	446,479	7,747
Other	345,619	355,248	340,706	14,542
Total Parks and Public Lands Maintenance	868,003	809,474	787,185	22,289
Total Leisure Time Activities:	3,596,980	3,586,002	3,436,995	149,007

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Housing and Community Development:				
Housing Inspection				
Personal Services	890,935	890,950	858,329	32,621
Other	36,069	38,824	33,067	5,757
Total Housing Inspection	<u>927,004</u>	<u>929,774</u>	<u>891,396</u>	<u>38,378</u>
Building Inspection				
Personal Services	472,857	472,857	444,331	28,526
Other	52,228	155,866	43,546	112,320
Total Building Inspection	<u>525,085</u>	<u>628,723</u>	<u>487,877</u>	<u>140,846</u>
Planning and Development				
Personal Services	435,293	438,393	420,029	18,364
Other	131,774	133,422	104,029	29,393
Total Planning and Development	<u>567,067</u>	<u>571,815</u>	<u>524,058</u>	<u>47,757</u>
Neighborhood Revitalization				
Personal Services	494,561	494,561	450,064	44,497
Other	13,427	14,860	8,907	5,953
Total Neighborhood Revitalization	<u>507,988</u>	<u>509,421</u>	<u>458,971</u>	<u>50,450</u>
Economic Development				
Personal Services	54,821	54,821	38,834	15,987
Other	13,794	13,825	13,530	295
Total Economic Development	<u>68,615</u>	<u>68,646</u>	<u>52,364</u>	<u>16,282</u>
Community Life				
Personal Services	426,791	426,791	412,061	14,730
Other	183,274	191,445	173,400	18,045
Total Community Life	<u>610,065</u>	<u>618,236</u>	<u>585,461</u>	<u>32,775</u>
Communications and Outreach				
Personal Services	409,733	375,952	310,384	65,568
Other	456,070	562,620	461,413	101,207
Total Communications and Outreach	<u>865,803</u>	<u>938,572</u>	<u>771,797</u>	<u>166,775</u>
Tree Maintenance and Leaf Collection				
Personal Services	267,291	280,891	280,753	138
Other	185,152	218,500	201,594	16,906
Total Tree Maintenance and Leaf Collection	<u>452,443</u>	<u>499,391</u>	<u>482,347</u>	<u>17,044</u>
Total Housing and Community Development	<u>4,524,070</u>	<u>4,764,578</u>	<u>4,254,271</u>	<u>510,307</u>
Sanitation and Sewer Services:				
Sewer Maintenance				
Other	33,863	35,963	35,929	34
Refuse Collection and Disposal				
Personal Services	1,496,355	1,482,019	1,327,790	154,229
Other	1,037,061	1,076,117	903,712	172,405
Total Refuse Collection and Disposal	<u>2,533,416</u>	<u>2,558,136</u>	<u>2,231,502</u>	<u>326,634</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Solid Waste Recycling				
Personal Services	78,246	93,246	93,072	174
Other	15,753	15,820	9,635	6,185
Total Solid Waste Recycling	93,999	109,066	102,707	6,359
Brush Collection and Disposal				
Personal Services	323,485	410,649	409,954	695
Other	185,125	195,527	193,415	2,112
Total Brush Collection and Disposal	508,610	606,176	603,369	2,807
Total Sanitation and Sewer Services	3,169,888	3,309,341	2,973,507	335,834
Street Maintenance and Repair				
Personal Services	404,179	262,179	254,652	7,527
Other	388,201	501,061	483,915	17,146
Total Street Maintenance and Repair	792,380	763,240	738,567	24,673
Public Works - Other:				
Public Works Administration				
Personal Services	686,449	689,068	689,009	59
Other	65,841	75,427	48,408	27,019
Total Public Works Administration	752,290	764,495	737,417	27,078
Public Building Maintenance				
Personal Services	556,014	556,421	546,300	10,121
Other	750,863	929,379	743,765	185,614
Total Public Building Maintenance	1,306,877	1,485,800	1,290,065	195,735
Total Public Works - Other	2,059,167	2,250,295	2,027,482	222,813
Legislative and Executive:				
Mayor's Office				
Personal Services	202,486	202,548	195,355	7,193
Other	34,302	41,441	28,149	13,292
Total Mayor's Office	236,788	243,989	223,504	20,485
Council				
Personal Services	115,066	115,166	115,142	24
Other	15,949	16,797	8,136	8,661
Total Council	131,015	131,963	123,278	8,685
Chief Administrative Officer				
Personal Services	225,275	225,275	223,867	1,408
Other	9,359	11,891	5,614	6,277
Total Chief Administrative Officer	234,634	237,166	229,481	7,685
Information Technology				
Personal Services	224,893	224,893	206,935	17,958
Other	117,427	118,344	94,827	23,517
Total Information Technology	342,320	343,237	301,762	41,475

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Contract Charges and Statutory Expenses				
Personal Services	26,395	115,320	58,574	56,746
Other	1,057,289	1,236,403	1,028,942	207,461
Total Contract Charges and Statutory Expenses	<u>1,083,684</u>	<u>1,351,723</u>	<u>1,087,516</u>	<u>264,207</u>
Legal Administration				
Personal Services	542,503	537,003	492,412	44,591
Other	256,598	275,713	262,078	13,635
Total Legal Administration	<u>799,101</u>	<u>812,716</u>	<u>754,490</u>	<u>58,226</u>
Finance				
Personal Services	686,895	681,799	611,795	70,004
Other	101,244	114,852	103,315	11,537
Total Finance	<u>788,139</u>	<u>796,651</u>	<u>715,110</u>	<u>81,541</u>
Human Resources				
Personal Services	376,391	376,391	291,181	85,210
Other	62,013	63,592	32,556	31,036
Total Human Resources	<u>438,404</u>	<u>439,983</u>	<u>323,737</u>	<u>116,246</u>
Total Legislative and Executive	<u>4,054,085</u>	<u>4,357,428</u>	<u>3,758,878</u>	<u>598,550</u>
Judicial System				
Personal Services	2,294,575	2,294,575	2,196,957	97,618
Other	98,327	124,593	92,301	32,292
Total Judicial System	<u>2,392,902</u>	<u>2,419,168</u>	<u>2,289,258</u>	<u>129,910</u>
Total Expenditures	<u>38,459,053</u>	<u>39,264,714</u>	<u>36,546,105</u>	<u>2,718,609</u>
Excess of Revenues Over(Under) Expenditures	<u>(1,549,053)</u>	<u>1,007,887</u>	<u>3,941,558</u>	<u>2,933,671</u>
Other Financing Sources (Uses)				
Transfers In	20,000	4,000	5,511	1,511
Transfers Out	(1,909,409)	(5,639,551)	(5,639,551)	0
Advances In	902,855	902,855	902,855	0
Advances Out	0	(225,000)	(19,706)	205,294
Total Other Financing Sources (Uses)	<u>(986,554)</u>	<u>(4,957,696)</u>	<u>(4,750,891)</u>	<u>206,805</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, 2009

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Net Change in Fund Balance	(2,535,607)	(3,949,809)	(809,333)	3,140,476
Beginning Cash Fund Balance	8,293,221	8,293,221	8,293,221	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(71,935)	(71,935)	(71,935)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(512,866)</u>	<u>(512,866)</u>	<u>(512,866)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 5,172,813</u>	<u>\$ 3,758,611</u>	6,899,087	<u>\$ 3,140,476</u>
Reserved for Encumbrances - All Budget Years			<u>910,551</u>	
Total Cash Fund Balance - December 31			<u>\$ 7,809,638</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 225,000	\$ 237,157	\$ 657,853	\$ 420,696
Investment Earnings	0	0	7,833	7,833
Total Revenue	225,000	237,157	665,686	428,529
Expenditures				
Current:				
General Government				
Legislative and Executive	135,000	135,000	108,083	26,917
Debt Service:				
Principal Retirements	7,135,000	7,135,000	7,135,000	0
Interest and Fiscal Charges	941,079	941,079	914,330	26,749
Total Expenditures	8,211,079	8,211,079	8,157,413	53,666
Excess of Revenues Over(Under) Expenditures	(7,986,079)	(7,973,922)	(7,491,727)	482,195
Other Financing Sources				
Proceeds from the Sale of Bonds	4,600,000	4,600,000	4,600,000	0
Bond Premiums	150,000	176,496	176,497	1
Transfers In	3,150,000	3,036,499	3,036,228	(271)
Total Other Financing Sources	7,900,000	7,812,995	7,812,725	(270)
Net Change in Fund Balance	(86,079)	(160,927)	320,998	481,925
Beginning Cash Fund Balance	745,684	745,684	745,684	0
Ending Cash Fund Balance	\$ 659,605	\$ 584,757	\$ 1,066,682	\$ 481,925

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
State Levied Shared Taxes	\$ 1,000,000	\$ 1,243,869	\$ 1,201,899	\$ (41,970)
Expenditures				
Current:				
Street Maintenance and Repair	<u>1,346,295</u>	<u>1,571,295</u>	<u>1,481,738</u>	<u>89,557</u>
Net Change in Fund Balance	(346,295)	(327,426)	(279,839)	47,587
Beginning Cash Fund Balance	731,390	731,390	731,390	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(35,437)	(35,437)	(35,437)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(6,711)</u>	<u>(6,711)</u>	<u>(6,711)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 342,947</u>	<u>\$ 361,816</u>	409,403	<u>\$ 47,587</u>
Reserved for Encumbrances - All Budget Years			<u>82,628</u>	
Total Cash Fund Balance - December 31			<u>\$ 492,031</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
State Levied Shared Taxes	\$ 75,000	\$ 71,514	\$ 67,697	\$ (3,817)
Investment Earnings	0	0	546	546
Total Revenues	75,000	71,514	68,243	(3,271)
Expenditures				
Current:				
Street Maintenance and Repair	71,740	96,740	81,239	15,501
Net Change in Fund Balance	3,260	(25,226)	(12,996)	12,230
Beginning Cash Fund Balance	69,589	69,589	69,589	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(2,108)	(2,108)	(2,108)	0
Ending Unreserved Cash Fund Balance	\$ 70,741	\$ 42,255	54,485	\$ 12,230
Reserved for Encumbrances - All Budget Years			44,200	
Total Cash Fund Balance - December 31			\$ 98,685	

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 9,375	\$ 9,375	\$ 0	\$ (9,375)
Rents	0	0	41,242	41,242
Other Revenues	70,000	70,000	26,405	(43,595)
Total Revenues	<u>79,375</u>	<u>79,375</u>	<u>67,647</u>	<u>(11,728)</u>
Expenditures				
Current:				
Housing and Community Development	<u>261,597</u>	<u>284,197</u>	<u>267,064</u>	<u>17,133</u>
Excess of Revenues Over(Under) Expenditures	<u>(182,222)</u>	<u>(204,822)</u>	<u>(199,417)</u>	<u>5,405</u>
Other Financing Sources				
Transfers In	<u>170,625</u>	<u>2,930,142</u>	<u>2,930,142</u>	<u>0</u>
Net Change in Fund Balance	(11,597)	2,725,320	2,730,725	5,405
Beginning Cash Fund Balance	<u>403,432</u>	<u>403,432</u>	<u>403,432</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 391,835</u>	<u>\$ 3,128,752</u>	3,134,157	<u>\$ 5,405</u>
Reserved for Encumbrances - All Budget Years			<u>76,245</u>	
Total Cash Fund Balance - December 31			<u>\$ 3,210,402</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 5,902	\$ 5,902	\$ 0	\$ (5,902)
Charges for Services	1,474,098	1,284,420	1,321,072	36,652
Investment Earnings	0	0	13,617	13,617
Total Revenues	1,480,000	1,290,322	1,334,689	44,367
Expenditures				
Current:				
Sanitation and Sewer Services	1,258,014	1,476,014	1,180,919	295,095
Excess of Revenues Over(Under) Expenditures	221,986	(185,692)	153,770	339,462
Other Financing Uses				
Transfers Out	(445,375)	(271,514)	(271,514)	0
Net Change in Fund Balance	(223,389)	(457,206)	(117,744)	339,462
Beginning Cash Fund Balance	1,452,993	1,452,993	1,452,993	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(10,520)	(10,520)	(10,520)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(30,983)	(30,983)	(30,983)	0
Ending Unreserved Cash Fund Balance	<u>\$ 1,188,101</u>	<u>\$ 954,284</u>	1,293,746	<u>\$ 339,462</u>
Reserved for Encumbrances - All Budget Years			<u>131,488</u>	
Total Cash Fund Balance - December 31			<u>\$ 1,425,234</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 250,040	\$ 266,795	\$ 268,610	\$ 1,815
Intergovernmental	2,016	2,016	3,508	1,492
Total Revenues	<u>252,056</u>	<u>268,811</u>	<u>272,118</u>	<u>3,307</u>
Expenditures				
Current:				
Security of Persons and Property - Police	<u>1,154,316</u>	<u>1,154,516</u>	<u>997,475</u>	<u>157,041</u>
Excess of Revenues Over(Under) Expenditures	(902,260)	(885,705)	(725,357)	160,348
Other Financing Sources				
Transfers In	<u>750,000</u>	<u>833,959</u>	<u>833,289</u>	<u>(670)</u>
Net Change in Fund Balance	(152,260)	(51,746)	107,932	159,678
Beginning Cash Fund Balance	<u>469,474</u>	<u>469,474</u>	<u>469,474</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 317,214</u>	<u>\$ 417,728</u>	<u>\$ 577,406</u>	<u>\$ 159,678</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 250,040	\$ 266,795	\$ 268,610	\$ 1,815
Intergovernmental	2,016	2,016	3,508	1,492
Total Revenues	252,056	268,811	272,118	3,307
Expenditures				
Current:				
Security of Persons and Property - Fire	1,331,831	1,332,031	1,177,558	154,473
Excess of Revenues Over(Under) Expenditures	(1,079,775)	(1,063,220)	(905,440)	157,780
Other Financing Sources				
Transfers In	800,000	1,064,484	1,064,212	(272)
Net Change in Fund Balance	(279,775)	1,264	158,772	157,508
Beginning Cash Fund Balance	332,455	332,455	332,455	0
Ending Unreserved Cash Fund Balance	\$ 52,680	\$ 333,719	\$ 491,227	\$ 157,508

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 16,422	\$ 8,422
Investment Earnings	0	0	238	238
Total Revenues	8,000	8,000	16,660	8,660
Expenditures				
Current:				
General Government:				
Judicial System	18,000	18,000	15,376	2,624
Net Change in Fund Balance	(10,000)	(10,000)	1,284	11,284
Beginning Cash Fund Balance	42,868	42,868	42,868	0
Total Cash Fund Balance - December 31	\$ 32,868	\$ 32,868	\$ 44,152	\$ 11,284

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment Earnings	\$ 0	\$ 0	\$ 769	\$ 769
Fines and Forfeitures	55,000	35,100	36,201	1,101
Other Revenue	0	0	7,504	7,504
Total Revenues	<u>55,000</u>	<u>35,100</u>	<u>44,474</u>	<u>9,374</u>
Expenditures				
Current:				
General Government:				
Judicial System	<u>89,085</u>	<u>89,085</u>	<u>51,900</u>	<u>37,185</u>
Net Change in Fund Balance	(34,085)	(53,985)	(7,426)	46,559
Beginning Cash Fund Balance	134,981	134,981	134,981	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(111)	(111)	(111)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(1,816)</u>	<u>(1,816)</u>	<u>(1,816)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 98,969</u>	<u>\$ 79,069</u>	125,628	<u>\$ 46,559</u>
Reserved for Encumbrances - All Budget Years			<u>1,314</u>	
Total Cash Fund Balance - December 31			<u>\$ 126,942</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment Earnings	\$ 0	\$ 0	\$ 1,918	\$ 1,918
Court Costs	120,000	117,000	115,463	(1,537)
Total Revenues	120,000	117,000	117,381	381
Expenditures				
Current:				
General Government:				
Judicial System	84,550	84,550	21,493	63,057
Net Change in Fund Balance	35,450	32,450	95,888	63,438
Beginning Cash Fund Balance	250,154	250,154	250,154	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(479)	(479)	(479)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(5,287)	(5,287)	(5,287)	0
Ending Unreserved Cash Fund Balance	<u>\$ 279,838</u>	<u>\$ 276,838</u>	340,276	<u>\$ 63,438</u>
Reserved for Encumbrances - All Budget Years			<u>3,955</u>	
Total Cash Fund Balance - December 31			<u>\$ 344,231</u>	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Housing Grant Fund **For The Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 50,000	\$ 1,150,000	\$ 267,743	\$ (882,257)
Expenditures				
Current:				
Housing and Community Development	0	620,000	267,731	352,269
Excess of Revenues Over(Under) Expenditures	50,000	530,000	12	(529,988)
Other Financing Sources (Uses)				
Transfers Out	0	(36,392)	(36,392)	0
Net Change in Fund Balance	50,000	493,608	(36,380)	(529,988)
Beginning Cash Fund Balance	36,392	36,392	36,392	0
Ending Unreserved Cash Fund Balance	<u>\$ 86,392</u>	<u>\$ 530,000</u>	12	<u>\$ (529,988)</u>
Reserved for Encumbrances - All Budget Years			<u>25,000</u>	
Total Cash Fund Balance - December 31			<u>\$ 25,012</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 50,000	\$ 0	\$ 14,350	\$ 14,350
Investment Earnings	0	0	344	344
Total Revenues	50,000	0	14,694	14,694
Expenditures				
Current:				
General Government:				
Legislative and Executive	77,667	77,667	71,663	6,004
Net Change in Fund Balance	(27,667)	(77,667)	(56,969)	20,698
Beginning Cash Fund Balance	102,460	102,460	102,460	0
Ending Unreserved Cash Fund Balance	\$ 74,793	\$ 24,793	\$ 45,491	\$ 20,698

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Other Revenue	\$ 100,000	\$ 800,000	\$ 12,708	\$ (787,292)
Expenditures				
Current:				
Housing and Community Development	508,277	508,277	101,166	407,111
Net Change in Fund Balance	(408,277)	291,723	(88,458)	(380,181)
Beginning Cash Fund Balance	459,455	459,455	459,455	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(3,286)	(3,286)	(3,286)	0
Ending Unreserved Cash Fund Balance	<u>\$ 47,892</u>	<u>\$ 747,892</u>	367,711	<u>\$ (380,181)</u>
Reserved for Encumbrances - All Budget Years			<u>2,674</u>	
Total Cash Fund Balance - December 31			<u>\$ 370,385</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 5,000	\$ 6,000	\$ 4,750	\$ (1,250)
Charges for Services	0	400	480	80
Total Revenues	5,000	6,400	5,230	(1,170)
Expenditures				
Current:				
Security of Persons and Property				
Police	7,730	7,730	5,805	1,925
Excess of Revenues Over(Under) Expenditures	(2,730)	(1,330)	(575)	755
Other Financing Sources (Uses):				
Transfers Out	(561)	(1,171)	(500)	671
Net Change in Fund Balance	(3,291)	(2,501)	(1,075)	1,426
Beginning Cash Fund Balance	2,592	2,592	2,592	0
Ending Unreserved Cash Fund Balance	\$ (699)	\$ 91	\$ 1,517	\$ 1,426

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 6,000	\$ 7,100	\$ 8,013	\$ 913
Investment Earnings	0	1,000	283	(717)
Total Revenues	6,000	8,100	8,296	196
Expenditures				
Current:				
General Government:				
Judicial System	7,000	7,000	3,835	3,165
Net Change in Fund Balance	(1,000)	1,100	4,461	3,361
Beginning Cash Fund Balance	43,865	43,865	43,865	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(926)	(926)	(926)	0
Ending Unreserved Cash Fund Balance	\$ 41,939	\$ 44,039	47,400	\$ 3,361
Reserved for Encumbrances - All Budget Years			336	
Total Cash Fund Balance - December 31			\$ 47,736	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Court Alternate Dispute Resolution Fund **For The Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 40,000	\$ 40,300	\$ 37,242	\$ (3,058)
Investment Earnings	0	1,000	202	(798)
Total Revenues	40,000	41,300	37,444	(3,856)
Expenditures				
Current:				
General Government:				
Judicial System	56,141	56,141	55,429	712
Net Change in Fund Balance	(16,141)	(14,841)	(17,985)	(3,144)
Beginning Cash Fund Balance	47,233	47,233	47,233	0
Ending Unreserved Cash Fund Balance	\$ 31,092	\$ 32,392	\$ 29,248	\$ (3,144)

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 8,500	\$ 8,800	\$ 10,042	\$ 1,242
Investment Earnings	0	0	192	192
Total Revenues	8,500	8,800	10,234	1,434
Expenditures				
Current:				
General Government:				
Judicial System	14,500	14,500	7,562	6,938
Net Change in Fund Balance	(6,000)	(5,700)	2,672	8,372
Beginning Cash Fund Balance	29,922	29,922	29,922	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(39)	(39)	(39)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(3,572)	(3,572)	(3,572)	0
Ending Unreserved Cash Fund Balance	<u>\$ 20,311</u>	<u>\$ 20,611</u>	28,983	<u>\$ 8,372</u>
Reserved for Encumbrances - All Budget Years			<u>3,189</u>	
Total Cash Fund Balance - December 31			<u>\$ 32,172</u>	

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 3,500,000	\$ 6,391,800	\$ 3,803,074	\$ (2,588,726)
Other Revenue	0	0	358	358
Total Revenues	3,500,000	6,391,800	3,803,432	(2,588,368)
Expenditures				
Current:				
Security of Persons and Property				
Police	6,087,087	5,630,523	3,450,431	2,180,092
Excess of Revenues Over(Under) Expenditures	(2,587,087)	761,277	353,001	(408,276)
Other Financing Sources (Uses)				
Advances Out	(1,497,222)	(1,497,222)	(1,367,744)	129,478
Net Change in Fund Balance	(4,084,309)	(735,945)	(1,014,743)	(278,798)
Beginning Cash Fund Balance	1,102,046	1,102,046	1,102,046	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(87,303)	(87,303)	(87,303)	0
Ending Unreserved Cash Fund Balance	\$(3,069,566)	\$ 278,798	\$ 0	\$ (278,798)

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, 2009

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 100,000	\$ 205,000	\$ 123,985	\$ (81,015)
Expenditures				
Current:				
Public Health Services	100,181	204,779	123,923	80,856
Excess of Revenues Over(Under) Expenditures	(181)	221	62	(159)
Other Financing Sources (Uses)				
Advances In	0	20,000	0	(20,000)
Net Change in Fund Balance	(181)	20,221	62	(20,159)
Beginning Cash Fund Balance	181	181	181	0
Ending Unreserved Cash Fund Balance	<u>\$ 0</u>	<u>\$ 20,402</u>	<u>\$ 243</u>	<u>\$ (20,159)</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 0	\$ 235,842	\$ 46,357	\$ (189,485)
Special Assessments	0	258,282	300,268	41,986
Investment Earnings	0	0	3,364	3,364
Other Revenue	300,000	250,000	250,000	0
Total Revenues	300,000	744,124	599,989	(144,135)
Expenditures				
Current:				
Housing and Community Development	350,000	350,000	203,656	146,344
Excess of Revenues Over(Under) Expenditures	(50,000)	394,124	396,333	2,209
Other Financing Sources				
Transfers Out	(488,394)	(643,150)	(643,150)	0
Net Change in Fund Balance	(538,394)	(249,026)	(246,817)	2,209
Beginning Cash Fund Balance	721,144	721,144	721,144	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(2,350)	(2,350)	(2,350)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(44,404)	(44,404)	(44,404)	0
Ending Unreserved Cash Fund Balance	\$ 135,996	\$ 425,364	427,573	\$ 2,209
Reserved for Encumbrances - All Budget Years			32,550	
Total Cash Fund Balance - December 31			\$ 460,123	

City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Indigent Driver Interlock Fund **For The Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 0	\$ 9,246	\$ 8,487	\$ (759)
Investment Earnings	0	0	44	44
Total Revenues	0	9,246	8,531	(715)
Expenditures				
Current:				
General Government:				
Judicial System	5,400	5,400	0	5,400
Net Change in Fund Balance	(5,400)	3,846	8,531	4,685
Beginning Cash Fund Balance	1,058	1,058	1,058	0
Ending Unreserved Cash Fund Balance	<u>\$ (4,342)</u>	<u>\$ 4,904</u>	<u>\$ 9,589</u>	<u>\$ 4,685</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Special Assessments	\$ 600,000	\$ 593,428	\$ 581,809	\$ (11,619)
Expenditures				
Current:				
Security of Persons and Property				
Other	550,653	672,773	672,773	0
Excess of Revenues Over(Under) Expenditures	49,347	(79,345)	(90,964)	(11,619)
Other Financing Sources				
Transfers In	0	12,100	12,100	0
Net Change in Fund Balance	49,347	(67,245)	(78,864)	(11,619)
Beginning Cash Fund Balance	355,021	355,021	355,021	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(155)	(155)	(155)	0
Ending Unreserved Cash Fund Balance	<u>\$ 404,213</u>	<u>\$ 287,621</u>	<u>\$ 276,002</u>	<u>\$ (11,619)</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Special Assessments	\$ 500,000	\$ 790,386	\$ 772,479	\$ (17,907)
Expenditures				
Current:				
Housing and Community Development	938,650	973,415	920,171	53,244
Net Change in Fund Balance	(438,650)	(183,029)	(147,692)	35,337
Beginning Cash Fund Balance	554,508	554,508	554,508	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(3,536)	(3,536)	(3,536)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(20,662)	(20,662)	(20,662)	0
Ending Unreserved Cash Fund Balance	<u>\$ 91,660</u>	<u>\$ 347,281</u>	382,618	<u>\$ 35,337</u>
Reserved for Encumbrances - All Budget Years			<u>48,439</u>	
Total Cash Fund Balance - December 31			<u>\$ 431,057</u>	

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 750,000	\$ 920,374	\$ 825,935	\$ (94,439)
Expenditures				
Current:				
Security of Persons and Property				
Police	11,566	11,566	0	11,566
Fire	2,611	10,711	10,247	464
Sanitation and Sewer Services	0	0	0	0
Street Maintenance and Repair	494,367	494,367	477,778	16,589
Public Works - Other	321,419	321,419	268,946	52,473
General Government:				
Legislative and Executive	29,355	59,355	46,924	12,431
Total Expenditures	859,318	897,418	803,895	93,523
Excess of Revenues Over(Under) Expenditures	(109,318)	22,956	22,040	(916)
Other Financing Sources (Uses)				
Transfers Out	(684)	(1,464)	(1,192)	272
Net Change in Fund Balance	(110,002)	21,492	20,848	(644)
Beginning Cash Fund Balance	33,663	33,663	33,663	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(52,555)	(52,555)	(52,555)	0
Ending Unreserved Cash Fund Balance	\$ (128,894)	\$ 2,600	1,956	\$ (644)
Reserved for Encumbrances - All Budget Years			43,785	
Total Cash Fund Balance - December 31			\$ 45,741	

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment Earnings	\$ 2,500	\$ 2,500	\$ 503	\$ (1,997)
Fines and Forfeitures	235,000	235,000	34,366	(200,634)
Other Revenues	12,500	12,500	12,037	(463)
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>46,906</u>	<u>(203,094)</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	<u>50,817</u>	<u>50,817</u>	<u>36,645</u>	<u>14,172</u>
Excess of Revenues Over(Under) Expenditures	<u>199,183</u>	<u>199,183</u>	<u>10,261</u>	<u>(188,922)</u>
Transfers Out	0	(150,000)	0	150,000
Advances In	<u>0</u>	<u>594,367</u>	<u>464,888</u>	<u>(129,479)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>444,367</u>	<u>464,888</u>	<u>20,521</u>
Net Change in Fund Balance	199,183	643,550	475,149	(168,401)
Beginning Cash Fund Balance	99,134	99,134	99,134	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(17,992)</u>	<u>(17,992)</u>	<u>(17,992)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 280,325</u>	<u>\$ 724,692</u>	<u>\$ 556,291</u>	<u>\$ (168,401)</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment Earnings	\$ 0	\$ 0	\$ 1,125	\$ 1,125
Other Revenue	0	164,412	164,412	0
Total Revenues	0	164,412	165,537	1,125
Expenditures				
Current:				
General Government				
Legislative and Executive	15,000	42,250	32,673	9,577
Debt Service:				
Principal Retirements	1,871,375	2,148,420	2,148,420	0
Interest and Fiscal Charges	76,025	76,025	76,025	0
Total Expenditures	1,962,400	2,266,695	2,257,118	9,577
Excess of Revenues Over(Under) Expenditures	(1,962,400)	(2,102,283)	(2,091,581)	10,702
Other Financing Sources				
Proceeds from the Sale of Notes	850,000	865,000	865,000	0
Note Premiums	0	4,181	4,264	83
Transfers In	1,150,000	1,151,764	1,151,681	(83)
Total Other Financing Sources	2,000,000	2,020,945	2,020,945	0
Net Change in Fund Balance	37,600	(81,338)	(70,636)	10,702
Beginning Cash Fund Balance	208,828	208,828	208,828	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(122,571)	(122,571)	(122,571)	0
Ending Cash Fund Balance	\$ 123,857	\$ 4,919	15,621	\$ 10,702
Reserved for Encumbrances - All Budget Years			193,960	
Total Cash Fund Balance - December 31			\$ 209,581	

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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 380,000	\$ 658,273	\$ 621,029	\$ (37,244)
Expenses				
Contractual Services	3,895	3,895	2,468	1,427
Materials and Supplies	658,568	658,568	623,090	35,478
Total Expenses	662,463	662,463	625,558	36,905
Net Change in Fund Equity	(282,463)	(4,190)	(4,529)	(339)
Beginning Cash Fund Equity	21,358	21,358	21,358	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(16,829)	(16,829)	(16,829)	0
Ending Unreserved Cash Fund Equity	<u>\$ (277,934)</u>	<u>\$ 339</u>	<u>\$ 0</u>	<u>\$ (339)</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 75,000	\$ 41,468	\$ 626	\$ (40,842)
Expenses				
Contractual Services	41,468	41,468	2,907	38,561
Net Change in Fund Equity	33,532	0	(2,281)	(2,281)
Beginning Cash Fund Equity	29,865	29,865	29,865	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Equity Reserved For Encumbrance	(1,113)	(1,113)	(1,113)	0
Ending Unreserved Cash Fund Equity	<u>\$ 62,284</u>	<u>\$ 28,752</u>	26,471	<u>\$ (2,281)</u>
Reserved for Encumbrances - All Budget Years			<u>4,021</u>	
Total Cash Fund Equity - December 31			<u>\$ 30,492</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, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for Services	\$ 1,200,000	\$ 1,135,504	\$ 1,094,484	\$ (41,020)
Expenses				
Personal Services	873,101	865,140	796,191	68,949
Travel and Education	1,501	1,501	630	871
Contractual Services	250,171	245,540	242,821	2,719
Materials and Supplies	42,116	54,708	54,671	37
Total Expenditures	<u>1,166,889</u>	<u>1,166,889</u>	<u>1,094,313</u>	<u>72,576</u>
Net Change in Fund Equity	33,111	(31,385)	171	31,556
Beginning Cash Fund Equity	71,032	71,032	71,032	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(754)	(754)	(754)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Equity Reserved For Encumbrance	<u>(36,037)</u>	<u>(36,037)</u>	<u>(36,037)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 67,352</u>	<u>\$ 2,856</u>	34,412	<u>\$ 31,556</u>
Reserved for Encumbrances - All Budget Years			<u>26,806</u>	
Total Cash Fund Equity - December 31			<u>\$ 61,218</u>	

City of Shaker Heights, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Self Insurance Fund **For The Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenses				
Personal Services	\$ 80,087	\$ 80,087	\$ 70,830	\$ 9,257
Travel and Education	472	472	0	472
Contractual Services	761,636	803,452	795,832	7,620
Materials and Supplies	1,255	1,365	922	443
Other Expenditures	<u>155,575</u>	<u>158,649</u>	<u>66,670</u>	<u>91,979</u>
Total Expenditures	999,025	1,044,025	934,254	109,771
Other Financing Sources				
Transfers in	<u>200,000</u>	<u>800,000</u>	<u>800,000</u>	<u>0</u>
Net Change in Fund Equity	(799,025)	(244,025)	(134,254)	109,771
Beginning Cash Fund Equity	2,101,916	2,101,916	2,101,916	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	4,129	4,129	4,129	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Equity Reserved For Encumbrance	<u>(10,552)</u>	<u>(10,552)</u>	<u>(10,552)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 1,296,468</u>	<u>\$ 1,851,468</u>	1,961,239	<u>\$ 109,771</u>
Reserved for Encumbrances – All Budget Years			<u>3,267</u>	
Total Cash Fund Equity – December 31			<u>\$ 1,964,506</u>	

City of Shaker Heights, Ohio

Combining Statements
Non-Major Internal Services Funds

For The Year Ended December 31, 2009

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, 2009

	<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	\$ -	\$ 30,492	\$ 61,218	\$ 1,964,506	\$ 2,056,216
Accounts receivable	-	-	-	2,653	2,653
Interfund receivable	11,537	-	89,658	-	101,195
Inventory of supplies	152,506	-	-	-	152,506
Prepaid items	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,332</u>	<u>51,332</u>
Total assets	<u>164,043</u>	<u>30,492</u>	<u>150,876</u>	<u>2,018,491</u>	<u>2,363,902</u>
Liabilities:					
Accounts payable	41,610	-	26,475	55,699	123,784
Accrued wages and benefits	-	-	14,362	-	14,362
Interfund payable	42,429	-	-	-	42,429
Claims payable	-	-	-	135,017	135,017
Accrued compensated absences	<u>-</u>	<u>-</u>	<u>40,418</u>	<u>-</u>	<u>40,418</u>
Total current liabilities	<u>84,039</u>	<u>-</u>	<u>81,255</u>	<u>190,716</u>	<u>356,010</u>
Long-term liabilities (net of current portion):					
Claims payable	-	-	-	539,637	539,637
Accrued compensated absences	<u>-</u>	<u>-</u>	<u>83,813</u>	<u>-</u>	<u>83,813</u>
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>83,813</u>	<u>539,637</u>	<u>623,450</u>
Total liabilities	<u>84,039</u>	<u>-</u>	<u>165,068</u>	<u>730,353</u>	<u>979,460</u>
Net assets:					
Unrestricted (deficit)	\$ <u>80,004</u>	\$ <u>30,492</u>	\$ <u>(14,192)</u>	\$ <u>1,288,138</u>	\$ <u>1,384,442</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, 2009

	<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	\$ 621,029	\$ 1,740	\$ 1,094,469	\$ -	\$ 1,717,238
Other	<u>-</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>15</u>
Total operating revenues	<u>621,029</u>	<u>1,740</u>	<u>1,094,484</u>	<u>-</u>	<u>1,717,253</u>
Operating expenses:					
Personal services	-	-	739,939	69,464	809,403
Travel and education	-	-	630	-	630
Contractual services	11,140	-	225,895	1,413,899	1,650,934
Material and supplies	<u>519,815</u>	<u>-</u>	<u>54,837</u>	<u>752</u>	<u>575,404</u>
Total operating expenses	<u>530,955</u>	<u>-</u>	<u>1,021,301</u>	<u>1,484,115</u>	<u>3,036,371</u>
Operating income (loss) before transfers	90,074	1,740	73,183	(1,484,115)	(1,319,118)
Transfers-in	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>800,000</u>
Change in net assets	90,074	1,740	73,183	(684,115)	(519,118)
Net assets (deficit) at beginning of year	<u>(10,070)</u>	<u>28,752</u>	<u>(87,375)</u>	<u>1,972,253</u>	<u>1,903,560</u>
Net assets (deficit) at end of year	\$ <u><u>80,004</u></u>	\$ <u><u>30,492</u></u>	\$ <u><u>(14,192)</u></u>	\$ <u><u>1,288,138</u></u>	\$ <u><u>1,384,442</u></u>

City of Shaker Heights, Ohio

Combining Statements of Cash Flows Non-Major Internal Services Funds

For The Year Ended December 31, 2009

	Central Purchasing	Copier Management	Municipal Garage	Self Insurance	Total Internal Service Funds
Increase (decrease) in cash and cash equivalents:					
Cash flows from operating activities:					
Cash received from internal services	\$ 621,029	\$ 627	\$ 1,094,469	\$ -	\$ 1,716,125
Cash payments to suppliers	(639,443)	-	(55,557)	(807)	(695,807)
Cash payments for goods and services	(2,944)	-	(252,455)	(865,773)	(1,121,172)
Cash payments to employees	-	-	(796,286)	(70,830)	(867,116)
Cash received for other operating activities	-	-	15	-	15
Net cash provided by (used for) operating activities	(21,358)	627	(9,814)	(937,410)	(967,955)
Cash flows from non-capital financing activities:					
Transfers-in	-	-	-	800,000	800,000
Net increase (decrease) in cash and cash equivalents	(21,358)	627	(9,814)	(137,410)	(167,955)
Cash and cash equivalents at beginning of year	21,358	29,865	71,032	2,101,916	2,224,171
Cash and cash equivalents at end of year	\$ -	\$ 30,492	\$ 61,218	\$ 1,964,506	\$ 2,056,216
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 90,074	\$ 1,740	\$ 73,183	\$ (1,484,115)	\$ (1,319,118)
Adjustments:					
Changes in assets/liabilities:					
Increase in material and supplies inventory	(117,603)	-	-	-	(117,603)
Increase in prepaid expenses	-	-	-	(49,736)	(49,736)
Increase (decrease) in accounts payable	6,171	(1,113)	(26,650)	11,204	(10,388)
Decrease in accrued wages and benefits	-	-	(42,392)	(1,366)	(43,758)
Decrease in compensated absences	-	-	(13,955)	-	(13,955)
Increase in self insurance claims payable	-	-	-	586,603	586,603
Total adjustments	(111,432)	(1,113)	(82,997)	546,705	351,163
Net cash provided by (used for) operating activities	\$ (21,358)	\$ 627	\$ (9,814)	\$ (937,410)	\$ (967,955)

City of Shaker Heights, Ohio

Combining Statements Agency Funds

For The Year Ended December 31, 2009

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, 2009

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, 2009

	Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009
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>72,640</u>	\$ <u>-</u>	\$ <u>24,060</u>	\$ <u>48,580</u>
Liabilities:				
Deposits held and due to others	\$ <u>72,640</u>	\$ <u>-</u>	\$ <u>24,060</u>	\$ <u>48,580</u>
Excavating Permit Deposit Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>11,955</u>	\$ <u>2,580</u>	\$ <u>3,115</u>	\$ <u>11,420</u>
Liabilities:				
Deposits held and due to others	\$ <u>11,955</u>	\$ <u>2,580</u>	\$ <u>3,115</u>	\$ <u>11,420</u>
Unclaimed Monies Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>225,170</u>	\$ <u>69,973</u>	\$ <u>92,063</u>	\$ <u>203,080</u>
Liabilities:				
Deposits held and due to others	\$ <u>225,170</u>	\$ <u>69,973</u>	\$ <u>92,063</u>	\$ <u>203,080</u>
Fund for the Future of Shaker Heights Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ 697,544	\$ 75,956	\$ 294,221	\$ 479,279
Mortgage loans receivable	<u>158,942</u>	<u>49,475</u>	<u>48,266</u>	<u>160,151</u>
Total Assets	\$ <u>856,486</u>	\$ <u>125,431</u>	\$ <u>342,487</u>	\$ <u>639,430</u>
Liabilities:				
Deposits held and due to others	\$ <u>856,486</u>	\$ <u>125,431</u>	\$ <u>342,487</u>	\$ <u>639,430</u>

(Continued)

City of Shaker Heights, Ohio

Combining Statements of Changes in Assets and Liabilities (Continued) Agency Funds

For The Year Ended December 31, 2009

	Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009
Municipal Court Fund				
Assets:				
Cash and cash equivalents in segregated accounts	\$ <u>503,044</u>	\$ <u>4,043,877</u>	\$ <u>3,983,709</u>	\$ <u>563,212</u>
Liabilities:				
Intergovernmental payable	\$ 287,213	\$ 3,341,559	\$ 3,328,976	\$ 299,796
Deposits held and due to others	<u>215,831</u>	<u>702,318</u>	<u>654,733</u>	<u>263,416</u>
Total Liabilities	\$ <u>503,044</u>	\$ <u>4,043,877</u>	\$ <u>3,983,709</u>	\$ <u>563,212</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>39,580</u>	\$ <u>6,765</u>	\$ <u>8,440</u>	\$ <u>37,905</u>
Liabilities:				
Deposits held and due to others	\$ <u>39,580</u>	\$ <u>6,765</u>	\$ <u>8,440</u>	\$ <u>37,905</u>
Shaker Family Resource Center				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>13,099</u>	\$ <u>339,074</u>	\$ <u>352,173</u>	\$ <u>-</u>
Liabilities:				
Deposits held and due to others	\$ <u>13,099</u>	\$ <u>339,074</u>	\$ <u>352,173</u>	\$ <u>-</u>
Board of Building Standards Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>509</u>	\$ <u>1,934</u>	\$ <u>1,889</u>	\$ <u>554</u>
Liabilities:				
Intergovernmental payable	\$ <u>509</u>	\$ <u>1,934</u>	\$ <u>1,889</u>	\$ <u>554</u>
Heights Area Special Rescue Team Fund				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>131,561</u>	\$ <u>49,889</u>	\$ <u>38,915</u>	\$ <u>142,535</u>
Liabilities:				
Intergovernmental payable	\$ <u>131,561</u>	\$ <u>49,889</u>	\$ <u>38,915</u>	\$ <u>142,535</u>

(Continued)

City of Shaker Heights, Ohio

Combining Statements of Changes in Assets and Liabilities (Continued) Agency Funds

For The Year Ended December 31, 2009

	Balance December 31, <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2009</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,336,809	\$ 546,171	\$ 814,876	\$ 1,068,104
Cash and cash equivalents				
In segregated accounts	503,044	4,043,877	3,983,709	563,212
Mortgage loan receivable	<u>158,942</u>	<u>49,475</u>	<u>48,266</u>	<u>160,151</u>
Total assets	\$ <u><u>1,998,795</u></u>	\$ <u><u>4,639,523</u></u>	\$ <u><u>4,846,851</u></u>	\$ <u><u>1,791,467</u></u>
Liabilities:				
Intergovernmental payable	\$ 419,283	\$ 3,393,382	\$ 3,369,780	\$ 442,885
Deposits held and due to others	<u>1,579,512</u>	<u>1,246,141</u>	<u>1,477,071</u>	<u>1,348,582</u>
Total liabilities	\$ <u><u>1,998,795</u></u>	\$ <u><u>4,639,523</u></u>	\$ <u><u>4,846,851</u></u>	\$ <u><u>1,791,467</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.	S-3 - S-9
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	S-10 - S-17
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S-18 - S-23
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S-25 - S-27
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S-29 - S-33

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 Six Years

(Accrual Basis of Accounting)

	2009	2008	2007	2006	2005	2004
Governmental Activities						
Invested in Capital Assets,						
Net of Related Debt	\$ 61,712,406	\$ 58,708,166	\$ 44,729,593	\$ 39,706,310	\$ 28,686,344	\$ 32,387,135
Restricted:						
Capital Projects	18,947,218	25,606,578	31,339,125	38,040,586	32,600,572	29,667,802
Debt Service	1,237,432	915,681	-	-	-	-
Streets	724,281	906,871	-	-	-	-
Public Safety	1,724,661	1,342,216	-	-	-	-
Judicial Services	637,338	555,708	-	-	-	-
Other	-	-	193,610	665,036	7,998,216	2,781,854
Unrestricted	19,904,961	15,311,338	26,003,445	23,169,111	15,936,739	18,128,161
<i>Total Governmental Activities Net Assets</i>	<u>\$ 104,888,297</u>	<u>\$ 103,346,558</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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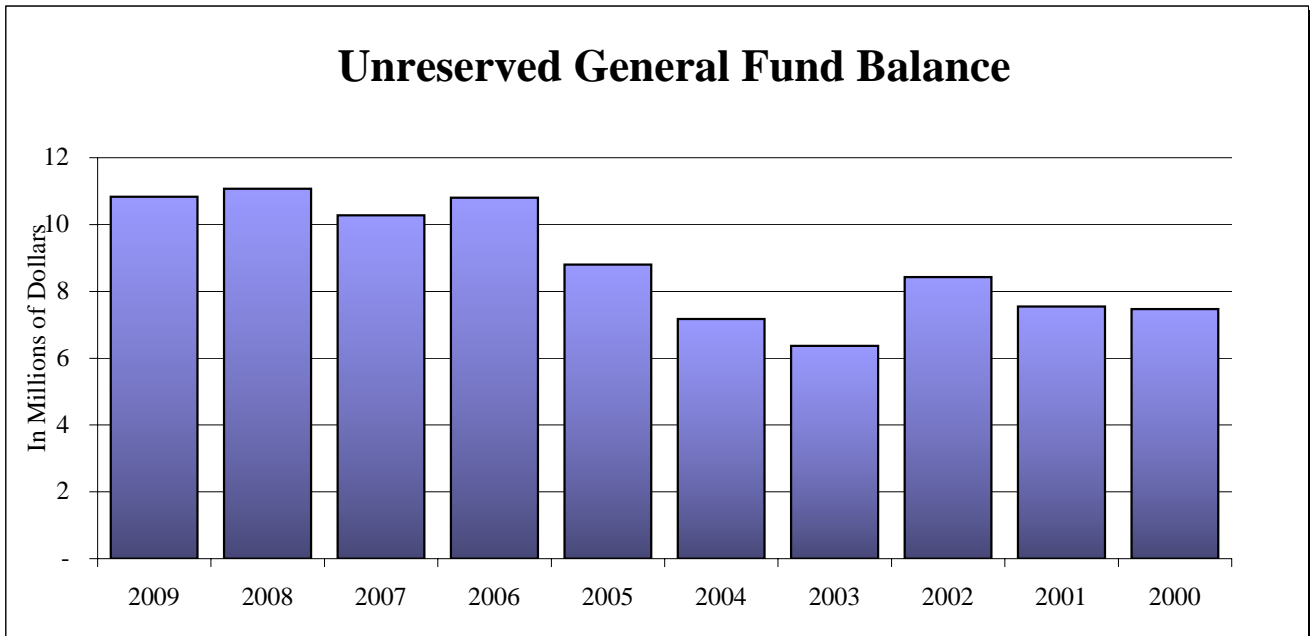
City of Shaker Heights, Ohio
Changes in Net Assets
Last Six Years
(Accrual Basis of Accounting)

	2009	2008	2007	2006	2005	2004
Program Revenues						
Governmental Activities:						
Charges for Services:						
Security of Persons and Property	\$ 1,013,943	\$ 1,340,465	\$ 860,784	\$ 908,354	\$ 797,872	\$ 832,026
Public Health Services	70,133	80,210	82,688	80,425	84,582	73,237
Leisure Time Activities	1,754,838	1,827,419	1,884,955	1,818,800	2,002,191	2,173,065
Housing and Community Development	2,504,195	2,117,015	1,528,272	1,692,407	1,330,108	1,247,013
Sanitation and Sewer Services	1,333,696	1,541,510	1,504,818	1,419,346	1,506,353	1,520,428
Street Maintenance and Repair	8,231	8,238	219,668	205,733	410,546	45,106
Public Works - Other	707,206	711,143	545,830	538,584	427,956	1,221,186
General Government	2,708,388	2,613,369	2,602,509	2,645,655	4,853,488	2,226,749
Operating Grants and Contributions:						
Security of Persons and Property	4,293,912	4,895,746	2,218,326	3,671,222	3,262,043	2,867,495
Public Health Services	4,780	-	26,114	34,335	20,657	119,319
Leisure Time Activities	-	-	1,683	4,238	5,626	-
Housing and Community Development	44,215	35,976	116,139	135,317	45,009	119,227
Sanitation and Sewer Services	295,303	5,901	-	-	38,000	19,454
Street Maintenance and Repair	-	-	-	-	26,630	6,741
General Government	13,000	40,987	75	140	-	1,407,545
Capital Grants and Contributions:						
Security of Persons and Property	4,000	5,000	-	-	37,722	84,316
Public Health Services	-	-	-	-	-	23,712
Housing and Community Development	188,689	1,701,268	163,667	17,531	738,451	-
Sanitation and Sewer Services	298,216	1,467,333	-	-	-	-
Street Maintenance and Repair	1,940	508,705	-	-	1,165,442	73,255
Public Works - Other	-	-	465,443	7,954,422	-	163
<i>Total Governmental Activities Program Revenues</i>	<u>15,244,685</u>	<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	6,729,574	7,087,741	6,427,598	6,297,348	6,186,733	6,454,681
Security of Persons and Property	23,988,819	23,458,781	23,903,946	22,068,064	23,038,851	22,909,631
Public Health and Welfare	692,906	448,703	563,495	558,169	538,756	632,970
Leisure Time Activities	4,039,556	3,877,476	3,664,496	4,137,650	3,751,953	3,992,118
Housing and Community Development	7,441,799	6,989,574	7,240,967	7,215,561	7,165,612	7,489,338
Sanitation and Sewer Services	4,024,723	5,018,134	2,167,731	2,830,739	2,688,129	4,076,738
Street Maintenance and Repair	2,388,186	2,817,752	2,181,766	2,181,740	1,513,229	2,962,286
Public Works - Other	2,971,552	3,905,495	2,938,506	3,492,889	4,810,977	3,922,743
Interest and Fiscal Charges	928,950	1,001,492	1,048,868	1,076,682	773,737	491,535
<i>Total Governmental Activities Expenses</i>	<u>53,206,065</u>	<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>(37,961,380)</u>	<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	8,579,190	8,224,540	8,966,264	7,380,267	7,384,160	7,264,319
Income and Other Taxes	19,523,078	20,819,652	23,244,676	18,002,688	22,653,723	18,530,905
Grants and Entitlements	7,372,760	5,670,500	7,752,673	17,249,741	4,903,785	7,615,993
Interest Earnings	289,963	629,378	1,963,517	2,411,188	1,024,160	399,676
Miscellaneous Income	451,678	232,203	218,240	47,621	6,393	-
Special Item	-	-	(1,731,108)	-	-	-
<i>Total Governmental Activities</i>	<u>36,216,669</u>	<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>\$ (1,744,711)</u>	<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

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

	2009	2008	2007	2006
General Fund				
Reserved	\$ 672,271	\$ 658,094	\$ 737,765	\$ 645,010
Unreserved	10,832,936	11,068,444	10,277,756	10,800,682
Total General Fund	11,505,207	11,726,538	11,015,521	11,445,692
All Other Governmental Funds				
Reserved	5,917,500	8,286,921	21,462,206	25,400,516
Unreserved, Undesignated, Reported in:				
Special Revenue funds	8,165,918	5,830,175	3,638,148	4,625,921
Debt Service funds	1,043,472	793,110	(6,320,440)	(6,444,691)
Capital Projects funds	13,653,858	17,703,298	10,321,345	12,940,408
Total All Other Governmental Funds	28,780,748	32,613,504	29,101,259	36,522,154
Total Governmental Funds	\$ 40,285,955	\$ 44,340,042	\$ 40,116,780	\$ 47,967,846



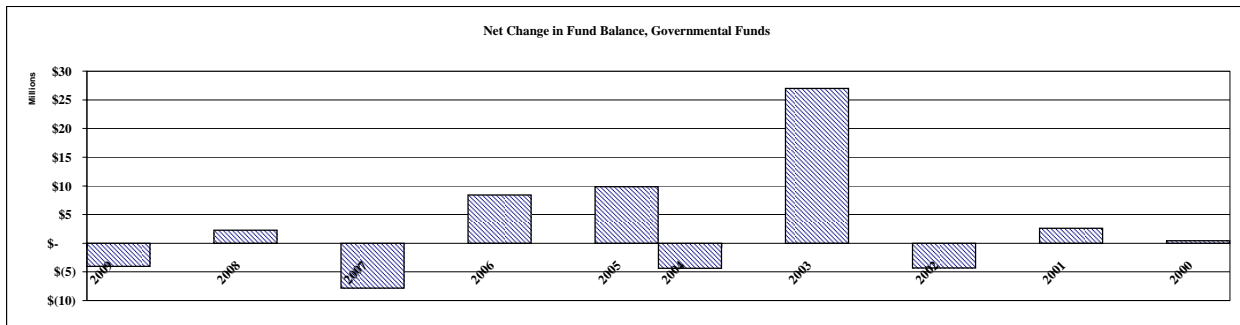
2005	2004	2003	2002	2001	2000
\$ 618,498	\$ 620,813	\$ 493,249	\$ 546,667	\$ 841,512	\$ 795,634
8,803,020	7,177,276	6,368,592	8,431,718	7,548,699	7,474,289
9,421,518	7,798,089	6,861,841	8,978,385	8,390,211	8,269,923
20,831,407	18,534,385	9,577,630	10,279,656	5,457,642	3,292,264
4,227,083	5,485,075	6,147,351	5,614,309	3,282,087	1,908,132
642,972	461,017	325,971	-	-	-
12,377,248	5,384,372	19,118,859	(9,843,621)	1,473,271	2,264,741
38,078,710	29,864,849	35,169,811	6,050,344	10,213,000	7,465,137
\$ 47,500,228	\$ 37,662,938	\$ 42,031,652	\$ 15,028,729	\$ 18,603,211	\$ 15,735,060

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

	2009	2008	2007	2006	2005
Revenues					
Property taxes	\$ 8,399,301	\$ 8,256,559	\$ 8,889,841	\$ 7,428,674	\$ 7,331,189
Municipal Income Taxes	20,144,932	20,840,303	20,246,324	19,886,483	21,861,847
Other Local Taxes	53,478	55,599	68,772	72,795	82,208
Intergovernmental	12,338,984	14,936,366	10,218,683	29,295,902	12,452,589
Charges for Services	6,538,429	6,591,980	6,508,530	6,843,816	6,630,592
Fees, Licenses and Permits	577,437	764,096	746,352	848,307	509,945
Fines and Forfeitures	1,069,127	995,703	1,007,083	1,007,772	884,476
Special Assessments	1,830,121	1,767,705	1,437,429	1,551,355	1,421,099
Interest Earnings	254,263	585,912	1,851,297	2,310,585	949,769
Other Revenue	669,754	490,070	633,891	879,638	982,334
<i>Total Revenues</i>	<u>51,875,826</u>	<u>55,284,293</u>	<u>51,608,202</u>	<u>70,125,327</u>	<u>53,106,048</u>
Expenditures					
Current:					
Security of Persons and Property	23,577,387	24,202,081	23,574,673	22,052,139	22,975,164
Public Health and Welfare	572,755	529,080	558,251	556,927	547,922
Leisure Time Activities	3,634,079	3,750,314	7,555,496	4,832,651	3,721,751
Housing and Community Development	7,555,641	8,985,556	7,347,631	8,487,286	7,053,154
Sanitation and Sewer Services	5,031,160	7,498,220	4,242,460	4,719,322	4,682,615
Street Maintenance and Repair	3,345,052	3,280,365	4,300,875	2,520,981	3,080,371
Public Works - Other	2,692,495	2,611,414	3,454,788	3,980,129	4,969,107
General Government	6,400,685	7,113,939	6,645,189	5,732,134	6,058,532
Debt Service:					
Principal Retirement	9,239,281	2,407,571	2,960,142	10,520,233	182,850
Interest and Fiscal Charges	990,355	966,611	1,084,763	1,101,485	565,169
Debt Issuance Costs	107,854	-	-	-	-
<i>Total Expenditures</i>	<u>63,146,744</u>	<u>61,345,151</u>	<u>61,724,268</u>	<u>64,503,287</u>	<u>53,836,635</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(11,270,918)</u>	<u>(6,060,858)</u>	<u>(10,116,066)</u>	<u>5,622,040</u>	<u>(730,587)</u>
Other Financing Sources (Uses)					
Issuance of Debt	7,775,852	8,660,000	2,265,000	2,800,000	10,567,878
Sale of Capital Assets	64,482	-	-	-	-
Transfers In	9,351,044	3,993,546	3,748,042	4,495,644	4,269,619
Transfers Out	(10,151,044)	(4,293,546)	(3,748,042)	(4,495,644)	(4,269,619)
Premium on Bonds	176,497	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>7,216,831</u>	<u>8,360,000</u>	<u>2,265,000</u>	<u>2,800,000</u>	<u>10,567,878</u>
<i>Net Change in Fund Balances</i>	<u>\$ (4,054,087)</u>	<u>\$ 2,299,142</u>	<u>\$ (7,851,066)</u>	<u>\$ 8,422,040</u>	<u>\$ 9,837,291</u>

Debt Service as a Percentage of Noncapital Expenditures

17.77% 6.30% 7.36% 19.35% 1.68%



2004	2003	2002	2001	2000
\$ 7,269,251	\$ 6,384,628	\$ 6,423,446	\$ 6,368,356	\$ 5,719,115
18,783,048	22,649,166	18,648,908	18,927,461	17,264,797
7,406,893	17,135,868	4,580,163	5,961,216	5,210,818
4,721,227	3,624,484	3,805,168	2,920,659	2,138,177
6,607,922	5,959,401	3,812,324	3,276,315	3,210,192
449,452	487,677	409,093	340,124	363,509
799,324	1,028,445	737,865	718,435	751,017
1,529,226	1,347,023	1,348,169	1,324,288	1,239,530
339,094	490,633	940,869	1,833,419	1,770,726
1,339,428	1,082,301	1,918,912	1,478,583	1,648,313
<u>49,244,865</u>	<u>60,189,626</u>	<u>42,624,917</u>	<u>43,148,856</u>	<u>39,316,194</u>
21,581,448	22,718,906	17,442,316	16,212,087	15,429,843
624,730	629,242	509,328	397,931	375,271
4,039,570	3,702,571	501,136	582,860	570,420
6,049,968	5,648,055	4,838,231	4,590,959	4,377,913
8,710,562	4,073,814	3,563,023	3,182,130	3,168,986
4,676,644	2,588,086	1,361,726	1,542,087	2,144,245
3,506,111	2,501,287	10,076,546	5,463,532	4,529,806
7,212,530	6,545,599	7,412,559	7,219,513	7,157,255
145,375	40,375	40,375	40,375	40,375
664,604	304,627	219,082	191,123	103,932
-	-	-	-	-
<u>57,211,542</u>	<u>48,752,562</u>	<u>45,964,322</u>	<u>39,422,597</u>	<u>37,898,046</u>
<u>(7,966,677)</u>	<u>11,437,064</u>	<u>(3,339,405)</u>	<u>3,726,259</u>	<u>1,418,148</u>
3,597,963	15,543,069	-	-	-
-	-	-	-	-
6,516,731	9,337,294	2,843,725	4,460,545	3,437,075
(6,516,731)	(9,337,294)	(3,826,348)	(5,553,383)	(4,398,237)
-	-	-	-	-
<u>3,597,963</u>	<u>15,543,069</u>	<u>(982,623)</u>	<u>(1,092,838)</u>	<u>(961,162)</u>
<u>\$ (4,368,714)</u>	<u>\$ 26,980,133</u>	<u>\$ (4,322,028)</u>	<u>\$ 2,633,421</u>	<u>\$ 456,986</u>
1.64%	0.79%	0.64%	0.63%	0.41%

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
2009/2010	\$ 742,998,900	\$ 72,785,870	\$ 2,330,813,629	\$ 9,657,800	\$ 11,362,118
2008/2009	801,142,110	75,467,590	2,504,599,143	9,080,760	10,683,247
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

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

<u>Tangible Personal Property</u>					
<u>General Business</u>			<u>Total</u>		
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Total Direct Rate (1)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>
\$ -	\$ -	\$ 9.90	\$ 825,442,570	\$ 2,342,175,746	35.24%
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%

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

	2009	2008	2007	2006	2005
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	\$ 76.10	\$ 71.00	\$ 70.47	\$ 70.36	\$ 67.34
Commercial/Industrial and Public Utility	100.74	98.68	96.61	95.58	90.65
Tangible/Public Utility Personal	170.60	170.60	170.30	170.30	160.50
Cuyahoga County Voted Millage	18.10	18.10	18.20	18.30	18.30
Effective Millage Rates					
Residential/Agricultural Real	17.69	16.82	16.03	16.02	15.27
Commercial/Industrial and Public Utility	17.26	17.21	16.83	17.13	16.50
Tangible/Public Utility Personal	18.10	18.10	18.20	18.30	18.30
Shaker Heights Public Library Voted Millage					
Effective Millage Rates					
Residential/Agricultural Real	4.00	4.00	3.18	3.52	3.52
Commercial/Industrial and Public Utility	4.00	4.00	3.83	4.00	4.00
Tangible/Public Utility Personal	4.00	4.00	4.00	4.00	4.00

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.

2004	2003	2002	2001	2000
\$ 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
<u>\$ 9.90</u>	<u>\$ 9.90</u>	<u>\$ 9.90</u>	<u>\$ 9.90</u>	<u>\$ 9.90</u>

\$ 65.93	\$ 65.08	\$ 64.90	\$ 65.33	\$ 65.30
86.12	85.87	79.58	78.12	78.12
159.20	158.90	150.00	150.50	150.50
18.00	16.20	16.20	16.20	15.30
14.61	13.74	12.66	12.68	12.84
16.05	14.22	13.34	13.25	13.88
18.00	16.20	16.20	16.20	15.30
4.00	4.00	4.00	4.00	4.00
3.48	4.00	3.29	3.29	3.72
3.87	4.00	3.26	3.33	3.90
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
2009	\$ 9,491,217	\$ 8,898,903	93.76%	\$ 373,629	\$ 9,272,532
2008	9,283,993	8,788,652	94.66%	361,039	9,149,691
2007	9,276,821	8,714,549	93.94%	450,287	9,164,836
2006	8,376,278	7,925,497	94.62%	418,990	8,344,487
2005	8,309,695	7,824,579	94.16%	463,075	8,287,654
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

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>
97.70%	\$ 842,165	8.87%
98.55%	433,822	4.67%
98.79%	657,326	7.09%
99.62%	561,799	6.71%
99.73%	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%

City of Shaker Heights, Ohio
Principal Taxpayers - Real Estate Tax
 2009 and 2000

<u>2009</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
The Cleveland Electric Illuminating Company	\$ 7,525,590	0.92%
EIG Shaker Towne Center	4,369,380	0.54%
Tower East Operating Assoc.	4,195,710	0.51%
University Hospitals	3,185,810	0.39%
Deborah Salzberg Tr.	2,959,460	0.36%
Oliver Family LTD	2,296,110	0.28%
Shaker Plaza LTD	1,504,760	0.18%
East Ohio Gas Company	1,493,660	0.18%
Heartpoint Dev. Co. LLC	1,463,400	0.18%
Cleveland Skating Club	1,383,630	0.17%
Total	\$ 30,377,510	3.72%
Total Assessed Valuation	\$ 815,784,770	
<u>2000</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
The Cleveland Electric Illuminating Company	\$ 7,043,620	1.00%
Ohio Bell Telephone Company	6,472,880	0.92%
East Rnd School Assn.	5,832,820	0.83%
Tower Esat Operating	4,278,930	0.61%
University School	3,888,050	0.55%
Shaker Town Centre E&A	3,675,000	0.52%
Community Links Limited Partnership	2,964,540	0.42%
Somerset Point LTD Partnership	2,496,380	0.35%
OfficeMax Incorporated	2,186,170	0.31%
Deborah Salzberg, Tr.	1,876,280	0.27%
Total	\$ 40,714,670	5.78%
Total Assessed Valuation	\$ 704,415,330	

Source: Cuyahoga County Auditor

(1) The amounts presented represent the assessed values upon which 2010 and 2000 collections were based.

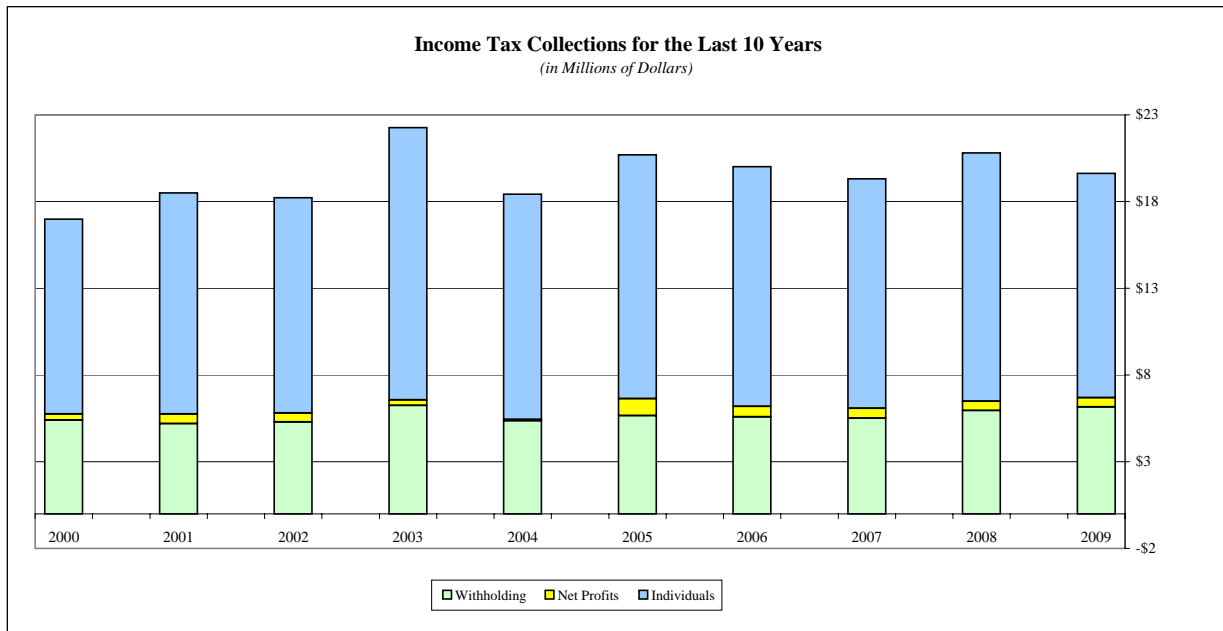
City of Shaker Heights, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

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
2009	1.75%	\$ 19,632,577	\$ 6,158,182	31.37%	\$ 536,548	2.73%	\$ 12,937,847	65.90%
2008	1.75%	20,809,784	5,949,834	28.59%	541,495	2.60%	14,318,455	68.81%
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%

(1) 2002 through 2009 are on a Cash Basis and 2000 through 2001 are on a Modified Accrual Basis

(2) Effective April 1, 1981

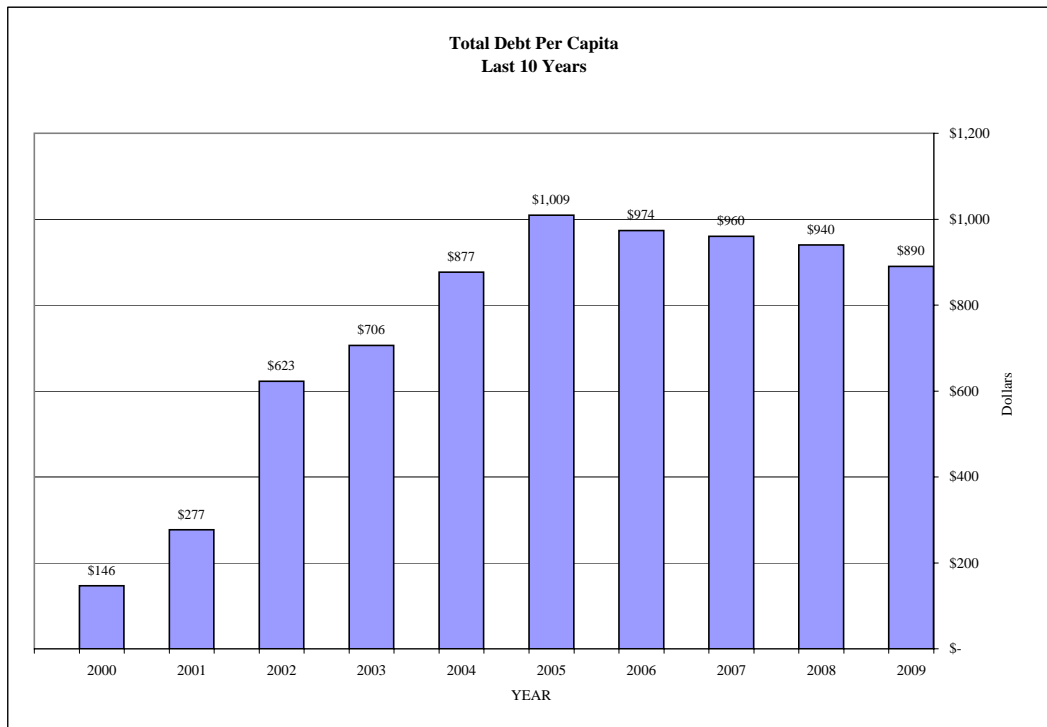
Note: The City is prohibited by statute from presenting information regarding individual taxpayers.



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			
2009	\$ 18,895,000	\$ -	\$ 865,000	\$ 5,675,050	\$ 750,000	\$ 26,185,050	2.15%	\$ 890
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

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
2009	29,405	b	\$ 825,442,570	\$ 19,760,000	2.39%	\$ 672
2008	29,405	b	889,478,997	22,745,000	2.56%	774
2007	29,405	b	890,818,271	23,465,000	2.63%	798
2006	29,405	b	904,812,492	24,115,000	2.67%	820
2005	29,405	b	826,657,130	25,365,000	3.07%	863
2004	29,405	b	832,257,715	21,298,983	2.56%	724
2003	29,405	b	835,324,251	19,969,029	2.39%	679
2002	29,405	b	739,166,460	17,475,566	2.36%	594
2001	29,405	b	738,205,013	7,281,125	0.99%	248
2000	30,867	a	737,644,567	3,628,946	0.49%	118

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, 2009

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	\$19,760,000	100.00%	\$19,760,000
<i>Total Direct Debt</i>	<u>19,760,000</u>		<u>19,760,000</u>
Overlapping			
Shaker Heights City School District			
General Obligation Bonds	25,565,575	94.57%	24,177,364
Notes Payable	600,000	94.57%	567,420
Cuyahoga County			
General Obligation Bonds	336,472,572	2.79%	9,387,585
Regional			
Transit Authority	<u>163,025,000</u>	2.79%	<u>4,548,398</u>
<i>Total Overlapping Debt</i>	<u>525,663,147</u>		<u>38,680,767</u>
Total	<u><u>\$545,423,147</u></u>		<u><u>\$58,440,767</u></u>

Source: Cuyahoga County Auditor and Shaker Heights City School District

(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

	2009	2008	2007	2006
Total Assessed Property Value	\$ 825,442,570	\$ 889,478,997	\$ 890,818,271	\$ 904,812,492
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	\$ 86,671,470	\$ 93,395,295	\$ 93,535,918	\$ 95,005,312
Debt Outstanding:				
General Obligation Bonds	18,895,000	14,585,000	14,855,000	15,020,000
Bond Anticipation Notes	865,000	8,160,000	8,610,000	9,095,000
OPWC Loans	5,675,050	3,903,479	4,026,050	4,271,192
Total Gross Indebtedness	25,435,050	26,648,479	27,491,050	28,386,192
Less:				
Bond Anticipation Notes	-	-	-	-
OPWC Loans	(5,675,050)	(3,903,479)	(4,026,050)	(4,271,192)
TIF Urban Renewal Bonds	(4,600,000)	(6,845,000)	(6,845,000)	(6,845,000)
Permanent Urban Renewal Bonds	(14,295,000)	(14,585,000)	(14,855,000)	(15,020,000)
Debt Service Fund Balance	(209,581)	(178,239)	(53,177)	(325,715)
Total Net Debt Applicable to Debt Limit	655,419	1,136,761	1,711,823	1,924,285
Legal Debt Margin Within 10 ½ % Limitations	\$ 86,016,051	\$ 92,258,534	\$ 91,824,095	\$ 93,081,027
Legal Debt Margin as a Percentage of the Debt Limit	99.24%	98.78%	98.17%	97.97%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	\$ 45,399,341	\$ 48,921,345	\$ 48,995,005	\$ 49,764,687
Total Gross Indebtedness	25,435,050	26,648,479	27,491,050	28,386,192
Less:				
Bond Anticipation Notes	-	-	-	-
OPWC Loans	(5,675,050)	(3,903,479)	(4,026,050)	(4,271,192)
TIF Urban Renewal Bonds	(4,600,000)	(6,845,000)	(6,845,000)	(6,845,000)
Permanent Urban Renewal Bonds	(14,295,000)	(14,585,000)	(14,855,000)	(15,020,000)
Debt Service Fund Balance	(209,581)	(178,239)	(53,177)	(325,715)
Net Debt Within 5 ½ % Limitations	655,419	1,136,761	1,711,823	1,924,285
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$ 44,743,922	\$ 47,784,584	\$ 47,283,182	\$ 47,840,402
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	98.56%	97.68%	96.51%	96.13%

Source: City Financial Records

2005	2004	2003	2002	2001	2000
<u>\$ 826,657,130</u>	<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>\$ 86,798,999</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>
15,155,000	15,265,000	15,370,000	17,800,000	-	-
10,210,000	6,495,000	4,925,000	-	7,600,000	3,935,000
<u>4,306,928</u>	<u>4,021,900</u>	<u>464,312</u>	<u>504,687</u>	<u>545,062</u>	<u>585,437</u>
29,671,928	25,781,900	20,759,312	18,304,687	8,145,062	4,520,437
-	-	-	-	(6,380,000)	(3,935,000)
(4,306,928)	(4,021,900)	(464,312)	(504,687)	(545,062)	(585,437)
(6,845,000)	(2,215,000)	(2,215,000)	(12,825,000)	-	-
(15,155,000)	(15,265,000)	(15,370,000)	-	-	-
<u>(642,972)</u>	<u>(461,017)</u>	<u>(325,971)</u>	<u>(324,434)</u>	<u>(318,875)</u>	<u>(306,054)</u>
<u>2,722,028</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>\$ 84,076,971</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>
96.86%	95.63%	97.28%	94.01%	98.84%	100.40%
<u>\$ 45,466,142</u>	<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>
29,671,928	25,781,900	20,759,312	18,304,687	8,145,062	4,520,437
-	-	-	-	(6,380,000)	(3,935,000)
(4,306,928)	(4,021,900)	(464,312)	(504,687)	(545,062)	(585,437)
(6,845,000)	(2,215,000)	(2,215,000)	(12,825,000)	-	-
(15,155,000)	(15,265,000)	(15,370,000)	-	-	-
<u>(642,972)</u>	<u>(461,017)</u>	<u>(325,971)</u>	<u>(324,434)</u>	<u>(318,875)</u>	<u>(306,054)</u>
<u>2,722,028</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>\$ 42,744,114</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>
94.01%	91.66%	94.81%	88.56%	97.78%	100.75%

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City of Shaker Heights, Ohio
Principal Employers
 2009

Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,175	29%
University Hospital Health System	Non Profit Organization	1,103	27%
City of Shaker Heights	Government Entity	679	17%
Hathaway Brown School	Private School	425	10%
Laurel School	Private School	272	7%
University School (Shaker Heights Campus)	Private School	223	5%
Center for Dialysis Care	Medical Facility	151	4%
Equity Rngineering Group	Engineering	66	2%
Total		4,094	100%
Total Employment within the City of Shaker Heights, Ohio		n/a	

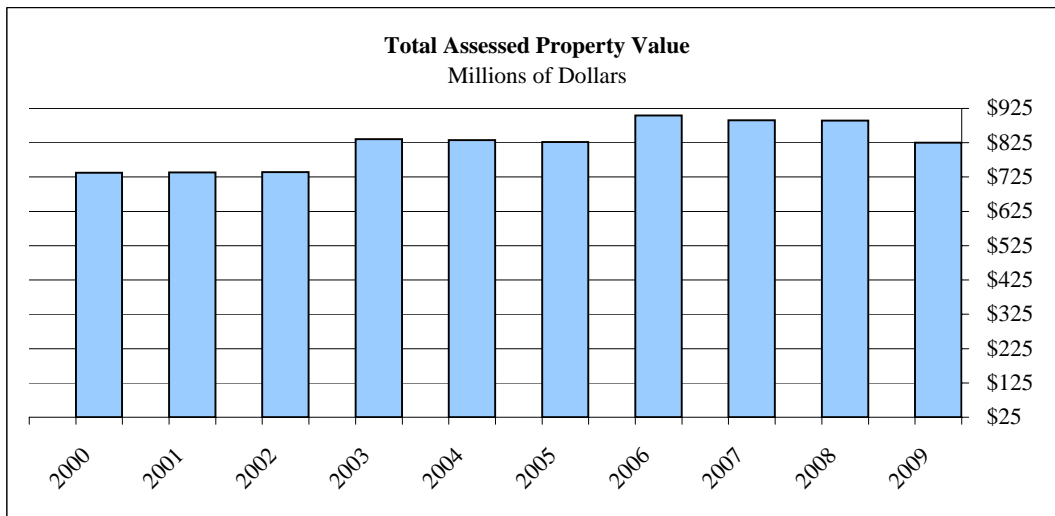
Source: Regional Income Tax Agency (RITA)

n/a - Information not available

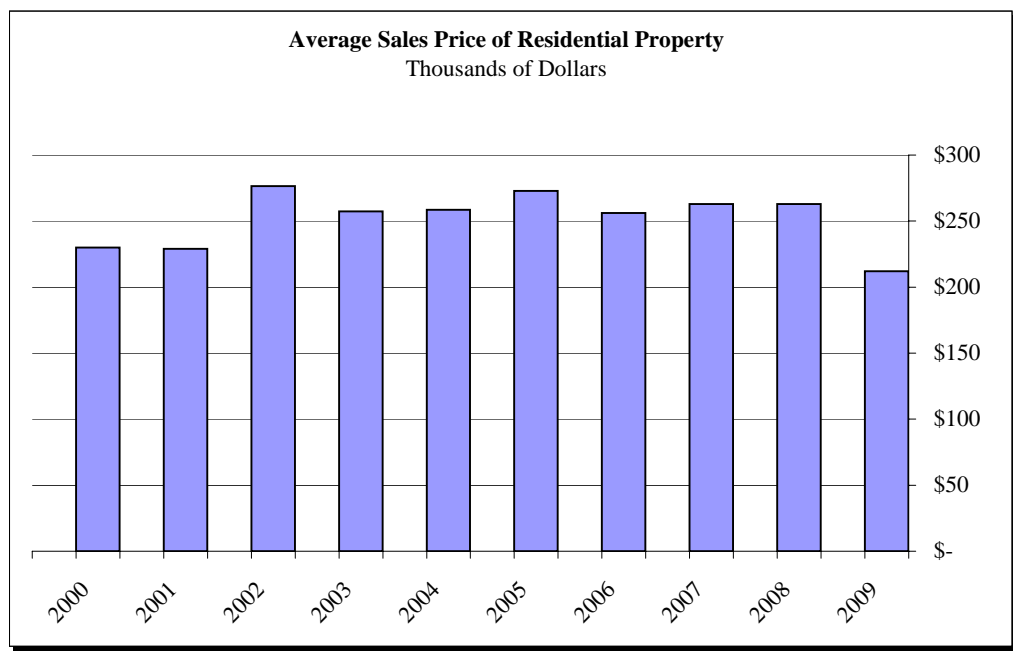
City of Shaker Heights, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)
2009	29,405	\$ 1,216,014,370	\$ 41,354	\$ 85,983	39.6	21.88%
2008	29,405	1,216,014,370	41,354	85,893	39.6	21.88%
2007	29,405	1,216,014,370	41,354	85,893	39.6	21.88%
2006	29,405	1,216,014,370	41,354	85,893	39.6	21.88%
2005	29,405	1,216,014,370	41,354	85,893	39.6	21.88%
2004	29,405	1,216,014,370	41,354	85,893	39.6	21.88%
2003	29,405	1,216,014,370	41,354	85,893	39.6	21.88%
2002	29,405	1,216,014,370	41,354	85,893	39.6	21.88%
2001	29,405	1,216,014,370	41,354	85,893	39.6	21.88%
2000	30,867	1,009,597,836	32,708	65,913	37.8	21.09%

- (1) Source: U. S. Census
 - (a) Years 2001 through 2009 - 2000 Federal Census
 - (b) Year 2000 - 1990 Federal Census
- (2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"
- (3) Source: County Planning Commission
- (4) Source: County Auditor
- (5) Computation of per capita personal income multiplied by population



School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
5,469	9.20%	\$ 211,955	\$ 825,442,570
5,482	6.80%	262,941	889,478,997
5,577	6.10%	262,941	890,818,271
5,628	5.60%	256,128	904,812,492
5,734	5.90%	272,875	826,657,130
5,623	6.60%	258,529	832,257,715
5,608	6.70%	257,319	835,324,251
5,619	4.60%	276,404	739,166,460
5,625	4.50%	229,119	738,205,013
5,714	4.50%	230,000	737,644,567



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

Function/Program	2009	2008	2007	2006	2005
General Government					
Council	3.5	3.5	3.0	3.5	3.5
Finance	7.5	9.5	6.0	8.0	9.5
Mayor	2.0	2.0	2.0	2.0	2.0
Law	4.5	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	4.5	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	65.0	71.0	68.0	72.0	68.5
Police - Crossing Guards	11.5	11.0	10.5	11.0	11.5
Police - Dispatch/Records/Watch Officer	16.5	15.0	14.0	11.5	11.5
Police - Jailers	3.0	4.5	4.5	3.5	4.0
Police - Administrative	11.0	14.5	14.5	14.0	14.5
Police - HIDTA	12.0	11.0	12.0	9.0	6.0
Fire	58.0	67.0	67.0	66.0	65.0
Fire - Other	2.5	4.0	4.5	4.0	4.0
Security of Persons/Property - Other	1.0	0.0	0.0	0.0	1.0
Public Health Services	19.5	10.0	11.0	9.5	8.0
Leisure Time Activities:					
Recreation	59.5	63.0	71.0	84.5	77.0
Park and Public Land Maintenance	9.0	13.0	14.5	14.5	21.0
Community Development:					
Building	5.0	5.0	6.0	6.5	6.5
Housing	10.0	9.0	9.0	9.0	9.0
Planning	9.5	11.5	12.5	12.0	10.5
Community Development - Other*	22.5	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	23.0	26.0	25.5	27.5	22.5
Sewer Maintenance	8.0	7.5	6.5	6.0	5.0
Public Works - Other:	20.0	22.0	24.0	26.0	25.5
Totals:	<u>458.5</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.

(1) Information prior to 2002 is not available

* Includes Community Life, Neighborhood Revitalization, 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	2009	2008	2007	2006	2005
General Government					
<i>Council and Clerk</i>					
Number of Ordinances Passed	135	115	132	143	148
Number of Resolutions Passed	13	16	10	9	20
Number of Planning Commission docket items	15	8	11	17	24
Zoning Board of Appeals docket items	21	21	20	18	29
<i>Finance Department</i>					
Number of checks/vouchers issued	7,281	7,293	7,197	6,948	8,063
Amount of checks written	\$ 29,286,008	\$ 32,229,682	\$ 41,908,141	\$ 41,092,604	\$ 33,691,141
Interest earnings for fiscal year (cash basis)	\$ 261,123	\$ 918,229	\$ 2,279,750	\$ 1,602,151	\$ 949,769
Number of Receipts issued	10,662	11,995	1,748	1,801	1,822
Number of Journal Entries issued	1,230	1,102	322	224	388
Agency Ratings - Standard & Poors	Aa1	Aa1	Aa1	Aa1	Aa1
General Fund Receipts (cash basis)	\$ 42,276,620	\$ 38,875,699	\$ 39,696,013	\$ 39,052,454	\$ 38,596,321
General Fund Expenditures (cash basis)	\$ 43,085,953	\$ 39,073,922	\$ 40,622,949	\$ 37,666,848	\$ 35,019,392
General Fund Cash Balances	\$ 7,809,636	\$ 8,293,218	\$ 9,400,503	\$ 9,903,006	\$ 9,421,518
<i>Municipal Court</i>					
Number of Civil Cases	2,005	2,443	1,463	2,200	2,040
Number of Criminal cases	11,802	10,477	12,242	12,248	11,908
<i>Vital Statistics</i>					
Certificates Filed	71	99	137	178	220
Number of Births	0	0	0	0	1
Number of Deaths	71	99	137	178	219
Certificates Issued	470	448	448	537	619
Number of Births	3	1	1	6	3
Number of Deaths	467	447	447	531	616
Burial Permits Issued	185	262	262	409	465
<i>Civil Service</i>					
Number of police entry tests administered	0	1	1	0	1
Number of fire entry tests administered	0	1	1	0	0
Number of police promotional tests administered	0	0	0	1	0
Number of fire promotional tests administered	0	0	0	0	1
Number of hires of Police Officers from certified lists	0	3	3	4	0
Number of hires of Fire/Medics from certified lists	0	1	1	2	3
Number of promotions from police certified lists	0	1	1	1	0
Number of promotions from fire certified lists	0	1	1	2	0

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

Function/Program	2009	2008	2007	2006	2005
Security of Persons & Property					
<i>Police</i>					
Total Calls for Services	32,255	33,303	33,303	38,992	38,878
Number of traffic citations issued	10,804	10,923	10,923	11,114	11,582
Number of parking citations issued	3,438	4,349	4,349	5,709	6,273
Number of criminal arrests	1,687	896	896	1,698	1,781
Part 1 Offenses (major offenses)	596	807	807	754	707
Police Dept. Auxiliary hours worked	N/A	N/A	N/A	N/A	N/A
DUI Arrests	433	94	94	136	107
Prisoners	1,340	1,254	1,254	1,218	1,282
Motor Vehicle Accidents	739	958	958	1,019	907
Property damage accidents	641	(879)	(879)	(946)	(813)
Community Diversion Program Youths	59	35	35	69	97
Community Diversion Program - community service hours	187	170	170	120	139
<i>Fire</i>					
EMS Calls	2,403	2,369	2,369	2,186	2,188
Ambulance Billing Collections (net)	\$ 574,525	\$ 466,505	\$ 466,505	\$ 455,783	\$ 449,910
Fire Calls	71	93	93	39	36
Fires with Loss	38	32	32	35	41
Fires with Losses exceeding \$10K	8	10	10	10	7
Fire Losses \$	\$ 244,235	\$ 1,289,500	\$ 1,289,500	\$ 651,390	\$ 1,203,865
Fire Safety Inspections	2,560	2,645	2,645	2,672	2,903
Number of times Mutual Aid given to Fire and EMS	45	41	41	31	45
Number of times Mutual Aid received for Fire and EMS	58	87	87	79	63
Leisure Time Activities					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$ 223,917	\$ 223,067	\$ 223,067	\$ 172,873	\$ 179,937
Recreation Mens & Womens Leagues receipts	2,800	3,400	3,400	4,200	3,800
Recreation Children's Leagues receipts	22,879	27,742	27,742	26,653	23,444
Senior Van Fees (2)	795	1,583	1,583	1,370	5,119
Facilities rentals	145,394	150,354	150,354	150,831	144,220
Total Recreation Department receipts	<u>\$ 395,785</u>	<u>\$ 406,146</u>	<u>\$ 406,146</u>	<u>\$ 355,927</u>	<u>\$ 356,520</u>

Source: City Records

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

Function/Program	2009	2008	2007	2006
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	12
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	1	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	6

2005	2004	2003	2002	2001	2000
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	21,000	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	8	6

City of Shaker Heights, Ohio

**Single Audit Reports
For the Year Ended December 31, 2009**

City of Shaker Heights, Ohio

For The Year Ended December 31, 2009

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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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights, Ohio (the “City”) as of and for the year ended December 31, 2009, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 28, 2010, wherein we noted that the City adopted *GASB Statement Nos. 52, 55, and 56*. 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.

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

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

Members of the City Council
City of Shaker Heights, Ohio

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 item 2009-1.

We noted certain matters that we have reported to management of the City in a separate letter dated June 28, 2010.

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 management, City Council, others within the entity, the 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 & Panichi, Inc.

Cleveland, Ohio
June 28, 2010

**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, Ohio (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, 2009. 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, 2009.

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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over compliance.

Members of the City Council
City of Shaker Heights, Ohio

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

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, 2009 and have issued our report thereon dated June 28, 2010, which contained unqualified opinions on those financial statements, wherein we noted the City adopted *GASB Statement Nos. 52, 55, and 56*. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, City Council, others within the entity, the Auditor of State's Office, 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 & Panichi, Inc.

Cleveland, Ohio
June 28, 2010

City of Shaker Heights, Ohio

Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2009

<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> -</u>	\$ <u> 2,475</u>
Passed through the City of Cleveland: ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	N/A	<u> 100,000</u>	<u> -</u>
Total U.S. Department of Justice			<u> 100,000</u>	<u> 2,475</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> 42,821</u>	<u> 42,821</u>
Drug Free Community Grant	93.276	N/A	<u> 119,205</u>	<u> 119,205</u>
Passed through Cuyahoga County:				
Health Department Grants:				
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	2008/09	<u> 28,900</u>	<u> 21,079</u>
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	2009/10	<u> -</u>	<u> 16,360</u>
Total passed through Cuyahoga County:			<u> 28,900</u>	<u> 37,439</u>
Total U.S. Department of Health and Human Services			<u> 190,926</u>	<u> 199,465</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, 2009

<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 the Ohio Department of Transportation:				
Highway Planning and Construction	20.205	N/A	1,940	1,940
Highway Planning and Construction	20.205	N/A	<u>31,723</u>	<u>31,723</u>
Total Passed through the Ohio Department of Transportation			33,663	33,663
Passed through the Northeast Ohio Areawide Coordinating Agency:				
Highway Planning and Construction	20.205	N/A	<u>3,745</u>	<u>3,700</u>
Total U.S. Department of Federal Highway Administration			<u>37,408</u>	<u>37,363</u>
U.S. Department of Housing and Urban Development:				
Fair Housing and Assistance Program – State and Local:	14.401	N/A	<u>13,000</u>	<u>13,000</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, 2009

<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>
Executive Office of the President – Office of National Drug Control Policy Direct Program:				
High Intensity Drug Trafficking Area – Ohio – 2004	N/A	N/A	22,782	22,782
High Intensity Drug Trafficking Area – Ohio – 2005	N/A	N/A	37,339	37,339
High Intensity Drug Trafficking Area – Ohio – 2006	N/A	N/A	44,120	250,787
High Intensity Drug Trafficking Area – Ohio – 2007	N/A	N/A	384,670	384,670
High Intensity Drug Trafficking Area – Ohio – 2008	N/A	N/A	2,177,870	1,722,679
High Intensity Drug Trafficking Area – Ohio – 2009	N/A	N/A	<u>1,136,293</u>	<u>1,168,130</u>
Total Executive Office of the President			<u>3,803,074</u>	<u>3,586,387</u>
Total Federal Assistance			\$ <u>4,144,408</u>	\$ <u>3,838,690</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, 2009

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, 2009

1. Summary of Auditors' Results

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material noncompliance reported 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
(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, 2009

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

2009-1 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, 2009, 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>
Law Enforcement Grant Fund	\$ 7,592	\$ 8,291	\$ (699)
High Intensity Drug Trafficking Area Grant Fund	4,514,743	7,584,309	(3,069,566)
Indigent Driver Interlock Fund	1,058	5,400	(4,342)
Central Services Operation Fund	731,108	860,002	(128,894)
Central Purchasing Fund	384,529	662,463	(277,934)

Officials' Response: The City has implemented new policies and procedures for controls over compliance with budgetary requirements, as supported by the fact that there were no budgetary violations at fiscal year end.

City of Shaker Heights, Ohio

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

December 31, 2009

Finding No.	Finding Summary	Fully Corrected	Explanation
2008-1	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.	Yes	No noncompliance noted for 2009.
2008-2	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.	No	The City has noncompliance again in 2009, however, only for the original estimated revenue vs. original appropriations.
2008-3	A restatement of the prior year capital asset and compensated absences balances was required.	Yes	There were no audit adjustments for 2009.

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, 2009

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2009-1	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.	12/31/09	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
AUGUST 17, 2010**