

Dave Yost • Auditor of State



CITY OF SHAKER HEIGHTS  
CUYAHOGA COUNTY

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CITY OF SHAKER HEIGHTS, OHIO  
CUYAHOGA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED 2010

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number/ Grant	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Direct Program:</i>			
Fair Housing and Assistance Program (2008)	N/A	14.401	\$19,782
Fair Housing and Assistance Program (2009)	N/A	14.401	13,000
Fair Housing and Assistance Program (2010)	N/A	14.401	3,530
Total U.S. Department of Housing and Urban Development			<u>36,312</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct Program:</i>			
Bullet Proof Vest Program	N/A	16.607	2,475
<i>Passed Through: The City of Cleveland</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	2009-SB-B9-2875	16.804	99,504
Total U.S. Department of Justice			<u>101,979</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through: Ohio Department on Aging and Western Reserve Area Agency on Aging</i>			
Title III Part B - Grants for Supportive Services and Senior Centers	N/A	93.044	37,605
<i>Direct Program:</i>			
Drug Free Community Support Program	5H79SP014298-09	93.276	106,967
Total U.S. Department of Health and Human Services			<u>144,572</u>
<b>EXECUTIVE OFFICE OF THE PRESEIDENT- OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			
<i>Direct Program:</i>			
High Intensity Drug Trafficking Areas - Ohio (2008)	I8POH501Z	95.001	75,197
High Intensity Drug Trafficking Areas - Ohio (2009)	G09OH0001A	95.001	2,175,058
High Intensity Drug Trafficking Areas - Ohio (2010)	G10OH0001A	95.001	1,303,785
Total Executive Office of the President - Office of National Drug Control Policy			<u>3,554,040</u>
<b>U.S. DEPARTMENT OF THE INTERIOR - NATIONAL PARK SERVICES</b>			
<i>Passed Through: Ohio Historical Society</i>			
Certified Local Government Program	39-10-21942 HP 9120	15.904	6,850
Total U.S. Department of the Interior - National Park Services			<u>6,850</u>
<b>Total Federal Expenditures</b>			<u><u>\$3,843,753</u></u>

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

**CITY OF SHAKER HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR YEAR ENDED DECEMBER 31, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of Shaker Heights' (the City's) Federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

City of Shaker Heights  
Cuyahoga County  
3400 Lee Road  
Shaker Heights, Ohio 44120

To the Members of City Council:

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, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### **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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-01 a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 22, 2011.

The City's response to the finding 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.

We intend this report solely for the information and use of City Council, the Finance Committee, management, federal awarding agencies and pass-through entities and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

June 22, 2011



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND ON THE FEDERAL AWARDS EXPENDITURES SCHEDULE

City of Shaker Heights  
Cuyahoga County  
3400 Lee Road  
Shaker Heights, Ohio 44120

To the Members of City Council:

### Compliance

We have audited the compliance of the City of Shaker Heights, Cuyahoga County, 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 could directly and materially affect the City's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Shaker Heights complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

### **Internal Control Over Compliance**

The City's management 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 directly and materially affect a major federal program, 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 opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

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

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.

### **Federal Awards Expenditures Schedule**

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Shaker Heights (the City) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 22, 2011. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information required by the 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 basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

City of Shaker Heights  
Cuyahoga County  
Independent Accountants' Report on Compliance with Requirements  
Applicable to Each Major Federal Program, Internal Control Over  
Compliance Required by OMB Circular A-133 and on the Federal Awards Expenditures Schedule  
Page 3

We intend this report solely for the information and use of the Finance Committee, management, the City Council, others within the City, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

June 22, 2011

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**CITY OF SHAKER HEIGHTS  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2010**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	High Intensity Drug Trafficking Area Grant – CFDA# 95.001
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2010-01**

**Capital Asset Depreciation – Significant Deficiency**

A capital asset management system is a system of methods, policies and procedures that addresses the acquisition, use, control, protection, maintenance and disposal of capital assets. Accurate accounting and control over capital assets is important for correct and complete presentation of capital assets and financial statements.

**CITY OF SHAKER HEIGHTS  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2010  
(CONTINUED)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b>
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**FINDING NUMBER 2010-01 (Continued)**

**Capital Asset Depreciation – Significant Deficiency (Continued)**

The City's Capital Assets Policy states "all assets except for land and construction in progress will have salvage values assigned to them equaling five percent of each asset's historical cost. Depreciation will begin on the actual date of acquisition for all capital assets." Depreciation expense will equal the difference of historical cost and salvage value divided by estimated useful life.

During our testing of capital asset depreciation, we noted 56 of 60 assets examined were not accurately depreciated during fiscal year 2010. Through further examination of all capital assets, we noted the total depreciation expense and corresponding accumulated depreciation was overstated by \$769,945. This was due to an inputting error in the City's accounting system which is used to calculate depreciation expense on each asset for the year.

Failure to properly calculate depreciation may result in the overstatement or understatement of capital asset records and an inaccurate presentation of the City's financial statements.

We recommend the City make the necessary adjustments to its capital asset depreciation calculations for 2010 to ensure all assets have the correct depreciation amounts and book values at year end. In addition, we recommend the City work with its system administrators to update the values in the accounting system so that these miscalculations do not continue moving forward.

**Officials' Response:** The problem was created when assets were manually entered into MUNIS during the conversion in 2008. The formula to calculate annual depreciation cost in MUNIS is:  $(\text{Depreciable Basis} - \text{Life to Date Accumulated Depreciation}) / (\text{Estimated Useful Life} - \text{Periods Taken})$ . For many of the assets entered in 2008 these factors were incorrect. Not all factors for each asset were incorrect. For example, one asset might have been missing the salvage value and another might have had the incorrect accumulated depreciation figure. If any one of these factors were incorrect it would cause the calculation for the current year depreciation expense to be incorrect. To rectify this, all assets will be reviewed in 2011 and corrections will be made to ensure for each asset, that the salvage value has been entered, the accumulated depreciation is correct, the useful life is correct for the asset type and the periods taken up through 12/31/10 are appropriate. This should correct the errors in calculating the current year depreciation.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.

**CITY OF SHAKER HEIGHTS  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-1	ORC 5705.39 – Original appropriations exceeded original estimated resources in several funds.	Yes	



# SHAKER HEIGHTS

Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2010  
City of Shaker Heights, Ohio

**INTRODUCTORY  
SECTION**

# **City of Shaker Heights, Ohio**

**Comprehensive Annual Financial Report  
For the Year Ended December 31, 2010**

**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, 2010

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# City of Shaker Heights, Ohio

## Comprehensive Annual Financial Report For The Year Ended December 31, 2010

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# City of Shaker Heights, Ohio

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# City of Shaker Heights, Ohio

## Comprehensive Annual Financial Report For The Year Ended December 31, 2010

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## SHAKER HEIGHTS

June 22, 2011

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 2010 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 2010 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, 2010. This CAFR is a more extensive report than the basic financial statements, and we believe that it demonstrates the City's ongoing commitment to be accountable not only to its citizenry but also to excellence in financial reporting. Ohio law requires that the City of Shaker Heights annually publish a complete set of financial statements for the results of its fiscal operations, presented in conformity with generally accepted accounting principles (GAAP). The Finance Department is responsible for the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the City.

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

The City of Shaker Heights' financial statements have been audited by the Auditor of State of Ohio, Dave Yost, an independent auditor. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Shaker Heights for the year ended December 31, 2010, are free of material misstatement. An independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the results of the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2010 are fairly presented in conformity with GAAP. The independent accountants' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Shaker Heights was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal grant awards. These reports are available in the City’s separately issued 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 a Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the independent accountants’ report.

### **Profile of the City of Shaker Heights, Ohio**

The City of Shaker Heights, covering approximately 6.3 square miles and a population of 28,488, (2010 Census) is located approximately ten miles southeast of downtown Cleveland in Cuyahoga County in northeastern Ohio. Incorporated under Ohio law as a village in 1912, Shaker Heights became a city in 1931. As provided by Ohio law, the City operates under the auspices of its own charter, which was adopted by the voters in 1931. The Charter provides for the City to operate under the Mayor-Council form of government with the Mayor serving as the President of Council. The Mayor serves as the City's Chief Executive Officer and appoints, subject to confirmation by City Council, and removes the City's Chief Administrative Officer and appoints and removes all department heads. The City is empowered by state statute to levy a property tax on 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, Planning, Economic 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 Regional Sewer District, City residents also pay a local surcharge based upon water consumption that is used by the City for the maintenance and replacement of the sewer lines within the City.

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 court, outdoor tennis courts, skate-park, basketball court, walking trail and sledding hill. 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. There is a multipurpose trail in the Shaker Boulevard median from Warrensville Center Road to the City of Beachwood border, connecting with Beachwood's own multipurpose trail, and a new soccer field is located on the Shaker Boulevard median near Warrensville Center Road.

Through a Neighborhood Stabilization Grant, the City was able to complete improvements to existing parks and add new pocket parks. An expansion of Chelton Park with play equipment and landscaping of the Ashby Play Lot will be complete in 2011. The new Menlo Tot Lot is also nearing completion and includes ADA accessibility and a small play structure.

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

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 a temporary budget covering the first ninety days of the ensuing year, by no later than December 31<sup>st</sup> of the current year. If a temporary budget is adopted, a permanent budget must be adopted by no later than the ninetieth day of the budget year, normally March 31<sup>st</sup>. In recent years, Council has adopted an annual budget prior to December 31 of the preceding year.

The appropriated budget is prepared by fund, department, and category (personal services and all other expenditures). Council must authorize transfers between departments and between categories within departments and transfers or advances of moneys between funds. Operating budgets expire on December 31<sup>st</sup>. 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, both world-renowned for medical research, teaching and treatment facilities and are the two largest employers in Cuyahoga County.

Educational institutions contribute significantly to the fabric of the community. Of the principal employers in 2010, 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 on public education. Of the total millage in the City of Shaker Heights for all entities, approximately 73% of residential property taxes support the Shaker Heights City School District. From 2001 to 2010, City residents approved levies increasing the Shaker Heights City School District total millage by 19.69%. 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 2010 tax year was \$821,284,520. For the 2001 tax year the total real property assessed valuation was \$738,205,013. This was an increase during the ten year period from 2001 to 2010 of 11.25%.

City income tax revenue grew 4.82% during the ten year period from 2001 to 2010. While there was a 6.87% decline in income tax revenue in 2009 compared to 2008 as a result of the recession, income tax revenue increased 1.68% in 2010 compared to 2009. Despite the recession, as a result of the relocation of the University Hospitals Health System administrative and corporate offices, the largest employer in the City, 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. The growth in income tax revenues in 2010 offset declines in other revenue sources so that from continuing revenue sources, not counting the estate tax, 2010 revenue slightly exceeded 2009 revenues despite the recession.

### **Major Initiatives**

**Strategic Investment Plan** – The City is continuing to implement redevelopment projects pursuant to its Strategic Investment 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 Bonds were paid from other funds available to the City. Work was completed on the Sussex Courts tax increment financing redevelopment project in 2003, 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, 2010, 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 by the City for these projects is being 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 forecasted that for some period of time, the tax increment payments will not be sufficient to pay all of the debt service on the urban renewal bonds, and the City's Capital Projects 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, who renovated 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. Construction is slated for the fall of 2011.

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 Ohio Department of Transportation, 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 road reconfiguration that is expected to begin construction in 2013 with right of way acquisition beginning in 2012. Funding for this \$17.4 million project has been secured with Federal, State and City funding.

**Economic Development Strategy** – In November 2010, City Council adopted an Economic Development Strategy which is an update to the Strategic Investment Plan. It proposes a variety of action items and policy interventions that are designed to enhance the City's level of office-oriented and business activities. The goals of the strategy are to: 1) enhance the climate for commercial investment; 2) put Shaker Heights in a position to recruit new and expand existing businesses; 3) set the stage for sharing regional growth in next-generation job growth; and 4) strengthen the market support for additional "lifestyle" uses. The strategy envisions both a strategic and tactical response that includes: financial incentives for commercial property owners; financial incentives to businesses seeking to expand or locate in Shaker Heights; investment in upgrading programs and operations that address business and commercial properties; and an aggressive marketing, branding, and business recruitment effort. The Strategy is intended to significantly increase the City's ability to diversify its tax base.

One of the initial projects of the Economic Development Strategy is the Shaker Launch House which is an innovative new public-private partnership that fosters entrepreneurial success and job creation through seed capital, education and innovation. Shaker Launch House connects new entrepreneurs with proven business leaders in a grassroots, for-profit model. The public-private partnership has enabled the City to revitalize a former car dealership owned by the City which helped bring new activity to the Lee Road commercial district.

The Launch House facility will open in mid 2011 and both the facility and the programming will be operated by Shaker Launch House, a private entity.

**Housing** – The City has long been a leader in housing preservation, given its residential tax base and its desire to preserve the architectural beauty and the housing stock 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 2010, the point-of-sale escrow program resulted in an additional \$1.3 million of private investment in housing. The Housing Inspection Department also works to improve the quality of rental housing for safety and habitability by requiring an annual Certificate of Occupancy for each rental property as well as a complete interior and exterior inspection every three years. Owner-occupied single-family homes receive an exterior inspection every five years, which assists in maintaining and improving the quality of housing in the City.

Foreclosures and properties sold at Sheriff’s sales are monitored regularly, and instances of suspected fraud are referred to the City’s Police Department for investigation. The City’s Vacant Property Ordinance mandates that vacant homes be secured and maintained, and each vacant property is checked monthly by a dedicated Housing Inspector to ensure that it is kept secure and maintained to community standards. Nuisance abatement orders were issued on 31 properties in 2010 for items such as removal of boarded windows, replacement of broken windows, removal of litter and debris, holes in roofs, and demolition of 15 dwelling structures.

In 2010, the Neighborhood Revitalization Department assisted 104 property owners with housing improvement projects through technical and financial assistance, providing exterior maintenance grants of up to \$2,000 and free paint to eligible homeowners. The City continued its comprehensive services to landlords providing access to discounted tenant screening and providing 162 landlords with technical assistance and training. The City began the extensive renovation of a house in the Winslow Road historic district as a demonstration of how two family houses can be updated to meet the demands of today’s marketplace. The Winslow Road house will be ready for occupancy in spring 2011. Also underway is the \$6 million Library Court Senior Apartment project, which will provide 44 units of affordable housing for adults 55 and older. This is expected to be ready for occupancy in fall 2011.

As part of its land banking program the City acquired and demolished 14 vacant and deteriorated properties. These properties are being attractively landscaped and then actively marketed to neighboring owners through the side yard program and to developers for infill housing. Using Federal Neighborhood Stabilization Program funds, the City invested \$500,000 in several vacant lots, turning them into vibrant public spaces – parks, community gardens, play areas and an orchard.

The Certified Shaker program aimed at encouraging quality rental properties continues to be a highly popular program. Of rental units, 15% are Certified, representing 101 rental home units and 21 apartment buildings. On average, Certified owners invest \$1,300 in their units to meet Certified standards. The City continues to see a healthy investment in apartment buildings including upgrades/improvements, landscaping, signage and even custom built elevators to achieve Certified Shaker status.

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, 121 landlords have taken advantage of the program.

**Attract and Retain Strategy** – The City’s Communications and Outreach Department leads the City’s efforts to attract and retain residents through marketing, communications, advertising and public relations. A

marketing plan that distinguishes Shaker Heights as a desirable destination for retention of and relocation by a population capable of and willing to commit to its preservation and future includes:

- An annual advertising campaign in print, electronic and other media;
- Publishing "Shaker Contemporary Living" magazine to showcase Shaker's homes and residents;
- Maintaining an active website shakeronline.com;
- Outreach to prospective residents and area employees;
- Publishing bi-monthly issues of Shaker Life magazine; and
- E-mailing messages and "e-news" to a list of 500 subscribers.

### 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 2009, 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, 2010 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 Clerks Cheryl Archie and Chris Gordon, 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

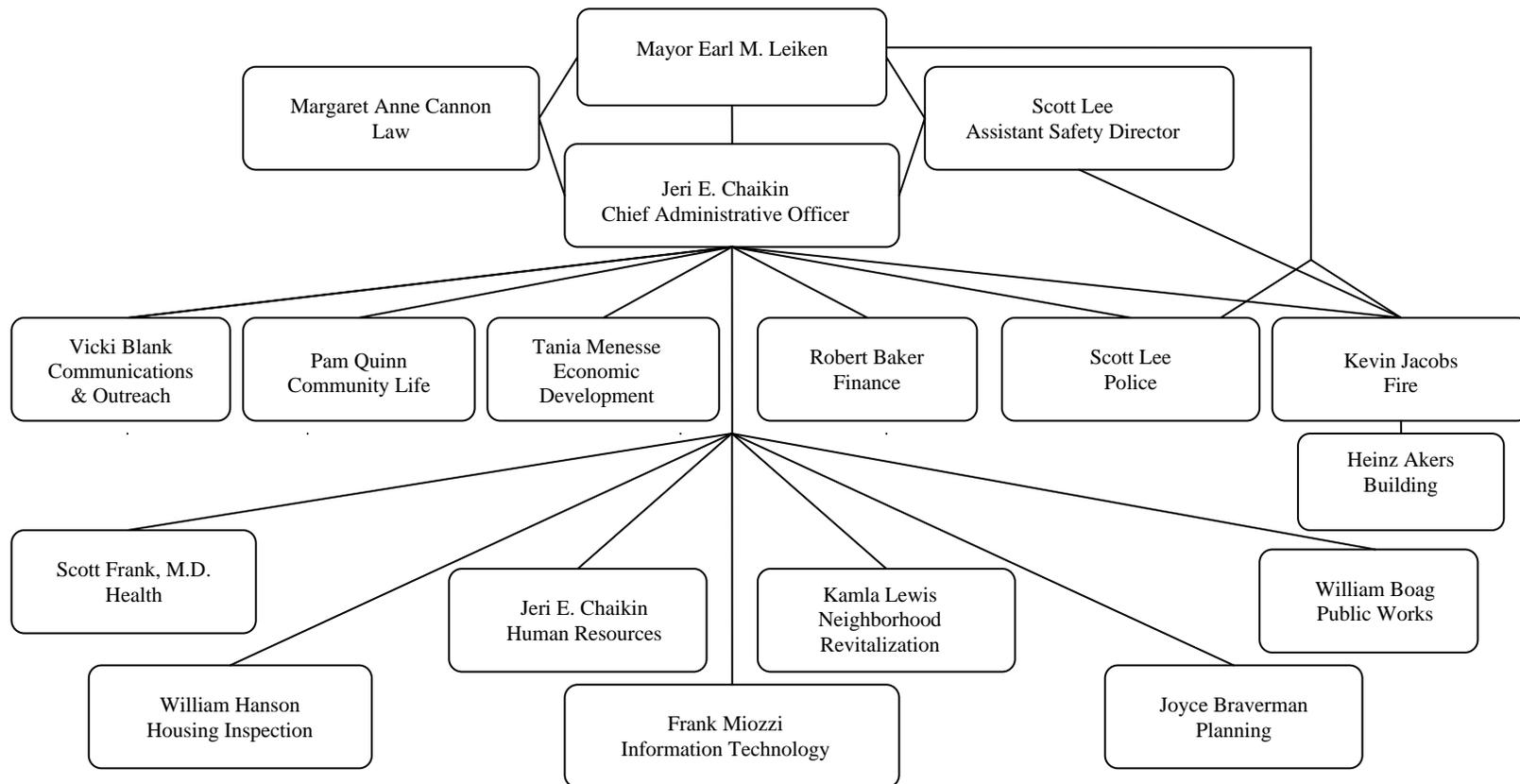


Robert H. Baker  
Director of Finance

# City of Shaker Heights, Ohio

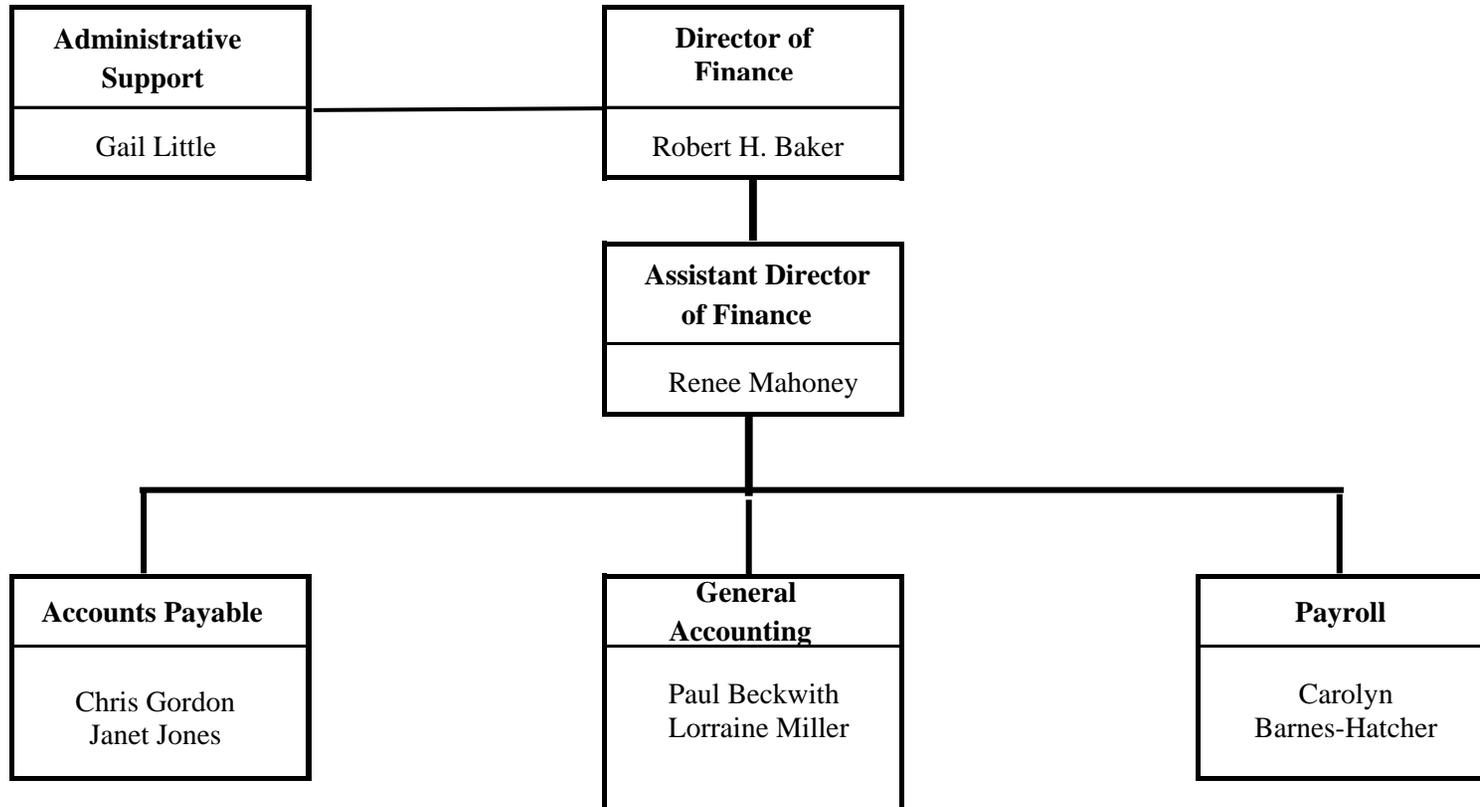
## Administrative Organizational Chart

### December 31, 2010



**City of Shaker Heights, Ohio**  
**Finance Department Organizational Chart**  
**December 31, 2010**

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# City of Shaker Heights, Ohio

## Listing of Principal City Officials

**December 31, 2010**

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

### APPOINTED OFFICIALS

Chief Administrative Officer.....	Jeri E. Chaikin
Director of Finance.....	Robert Baker
Building Commissioner.....	Heinz Akers
Director of Community Life.....	Pamela Quinn
Director of Economic Development.....	Tania Menesse
Chief of Fire/Director of Building.....	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, 2009

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**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of Shaker Heights  
Cuyahoga County  
3400 Lee Road  
Shaker Heights, Ohio 44120

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2010, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 of Shaker Heights, Cuyahoga County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



**Dave Yost**  
Auditor of State

June 22, 2011

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2010**

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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, 2010. 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 2010 are as follows:

- ◆ The assets of the City of Shaker Heights exceeded its liabilities at the close of the most recent fiscal year by \$102,710,056. Of this amount, \$20,655,757 may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ Total assets decreased by \$612,051, which represents a decrease of less than one-half percent from 2009. The biggest changes were a \$1.8 million decrease in cash and cash equivalents resulting from a drawdown of cash balances in several funds, not including the General fund, offset by a \$955,011 increase in capital assets.
- ◆ Total liabilities increased by \$1,566,190 which represents an increase of 3.7 percent from 2009. The main factors contributing to this change include a \$740,538 increase in long-term debt and a \$571,565 increase in unearned revenue.
- ◆ In total, net assets in governmental activities decreased by \$2,178,241 during 2010. This represents a 2.1 percent decrease from 2009.

#### **Using this Annual Financial Report**

This discussion and analysis is 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 basic 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, 2010**

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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 funds balance sheet and the government funds 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 and Capital Projects Fund, both 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, except for the Capital Projects Fund. A budgetary comparison statement (non-GAAP basis) has been provided for each governmental and proprietary fund annually budgeted to demonstrate budgetary compliance.

##### *Proprietary Funds*

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

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2010**

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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, central purchasing, printing and garage operations. 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 City. 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 Basic 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 basic 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 2010 as compared to 2009:

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### For the Year Ended December 31, 2010

Table 1  
Net Assets

	Governmental Activities	
	2010	2009
<b>Assets</b>		
Current and Other Asset	\$ 62,131,421	\$ 63,698,483
Capital Assets, Net	<u>84,686,379</u>	<u>83,731,368</u>
<i>Total Assets</i>	<u>146,817,800</u>	<u>147,429,851</u>
<b>Liabilities</b>		
Current Liabilities and Other Liabilities	10,123,675	9,298,023
Long-term Liabilities:		
Due Within One Year	3,526,765	3,596,055
Due In More Than One Year	<u>30,457,304</u>	<u>29,647,476</u>
<i>Total Liabilities</i>	<u>44,107,744</u>	<u>42,541,554</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	61,134,899	61,712,406
Restricted for:		
Capital Projects	16,187,786	18,947,218
Debt Service	1,838,464	1,237,432
Streets	690,153	724,281
Public Safety	1,492,645	1,714,262
Judicial Services	710,352	647,737
Unrestricted	<u>20,655,757</u>	<u>19,904,961</u>
<i>Total Net Assets</i>	<u>\$ 102,710,056</u>	<u>\$ 104,888,297</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 \$102,710,056 as of December 31, 2010. The largest portion of the City's net assets (59.5%) 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 \$612,051 from 2009 to 2010 and total liabilities increased by \$1,566,190. The most significant changes were found in cash and cash equivalents and capital assets. Cash and cash equivalents decreased \$1.8 million from the previous year. Capital assets increased \$955,011 during the fiscal year, offsetting the decrease in cash and cash equivalents. The increase in liabilities was mainly due to the increase in unearned revenue and long-term liabilities. The unearned revenue increased due to an increase in intergovernmental receivables. The increase in long-term liabilities was caused by OPWC loan proceeds for the Hildana-Ludgate Sanitary Sewer Project and the issuance of long-term notes to improve streets within the City that needed to be resurfaced or reconstructed. 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, 2010

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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 2010 as compared to 2009:

Table 2  
Changes in Net Assets

	<u>2010</u>	<u>2009</u>
<b>Program Revenues</b>		
Charges for Services	\$ 10,267,001	\$ 10,100,630
Operating Grants and Contributions	4,398,389	4,661,710
Capital Grants and Contributions	<u>53,673</u>	<u>492,845</u>
Total Program Revenues	<u>14,719,063</u>	<u>15,255,185</u>
<b>General Revenues</b>		
Property Taxes	6,990,638	7,921,337
Income and Other Local Taxes	19,777,714	19,523,078
Grants, Entitlements and Estate Taxes	6,721,784	8,030,613
Interest Earnings	528,639	289,963
Miscellaneous Income	<u>485,557</u>	<u>441,178</u>
Total General Revenues	<u>34,504,332</u>	<u>36,206,169</u>
Total Revenues	<u>49,223,395</u>	<u>51,461,354</u>
<b>Program Expenses</b>		
General Government	7,169,311	6,729,574
Security of Persons and Property	21,919,064	23,988,819
Public Health Services	590,758	692,906
Leisure Time Activities	3,847,435	4,039,556
Housing and Community Development	6,381,587	7,441,799
Sanitation and Sewer Services	4,737,490	4,024,723
Street Maintenance and Repair	2,923,298	2,388,186
Public Works – Other	2,913,412	2,971,552
Interest and Fiscal Charges	<u>919,281</u>	<u>928,950</u>
Total Program Expenses	<u>51,401,636</u>	<u>53,206,065</u>
Change in Net Assets	(2,178,241)	(1,744,711)
Net Assets at Beginning of Year	<u>104,888,297</u>	<u>106,633,008</u>
Net Assets at End of Year	\$ <u>102,710,056</u>	\$ <u>104,888,297</u>

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2010**

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#### *Governmental Activities*

Comparing 2010 to 2009, the City's net assets for Governmental Activities decreased \$2,178,241. The 2010 revenues were reduced by lowered assessed values as a result of a revaluation of property values in Cuyahoga County and a drop of \$1.29 million in estate tax collections. While expenses were reduced in 2010 from 2009, the City still experienced a government-wide deficit that was funded by using beginning fund balances. On the other hand, the City's General Fund revenues exceeded General Fund expenses in 2010.

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, entitlements and estate taxes. The City's income tax rate was 1.75% for 2010. 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 significant cash reserves, the City has been able to fund the recent decrease in net assets without making a tax credit change; however, a rate increase or credit change are future options, if needed.

Income and other tax revenue for 2010 was \$19,777,714, accounting for 40.2% of the City's total 2010 revenue of \$49,223,395. Charges for Services of \$10,267,001 account for 20.9% of total revenues. Property taxes of \$6,990,638 account for 14.2% of total revenues. Unrestricted Grants, Entitlements, and Estate Taxes of \$6,721,784 account for 13.6% of total revenue, of which \$2,718,165 relates to estate taxes. Capital grants of \$53,673 account for 0.1% of total revenues. All other revenue of \$5,412,585 accounts for the remaining 11.0% of the City's 2010 revenue. The City monitors its sources of revenue very closely for fluctuations throughout the year, especially income tax.

During 2010, City expenses continued to be dominated by its three largest departments, Police, Fire and Public Works. These three departments account for approximately 63.2% of the City's total 2010 program expenses of \$51,401,636. Expenses for Security of Persons and Property (primarily the City's Police and Fire Departments) accounted for 42.6% of the City's 2010 expense total. Expenses for Sanitation and Sewer Services (9.2%), Street Maintenance (5.7%) and other Public Works activities (5.7%) accounted for 20.6% of the City's 2010 expense total. The next largest expense category was General Government, which accounted for 14.0% of the City's expense total. 12.4% 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 7.5% of total expenses. Public Health and Interest and Fiscal Charges account for the remaining 2.9% of the City's total expenses for 2010.

No City employee had a wage increase in 2010 following the renegotiation of union contracts in 2009. Costs were further controlled by not filling a number of vacant positions. While the cost of health insurance increased by slightly more than 3% in 2010, this increase was below prior increases and the unions agreed to use the City's less costly health care coverage for non-bargaining employees. While the City has lowered the rate of health care cost increases in 2010, the trend of health care cost increases is expected to continue into the future. 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, 2010**

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#### **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, 2010, the City's governmental funds reported a combined ending fund balance of \$38,300,759 of which \$32,279,543 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, 2010, \$6,021,216 of the total governmental fund balance was reserved for purchase commitments or capital project appropriations.

For the period ending December 31, 2010, all governmental funds had total revenues and other financing sources of \$56,421,827 and expenditures and transfers-out totaling \$58,407,023 resulting in a decrease in fund balance of \$1,985,196. This decrease in fund balance is primarily due to reduced property taxes and lower estate tax intergovernmental revenues in 2010 compared to the amounts the City received in 2009.

The General Fund is the primary operating fund of the City. As of December 31, 2010, the total fund balance of the General Fund on a GAAP basis was \$11,960,652, of which \$635,380 (5.3%) was reserved for encumbrances and \$11,325,272 (94.7%) 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, 2010, the City's unreserved fund balance was equal to 29.4% of its total operating 2010 expenditures of \$34,989,654 plus its transfers to other funds of \$3,494,480.

During 2010, the fund balance of the General Fund on a GAAP basis increased by \$455,445. Included in this amount are interfund transfers-out of \$3,494,480. Excluding these transfers, the General Fund revenues would exceed General Fund expenditures in 2010 and other uses by \$3,949,925. The excess of revenues over expenditures is due to a decrease in transfers-out from the 2009 amount.

During 2010, the fund balance of the Capital Projects Fund decreased by \$2,759,432. The decrease can be attributed to the City's decision to use the beginning fund balance to fund some of the costs of 2010 projects as the revenues decreased 82 percent while the expenses only decreased 18 percent. As a result, the cash balance of the Capital Projects Fund decreased approximately \$2.8 million during the year.

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2010**

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#### *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 the fund level by department and within each department, broken out between personal services and other expenses. Appropriations by department may be transferred between departments and between personal services and other expenses within a department with the approval of Council. Council must also approve any revisions 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 2010, the City used this process to amend its General Fund budget on seven 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 net result of the seven budget amendments was to increase General Fund appropriations by \$57,949. At the end of 2010 the actual expenditures were \$1,670,913 less than those authorized by the final budget. The decrease in actual expenditures was due to a decrease in personnel and overtime. While the final budget had assumed a decrease in General Fund budgetary fund balance of \$987,602, the actual General Fund budgetary fund balance increased by \$409,523 in 2010.

The original and final budgeted revenues for the General Fund were \$39,910,133. The City's ending unencumbered fund balance, computed on a budgetary basis of accounting, was \$8,406,132 which was \$2,359,846 more than the final budgeted fund balance of \$6,046,286. 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 that requires maintaining a fund balance exceeding 15% of expenditures. The City's ending General Fund balance on the non-GAAP budgetary basis was 21.8% of 2010 General Fund expenditures and transfers-out.

#### **Capital Assets and Debt Administration**

##### *Capital Assets*

At the end of 2010, the City of Shaker Heights had \$84,686,379 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, 2010

Table 3 shows the December 31, 2010 balances of Capital Assets as compared to December 31, 2009:

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

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 18,188,972	\$ 17,995,770
Buildings and Improvements	9,889,042	9,944,792
Land Improvements	6,115,599	6,260,531
Machinery and Equipment	6,511,470	6,050,348
Infrastructure		
Street	19,681,629	16,429,985
Sanitary and Storm Sewer System	11,139,797	7,146,798
Traffic Signals System	11,261,534	11,651,988
Bridges	83,492	89,428
Culverts	51,457	52,204
Construction in Progress	<u>1,763,387</u>	<u>8,109,524</u>
Total Capital Assets	<u>\$ 84,686,379</u>	<u>\$ 83,731,368</u>

Total capital assets of the City as of December 31, 2010 were \$955,011 greater than 2009. The most significant increases in the City's capital assets came in Infrastructure due to the construction in progress from 2009 being completed. 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. The projects are bid early in the calendar year to get the best possible pricing from contractors. This program is usually paid for out of the Street Maintenance special revenue fund and the Capital Projects fund of the City, but in 2010, the City issued \$2,050,000 of notes to fund street repairs and improvements.

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, 2010

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#### *Debt*

At December 31, 2010, the City of Shaker Heights had \$33,984,069 in debt, compensated absences, and claims outstanding, of which \$3,526,765 is due within one year. Table 4 summarizes the City's debt outstanding as of December 31, 2010 and 2009:

Table 4  
Outstanding Debt at Year End

	<u>2010</u>	<u>2009</u>
General Obligation Bonds	\$ 18,518,474	\$ 19,071,497
Bond Anticipation Notes	2,625,000	865,000
Housing Nuisance Notes	500,000	750,000
OPWC Loans	5,619,327	5,675,050
Compensated Absences	6,141,654	6,207,330
Claims Payable	<u>579,614</u>	<u>674,654</u>
Total	\$ <u>33,984,069</u>	\$ <u>33,243,531</u>

In 2008, the City became self insured for workers' compensation liability. The claims payable at December 31, 2010 represent expected future payments for workers' compensation claims incurred from the inception date through December 31, 2010.

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, 2010, the City's overall legal debt margin was \$85,147,758 and its unvoted debt margin was \$44,083,532.

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 Fund. The City also issued \$6.845 million temporary urban renewal notes for this project. On April 22, 2009 \$4,600,000 of the temporary urban renewal notes were replaced by long-term debt maturing December 1, 2031 and the balance of the temporary urban renewal notes 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 Fund. In 2010, Fitch Rating Services recalibrated its ratings of the Series 2003 bonds and the Series 2009 bonds from AA+ to AAA.

The City began 2010 with \$865,000 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). In addition, the notes financed the portion of the citywide traffic signalization system replacement project not funded by grants, the portion of the Lee Road reconstruction project not funded by grants, and

## **City of Shaker Heights, Ohio**

### Management's Discussion and Analysis (Unaudited)

#### **For the Year Ended December 31, 2010**

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street maintenance. At maturity, the City retired \$290,000 of these notes and issued a new note in the aggregate amount of \$2,625,000 to refinance the balance of the 2009 note and to finance \$2,050,000 of street resurfacing projects.

With the exception of the library improvements and the 2010 street resurfacing, the City plans to retire the portion of the notes related to the other projects over the next four years with City funds. The library improvements will be retired in 2011 from the proceeds the City receives for its lease with the Shaker Heights Public Library. The street resurfacing will be retired with the City's funds over the next ten years.

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 OPWC awarded the City a \$1.7 million, twenty-year, interest-free loan for the South Woodland Sanitary Sewer Project. The repayment of this loan began during 2009 and is being repaid from the sewer system user fees assessed to all system users in the City. In 2009, the OPWC awarded the City a \$573,000, twenty-year, interest free loan for the Hildana-Ludgate Sanitary Sewer Project. A portion of the proceeds were received in 2009 with the remaining balance delivered in 2010. The City will begin repaying this loan in 2011 using revenue from the sewer system user fees assessed to all system users in the City. As of December 31, 2010, the unpaid balance of these loans was \$5,619,327.

More detailed information about the City's long-term liabilities is presented in Note 8.

#### **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 the recalibrated AAA rating awarded by Fitch Rating Services. 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 has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting every year since 1996, with the exception of the 2005 audit period due to the transition of Finance Directors.

#### **Contacting the City of Shaker Heights' Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance Robert 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, 2010**

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	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 37,645,941
Accounts receivable	1,392,070
Accrued interest receivable	81,954
Intergovernmental receivable	3,529,686
Inventory of supplies	341,164
Prepaid items	51,332
Special assessments receivable	3,695,609
Lease receivable	346,906
Taxes receivable	14,943,807
Unamortized bond issuance costs	102,952
Nondepreciable capital assets	19,952,359
Depreciable capital assets, net	<u>64,734,020</u>
Total assets	<u>146,817,800</u>
Liabilities:	
Accounts payable	1,546,161
Accrued wages and benefits	1,276,170
Unearned revenue	7,078,819
Matured compensated absences	128,807
Notes and bonds interest payable	93,718
Long-term liabilities:	
Due within one year	3,526,765
Due in more than one year	<u>30,457,304</u>
Total liabilities	<u>44,107,744</u>
Net assets:	
Invested in capital assets, net of related debt	61,134,899
Restricted for:	
Capital projects	16,187,786
Debt service	1,838,464
Streets	690,153
Public safety	1,492,645
Judicial services	710,352
Unreserved	<u>20,655,757</u>
Total net assets	<u>\$ 102,710,056</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, 2010

	Program Revenues				Total Governmental Funds
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Security of persons and property:					
Police	\$ 13,572,239	\$ 130,160	\$ 3,670,356	\$ -	\$ (9,771,723)
Fire	7,593,638	589,328	-	6,169	(6,998,141)
Other	753,187	509,278	-	-	(243,909)
Public health services	590,758	88,852	103,824	-	(398,082)
Leisure time activities:					
Culture and recreation	2,877,434	1,758,399	-	-	(1,119,035)
Parks and public land maintenance	970,001	85	-	-	(969,916)
Housing and community development	6,381,587	2,412,588	331,218	47,504	(3,590,277)
Sanitation and sewer services	4,737,490	1,187,478	277,697	-	(3,272,315)
Street maintenance and repair	2,923,298	2,322	-	-	(2,920,976)
Public works – other	2,913,412	671,940	-	-	(2,241,472)
General government:					
Legislative and executive	4,748,853	77,035	15,294	-	(4,656,524)
Judicial system	2,420,458	2,839,536	-	-	419,078
Interest and fiscal charges	<u>919,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(919,281)</u>
Total governmental activities	\$ <u>51,401,636</u>	\$ <u>10,267,001</u>	\$ <u>4,398,389</u>	\$ <u>53,673</u>	<u>(36,682,573)</u>
General revenues:					
Property taxes used for:					
General purposes					
					6,567,202
Police and fire pension					
					423,436
Municipal income taxes levied for:					
General purposes					
					19,724,993
Other local taxes levied for:					
General purposes					
					52,721
Grants, entitlements and estate tax not restricted to specific programs					
					6,721,784
Interest earnings					
					528,639
Miscellaneous income					
					<u>485,557</u>
Total general revenues					
					<u>34,504,332</u>
Change in net assets					
					(2,178,241)
Net assets at beginning of year					
					<u>104,888,297</u>
Net assets at end of year					
					\$ <u>102,710,056</u>

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

# City of Shaker Heights, Ohio

## Balance Sheet – Governmental Funds

**December 31, 2010**

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 8,413,342	\$ 16,409,333	\$ 11,099,088	\$ 35,921,763
Taxes receivable	14,509,739	-	434,068	14,943,807
Accounts receivable	544,432	-	844,985	1,389,417
Special assessments receivable	-	-	3,695,609	3,695,609
Lease receivable	161,900	150,006	35,000	346,906
Interfund receivable	276,281	46,310	189,480	512,071
Accrued interest receivable	81,954	-	-	81,954
Intergovernmental receivable	1,946,523	-	1,583,163	3,529,686
Inventory of supplies	172,217	-	-	172,217
Total assets	<u>\$ 26,106,388</u>	<u>\$ 16,605,649</u>	<u>\$ 17,881,393</u>	<u>\$ 60,593,430</u>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 446,039	\$ 260,378	\$ 661,449	\$ 1,367,866
Accrued wages and benefits	794,158	-	461,584	1,255,742
Interfund payable	119,729	7,479	443,629	570,837
Matured compensated absences	128,807	-	-	128,807
Deferred revenue	12,657,003	150,006	6,162,410	18,969,419
Total liabilities	<u>14,145,736</u>	<u>417,863</u>	<u>7,729,072</u>	<u>22,292,671</u>
<b>Fund balances:</b>				
Reserved for encumbrances	635,380	1,389,498	877,070	2,901,948
Reserved for appropriations	-	3,119,268	-	3,119,268
<b>Unreserved:</b>				
Undesignated, reported in:				
General fund	11,325,272	-	-	11,325,272
Special revenue funds	-	-	7,617,822	7,617,822
Debt service funds	-	-	1,657,429	1,657,429
Capital projects fund	-	11,679,020	-	11,679,020
Total fund balances	<u>11,960,652</u>	<u>16,187,786</u>	<u>10,152,321</u>	<u>38,300,759</u>
Total liabilities and fund balances	<u>\$ 26,106,388</u>	<u>\$ 16,605,649</u>	<u>\$ 17,881,393</u>	<u>\$ 60,593,430</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, 2010**

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Total Governmental Funds balances \$ 38,300,759

*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	\$ 19,952,359	
Depreciable capital assets	<u>64,734,020</u>	
Total		84,686,379

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

Delinquent property taxes	681,705	
Municipal income taxes	4,323,059	
Special Assessments	3,695,609	
Intergovernmental	1,790,397	
Interest earnings	50,105	
Charges for services	<u>1,349,725</u>	
Total		11,890,600

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

1,093,263

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

102,952

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

Bonds payable	(18,350,000)	
Premium on bonds	(168,474)	
OPWC loans	(5,619,327)	
Notes payable	(3,125,000)	
Interest payable	(93,718)	
Compensated absences	<u>(6,007,378)</u>	
Total		<u>(33,363,897)</u>

*Net Assets of Governmental Activities* \$ 102,710,056

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, 2010

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 6,569,004	\$ -	\$ 423,554	\$ 6,992,558
Municipal income taxes	19,562,027	-	-	19,562,027
Other local taxes	46,219	-	-	46,219
Intergovernmental and estate tax	5,522,697	6,169	5,629,285	11,158,151
Charges for services	5,361,190	-	1,681,793	7,042,983
Interest earnings	466,180	-	48,054	514,234
Fees, licenses and permits	674,820	-	-	674,820
Fines and forfeitures	448,567	-	291,886	740,453
Special assessments	4,523	-	1,800,575	1,805,098
Other revenue	<u>245,414</u>	<u>88,851</u>	<u>360,347</u>	<u>694,612</u>
Total revenues	<u>38,900,641</u>	<u>95,020</u>	<u>10,235,494</u>	<u>49,231,155</u>
<b>Expenditures:</b>				
Current operations and maintenance:				
Security of persons and property:				
Police	8,884,034	358,912	4,473,347	13,716,293
Fire	6,185,053	243,193	1,133,334	7,561,580
Other	71,002	-	747,335	818,337
Public health services	474,533	-	110,179	584,712
Leisure time activities:				
Culture and recreation	2,557,637	673,732	-	3,231,369
Park and public land maintenance	858,110	66,134	-	924,244
Housing and community development	3,994,208	990,032	1,764,050	6,748,290
Sanitation and sewer services	2,779,052	622,335	1,295,779	4,697,166
Street maintenance and repair	861,461	1,582,697	1,154,029	3,598,187
Public works – other	1,936,187	3,534	488,776	2,428,497
General government:				
Legislative and executive	4,197,909	289,675	100,214	4,587,798
Judicial system	2,190,468	-	173,905	2,364,373
Debt service:				
Principal retirement	-	-	1,993,420	1,993,420
Interest and fiscal charges	-	-	903,720	903,720
Total expenditures	<u>34,989,654</u>	<u>4,830,244</u>	<u>14,338,088</u>	<u>54,157,986</u>
Excess of revenues over (under) expenditures	<u>3,910,987</u>	<u>(4,735,224)</u>	<u>(4,102,594)</u>	<u>(4,926,831)</u>
Other financing sources (uses):				
Issuance of debt	-	2,327,697	575,000	2,902,697
Sale of capital assets	38,938	-	-	38,938
Transfers – in	-	-	4,249,037	4,249,037
Transfers – out	<u>(3,494,480)</u>	<u>(351,905)</u>	<u>(402,652)</u>	<u>(4,249,037)</u>
Total other financing sources (uses)	<u>(3,455,542)</u>	<u>1,975,792</u>	<u>4,421,385</u>	<u>2,941,635</u>
Net change in fund balances	455,445	(2,759,432)	318,791	(1,985,196)
Fund balances at beginning of year	<u>11,505,207</u>	<u>18,947,218</u>	<u>9,833,530</u>	<u>40,285,955</u>
Fund balances at end of year	<u>\$ 11,960,652</u>	<u>\$ 16,187,786</u>	<u>\$ 10,152,321</u>	<u>\$ 38,300,759</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, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (1,985,196)

*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	\$ 3,922,983	
Depreciation	<u>(2,869,757)</u>	1,053,226

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. (98,215)

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	4,582	
Municipal income taxes	162,966	
Special assessments	134,473	
Intergovernmental	15,696	
Interest earnings	14,405	
Charges for services	<u>(339,882)</u>	(7,760)

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. (2,902,697)

Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 1,993,420

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds:

Interest and fiscal charges	(18,682)	
Compensated absences	75,721	
Amortization of premium	8,023	
Amortization of issuance costs	<u>(4,902)</u>	60,160

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 Funds is reported with Governmental Activities. (291,179)

*Change in Net Assets of Governmental Activities* \$ (2,178,241)

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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 7,717,774	\$ 7,717,774	\$ 7,602,486	\$ (115,288)
Municipal Income Taxes	19,888,809	19,888,809	19,807,678	(81,131)
Other Local Taxes	60,000	60,000	52,811	(7,189)
State Levied Shared Taxes	4,392,520	4,392,520	3,849,618	(542,902)
Intergovernmental	570,556	570,556	399,759	(170,797)
Charges for Services	4,919,532	4,919,532	5,037,108	117,576
Fees, Licenses and Permits	685,881	685,881	698,635	12,754
Investment Earnings	175,000	175,000	290,011	115,011
Fines and Forfeitures	701,500	701,500	630,082	(71,418)
Other Revenues	<u>477,761</u>	<u>477,761</u>	<u>528,463</u>	<u>50,702</u>
Total Revenues	<u>39,589,333</u>	<u>39,589,333</u>	<u>38,896,651</u>	<u>(692,682)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Security of Persons and Property	15,786,225	15,790,175	15,134,619	655,556
Public Health Services	564,915	578,122	476,951	101,171
Culture and Recreation	2,737,081	2,737,081	2,608,191	128,890
Parks and Public Lands Maintenance	891,909	891,909	856,054	35,855
Housing and Community Development	4,172,228	4,150,204	3,943,840	206,364
Sanitation and Sewer Services	2,878,451	2,817,751	2,738,525	79,226
Street Maintenance and Repair	756,714	791,314	790,109	1,205
Public Works – Other	2,195,796	2,225,396	2,072,974	152,422
Legislative and Executive	3,853,714	3,913,030	3,700,270	212,760
Judicial System	<u>2,287,581</u>	<u>2,287,581</u>	<u>2,190,117</u>	<u>97,464</u>
Total Expenditures	<u>36,124,614</u>	<u>36,182,563</u>	<u>34,511,650</u>	<u>1,670,913</u>
Excess of Revenues Over (Under) Expenditures	<u>3,464,719</u>	<u>3,406,770</u>	<u>4,385,001</u>	<u>978,231</u>
<b>Other Financing Sources (Uses):</b>				
Transfers – in	800	800	796	(4)
Transfers – out	(4,715,172)	(4,715,172)	(3,995,980)	719,192
Advances – in	<u>320,000</u>	<u>320,000</u>	<u>19,706</u>	<u>(300,294)</u>
Total Other Financing Sources (Uses)	<u>(4,394,372)</u>	<u>(4,394,372)</u>	<u>(3,975,478)</u>	<u>418,894</u>
Net Change in Fund Balance	(929,653)	(987,602)	409,523	1,397,125
Beginning Cash Fund Balance	7,809,638	7,809,638	7,809,638	-
Prior Year's Reserve for Encumbrances Outstanding At December 31	(57,220)	(57,220)	(57,220)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(718,530)</u>	<u>(718,530)</u>	<u>(718,530)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>6,104,235</u>	\$ <u>6,046,286</u>	7,443,411	\$ <u>1,397,125</u>
Reserved for Encumbrances – all budget years			<u>962,721</u>	
Total cash fund balance – December 31			\$ <u>8,406,132</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 Funds

**December 31, 2010**

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	Governmental Activities Internal Service Funds
Assets:	
Equity in city treasury cash	\$ 1,724,178
Accounts receivable	2,653
Interfund receivable	101,195
Inventory of supplies	168,947
Prepaid items	<u>51,332</u>
Total assets	<u>2,048,305</u>
Liabilities:	
Current liabilities:	
Accounts payable	178,295
Accrued wages and benefits	20,428
Interfund payable	42,429
Claims payable	113,604
Accrued compensated absences	<u>43,769</u>
Total current liabilities	<u>398,525</u>
Long-term liabilities (net of current portion)	
Claims payable	466,010
Accrued compensated absences	<u>90,507</u>
Total long-term liabilities	<u>556,517</u>
Total liabilities	<u>955,042</u>
Net assets:	
Unrestricted	\$ <u>1,093,263</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 Funds

### For The Year Ended December 31, 2010

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	Governmental Activities Internal Service Funds
Operating revenues:	
Charges for services	\$ <u>2,267,168</u>
Total operating revenues	<u>2,267,168</u>
Operating expenses:	
Personal services	822,181
Travel and education	1,374
Contractual services	1,032,089
Materials and supplies	<u>702,703</u>
Total operating expenses	<u>2,558,347</u>
Change in net assets	(291,179)
Net assets at beginning of year	<u>1,384,442</u>
Net assets at end of year	\$ <u><u>1,093,263</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 Funds

### For The Year Ended December 31, 2010

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	<u>Governmental Activities Internal Service Funds</u>
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from interfund services	\$ 2,267,168
Cash payments to suppliers	(691,434)
Cash payment for goods and services	(1,101,702)
Cash payments to employees	<u>(806,070)</u>
Net cash used for operating activities	<u>(332,038)</u>
Decrease in cash and cash equivalents	(332,038)
Cash and cash equivalents at beginning of year	<u>2,056,216</u>
Cash and cash equivalents at end of year	\$ <u><u>1,724,178</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (291,179)
Adjustments:	
Increase in assets:	
Materials and supplies inventory	(16,441)
Increase/ (decrease) in liabilities:	
Accounts payable	54,511
Accrued wages and benefits	6,066
Accrued compensated absences	10,045
Self insurance claims payable	<u>(95,040)</u>
Total adjustments	<u>(40,859)</u>
Net cash used for operating activities	\$ <u><u>(332,038)</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, 2010**

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	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 1,038,948
Cash and cash equivalents in segregated accounts	478,544
Mortgage loan receivable	<u>197,298</u>
Total assets	<u>\$ 1,714,790</u>
Liabilities:	
Accounts payable	\$ 33,710
Intergovernmental payable	407,389
Deposits held and due to others	1,273,502
Accrued wages and benefits	<u>189</u>
Total liabilities	<u>\$ 1,714,790</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, 2010**

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#### **Note 1 – Description of the City and Reporting Entity**

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

#### **Reporting Entity**

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

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (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.

The City participates in a jointly governed organization. This organization is the Northeast Ohio Public Energy Council. This organization is presented in Note 19.

#### **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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

##### ***A. Basis of Presentation (continued)***

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. 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.

*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.

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

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

##### ***B. Fund Accounting (continued)***

*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 maintains two non-major governmental funds, the Police Pension fund and the Fire Pension fund that are not considered fiduciary funds because the funds are used to make the City's payments to the Ohio Police and Fire Pension Fund but are not used to make payments directly to former employees. The City's agency funds are custodial in nature (assets equal liabilities) and thus do not involve the measurement of the results of operations. The City's agency funds are for the public art fund, the obstruction permit deposits, the excavating permit deposits, the unclaimed monies, the Fund for the Future of Shaker Heights, the contractor deposits, the recreation for youth scholarship, the board of building standards, the municipal court and the Heights Area Special Rescue Team (HASRT).

##### ***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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

##### ***C. Measurement Focus (continued)***

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.

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

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

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, 2010, but which were levied to finance year 2011 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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

##### ***D. Basis of Accounting (continued)***

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.

##### ***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 2010, 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 2010 amounted to \$466,180, of which, \$359,147 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, 2010, 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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

##### ***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.

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, 2010, 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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

##### ***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, 2010 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.

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***

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

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

##### ***N. Interfund Activity (continued)***

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 2010.

##### ***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.

##### ***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 miscellaneous supplies and materials, printing charges, repairs and maintenance fees and the City's worker's compensation. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the funds.

##### ***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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

##### ***R. Budgetary Process (continued)***

###### *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 2010, the annual appropriation measure was passed by City Council on December 21, 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 2010 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, 2010.

###### *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 expenses. For fiduciary funds, the legal level of budgetary control is maintained at the fund level. For capital project funds, the City maintains its legal level of budgetary control at the project level. Management control is exercised at the department level within each fund. Administrative control is maintained through the establishment of more detailed line item budgets. Council may authorize the transfer of budgeted amounts between personal service and other expenses within a department and between departments within a fund. Council may also authorize any revision in the budget that alters the fund totals or requires the transfer of moneys between funds.

##### ***S. Subsequent Events***

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 22, 2011, the date the financial statements were available to be issued.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

##### ***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 2009 financial statements in order to conform to the 2010 presentation.

#### **Note 3 – Change in Accounting Principles**

For 2010, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

GASB Statement No. 51 establishes guidance on accounting and financial reporting requirements for intangible assets. The City does not own any intangible assets that qualify for recognition under the policy. The implementation of this Statement did not result in any change to the City's basic financial statements or notes thereto.

GASB Statement No. 53 establishes standards for accounting and financial reporting for derivative instruments entered into by the City and addresses the recognition, measurement, and disclosure of information regarding the derivative instruments. The City does not own any derivative instruments. The implementation of this Statement did not result in any change to the City's basic financial statements or notes thereto.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The City did not file for Chapter 9 bankruptcy. The implementation of this Statement did not result in any change to the City's basic financial statements or notes thereto.

#### **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).

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For The Year Ended December 31, 2010

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#### Note 4 – Budgetary Basis of Accounting (continued)

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments reported at fair value (GAAP) rather than cost (budget).

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

#### Net Change in Fund Balance

GAAP Basis	\$	455,445
Net Adjustment for Revenue Accruals		128,493
Fair Value Adjustment for Investments 2009		40,127
Fair Value Adjustment for Investments 2010		(191,046)
Net Adjustment for Expenditure Accruals		939,225
Encumbrances		<u>(962,721)</u>
Budget Basis	\$	<u>409,523</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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For The Year Ended December 31, 2010

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#### **Note 5 – Deposits and Investments (continued)**

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

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

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

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

#### ***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 \$3,183,963 (including \$11,902 of petty cash) and the bank balance was \$3,467,542. Of the bank balance, the entire balance of \$3,467,542 was covered by Federal depository insurance.

#### ***Investments***

Investments are reported at fair value. As of December 31, 2010, the City had the following investments:

	Fair Value	Maturities (in years)	
		Less than 1	1-3
US Treasury Notes	\$ 3,980,240	\$ 1,002,270	\$ 2,977,970
Temporary TLGP Securities	16,838,385	5,586,145	11,252,240
Repurchase Agreements	15,160,845	15,160,845	-
Total Portfolio	<u>\$ 35,979,470</u>	<u>\$ 21,749,260</u>	<u>\$ 14,230,210</u>

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For The Year Ended December 31, 2010

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#### **Note 5 – Deposits and Investments (continued)**

*Interest Rate Risk* arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk requiring that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The City'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	11.06 %
Temporary TLGP Securities	46.80 %
Repurchase Agreements	42.14 %

#### **Note 6 – Receivables**

Receivables at December 31, 2010, 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 property and public utility tangible personal property located in the City. Property tax revenue received during 2010 for real and public utility property taxes represents collections for 2009 taxes. Property tax payments received during 2010 for tangible personal property, except for public utility property, are for prior year unpaid tangible personal property taxes.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For The Year Ended December 31, 2010

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#### Note 6 – Receivables (continued)

##### A. Property Taxes (continued)

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 triennial update was completed for tax year 2009 affecting collections beginning in 2010.

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 taxes received in calendar 2010 (other than public utility property tax) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies or amounts for prior year unpaid tangible personal property taxes. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. 2010 is the last year for the collection of tangible personal property taxes from telephone companies. Single county taxpayers may pay annually or semiannually. If paid annually, the payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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 2010 and 2009 tax years are as follows:

	<u>Tax Year/Collection Year</u>	
	<u>2010/2011</u>	<u>2009/2010</u>
Real Estate (other than public utility)	\$ 811,398,100	\$ 815,784,770
Public Utilities Real and Tangible Personal Property	<u>9,886,420</u>	<u>9,657,800</u>
Total Valuation	\$ <u>821,284,520</u>	\$ <u>825,442,570</u>

The tax rate levied to finance the City's services for the years ended December 31, 2010 and December 31, 2009 was \$9.90 per \$1,000 of real estate and tangible personal property valuation.

The receivable and related deferred revenue does not include property tax entitlements in the amount of \$1,150,952 that the City expects to receive in 2011 from the State of Ohio to finance 2011 operations. These entitlements are based upon 2010 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, 2010

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#### 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 2010 and 2009. 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 \$7,788,881 has been recorded in the General Fund. This total includes \$3,465,822 for the portion of taxes that is due prior to December 31, 2010, but is not received until January and February of the following year, and \$4,323,059 which has been billed, but is not available in the current period.

##### *C. Intergovernmental Receivable*

A summary of intergovernmental receivables at December 31, 2010, include the following:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government Contracts	\$ 239,860
Auto Registration Fees	10,672
Homestead & Rollback	520,971
Gas Tax	379,556
Estate Tax	479,174
TIF Receivable	605,598
Local Government – State	149,492
Local Government – County	571,622
Federal Grants	491,915
CAT Tax	17,391
Permissive Tax	13,131
Other	50,304
Total	\$ <u>3,529,686</u>

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For The Year Ended December 31, 2010

#### Note 7 – Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balances 12/31/09	Additions	Deletions	Balances 12/31/10
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 17,995,770	\$ 193,202	\$ -	\$ 18,188,972
Construction in Progress	<u>8,109,524</u>	<u>1,763,387</u>	<u>(8,109,524)</u>	<u>1,763,387</u>
Total Capital Assets not being depreciated	<u>26,105,294</u>	<u>1,956,589</u>	<u>(8,109,524)</u>	<u>19,952,359</u>
Capital Assets being depreciated:				
Buildings and Improvements	16,211,824	272,900	-	16,484,724
Land Improvements	8,293,319	150,528	-	8,443,847
Machinery and Equipment	15,520,398	1,501,048	(646,471)	16,374,975
Infrastructure:				
Streets	20,854,413	4,034,561	-	24,888,974
Storm and Sanitary Sewers	7,738,911	4,116,881	(1,212)	11,854,580
Bridges	148,389	-	-	148,389
Culverts	56,000	-	-	56,000
Traffic Signals	<u>13,109,731</u>	<u>-</u>	<u>-</u>	<u>13,109,731</u>
Total Capital Assets being depreciated	<u>81,932,985</u>	<u>10,075,918</u>	<u>(647,683)</u>	<u>91,361,220</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,267,032)	(328,650)	-	(6,595,682)
Land Improvements	(2,032,788)	(295,460)	-	(2,328,248)
Machinery and Equipment	(9,470,050)	(942,841)	549,386	(9,863,505)
Infrastructure:				
Streets	(4,424,428)	(782,917)	-	(5,207,345)
Storm and Sanitary Sewers	(592,113)	(122,752)	82	(714,783)
Bridges	(58,961)	(5,936)	-	(64,897)
Culverts	(3,796)	(747)	-	(4,543)
Traffic Signals	<u>(1,457,743)</u>	<u>(390,454)</u>	<u>-</u>	<u>(1,848,197)</u>
Total Accumulated Depreciation	<u>(24,306,911)</u>	<u>(2,869,757)</u>	<u>549,468</u>	<u>(26,627,200)</u>
Net Capital Assets being depreciated	<u>57,626,074</u>	<u>7,206,161</u>	<u>(98,215)</u>	<u>64,734,020</u>
Governmental Activities Capital Assets, Net	\$ <u>83,731,368</u>	\$ <u>9,162,750</u>	\$ <u>(8,207,739)</u>	\$ <u>84,686,379</u>

Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	\$ 523,248
Public Health Services	1,413
Leisure Time Activities	422,016
Housing and Community Development	43,718
Sanitation and Sewer Services	301,668
Street Maintenance and Repair	848,861
Public Works – Other	434,891
General Government – Legislative and Executive	275,044
General Government – Judicial System	<u>18,898</u>
Total	\$ <u>2,869,757</u>

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For The Year Ended December 31, 2010

#### Note 8 – Long Term Obligations

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

	Balance <u>12/31/2009</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>12/31/2010</u>	Amounts Due <u>in One Year</u>
<b>Bonds Payable</b>					
Firehouse No. 1 Construction Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	\$ 4,325,000	\$ -	\$ (125,000)	\$ 4,200,000	\$ 125,000
Sussex Area Revitalization District Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	2,525,000	-	(70,000)	2,455,000	75,000
Shaker Town Centre Revitalization Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	7,445,000	-	(210,000)	7,235,000	220,000
Urban Renewal Bonds, Series 2009 4.30%, due 12/1/2031	4,600,000	-	(140,000)	4,460,000	145,000
Premium on Urban Renewal Bonds, Series 2009	<u>176,497</u>	<u>-</u>	<u>(8,023)</u>	<u>168,474</u>	<u>-</u>
<b>Total Bonds Payable</b>	<u>19,071,497</u>	<u>-</u>	<u>(553,023)</u>	<u>18,518,474</u>	<u>565,000</u>
<b>Loans Payable</b>					
OPWC - CA611 - Shelburne Road Sanitary Sewer Replacement, 0%, maturing 7/1/2015	242,249	-	(40,375)	201,874	40,375
OPWC - CA08F - Water System Improvements, 0%, maturing 7/1/2025	2,376,887	-	(139,817)	2,237,070	139,817
OPWC - CA17E - City Water Line Improvements, 0%, maturing 7/1/2025	1,039,201	-	(64,950)	974,251	64,950
OPWC - CA17K - South Woodland Area Infrastructure Improvements, 0%, maturing 1/1/2029	1,721,410	-	(88,278)	1,633,132	88,278
OPWC - CA18M - Hildana-Ludgate Sanitary Sewer Improvements, 0%, maturing 7/1/2030	<u>295,303</u>	<u>277,697</u>	<u>-</u>	<u>573,000</u>	<u>28,650</u>
<b>Total Loans Payable</b>	<u>5,675,050</u>	<u>277,697</u>	<u>(333,420)</u>	<u>5,619,327</u>	<u>362,070</u>
<b>Long-term Notes Payable</b>					
Various Purpose Improvement Notes	865,000	2,625,000	(865,000)	2,625,000	375,000
Taxable Special Obligation Housing Notes	<u>750,000</u>	<u>-</u>	<u>(250,000)</u>	<u>500,000</u>	<u>-</u>
<b>Total Long-term Notes Payable</b>	<u>1,615,000</u>	<u>2,625,000</u>	<u>(1,115,000)</u>	<u>3,125,000</u>	<u>375,000</u>
Compensated Absences	6,207,330	2,455,308	(2,520,984)	6,141,654	2,111,091
Claims Payable	<u>674,654</u>	<u>16,629</u>	<u>(111,669)</u>	<u>579,614</u>	<u>113,604</u>
<b>Total Long-term Obligations</b>	\$ <u>33,243,531</u>	\$ <u>5,374,634</u>	\$ <u>(4,634,096)</u>	\$ <u>33,984,069</u>	\$ <u>3,526,765</u>

As of December 31, 2010, 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, 2010

#### Note 8 – Long Term Obligations (continued)

During the year, the City obtained the final proceeds for the Ohio Public Works Commission (“OPWC”) loan CA18M that relates to the Hildana-Ludgate Sanitary Sewer Improvements. The loan is to be repaid in semi-annual principal and interest payments beginning in 2011.

Notes payable at December 31, 2010, 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 ten years. The notes are dated May 6, 2010, and are due May 6, 2011, at an interest rate of 1.5%. 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, due May 6, 2011, 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	CA18M
2011	\$ 565,000	\$ 850,036	\$ 40,375	\$ 139,817	\$ 64,950	\$ 88,277	\$ 28,650
2012	575,000	833,486	40,375	139,817	64,950	88,277	28,650
2013	600,000	815,174	40,375	139,817	64,950	88,277	28,650
2014	625,000	795,224	40,375	139,817	64,950	88,277	28,650
2015	645,000	773,336	40,374	139,817	64,950	88,277	28,650
2016-2020	3,640,000	3,418,502	-	699,085	324,750	441,387	143,250
2021-2025	4,555,000	2,439,918	-	699,085	324,751	441,387	143,250
2026-2030	5,805,000	1,168,750	-	139,815	-	308,973	143,250
2031	1,340,000	63,194	-	-	-	-	-
Total	\$ 18,350,000	\$ 11,157,620	\$ 201,874	\$ 2,237,070	\$ 974,251	\$ 1,633,132	\$ 573,000

**Legal Debt Margin** Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2010, the City’s overall debt limitation is \$86,234,875 (10.5% of the City’s total assessed property valuation of \$821,284,520) of which \$85,147,758 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 \$45,170,649 (5.5% of the City’s total assessed property valuation) at December 31, 2010, of which \$44,083,532 is available.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 9 – Compensated Absences**

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

All full-time employees earn sick leave at a rate of fifteen (15) workdays per year. In November of each year, full-time employees of the City have the right to convert accumulated sick leave days earned 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 500 to 1,300 hours. Compensated absences are charged to various funds of the City in accordance to where an employee's salary is charged.

#### **Note 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 Pension 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 and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively; however, no police or fire officers of the City are members of OPERS.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 10 – Pension and Retirement Plans (continued)**

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

While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's required contributions to OPERS for the years ended December 31, 2010, 2009, and 2008 were \$1,992,058, \$1,994,804, and \$1,937,741, respectively, of which \$1,268,808, \$1,157,699, and \$968,871, respectively, was allocated to the pension. The full amount has been contributed for 2009 and 2008. For 2010, 90.0 percent has been contributed, with the remainder reported as a liability in the fund financial statements and the government-wide financial statements within the accrued wages and benefits. Contributions to the Member-Directed Plan for 2010 were \$47,056 made by the City and \$33,611 made by plan members.

##### ***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 by the Ohio Revised Code to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters. The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters.

The City's contributions to OP&F for the years ended December 31, 2010, 2009, and 2008 were \$2,205,664, \$2,281,081, and \$2,092,172, respectively, of which \$1,517,593, \$1,571,254, and \$1,441,603, respectively, was allocated to the pension. The full amount has been contributed for 2009 and 2008. For 2010, 89.1 percent for police and 89.1 percent for firefighters has been contributed, with the remainder reported as a liability in the fund financial statements and the government-wide financial statements.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **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 health care 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. 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. 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 and 18.1 percent of covered payroll for law enforcement and public safety employer units. In 2010, the City's contribution rate was 14.0 percent of covered payroll for local employees and 17.87 percent of covered payroll for law enforcement and public safety employees; no police or fire officers of the City are members of OPERS.. 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 Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of the post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010 and 5.0 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010 and 4.23 percent from March 1 through December 31, 2010. The OPERS Board of Trustees 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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 11 – Postemployment Benefits (continued)**

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

The City's contributions to OPERS for the years ended December 31, 2010, 2009, and 2008 were \$1,992,058, \$1,994,804, and \$1,937,741, respectively, of which \$723,250, \$837,105, and \$968,870, respectively, was allocated to the health care plan. The full amount has been contributed for 2009 and 2008. For 2010, 90 percent has been contributed, with the remainder reported as a liability in the fund financial statements and the government-wide financial statements within the accrued wages and benefits.

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. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. 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 health care 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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For The Year Ended December 31, 2010

#### Note 11 – Postemployment Benefits (continued)

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

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, 2010, the employer contribution allocated to health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 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, 2010, 2009, and 2008 were \$2,205,664, \$2,281,081, and \$2,092,172, respectively, of which \$688,071, \$709,827, and \$650,569, respectively, was allocated to the health care plan. The full amount has been contributed for 2009 and 2008. For 2010, 89.1 percent for police and 89.1 percent for firefighters has been contributed, with the remainder reported as a liability in the fund financial statements and the government-wide financial statements.

#### Note 12 – Interfund Activity

A. Interfund activity for the year ended December 31, 2010 consisted of the following:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>				<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non Major Funds</u>	<u>Internal Service</u>	
General Fund	\$ -	\$ -	\$ 233,852	\$ 42,429	\$ 276,281
Capital Projects Fund	-	-	46,310	-	46,310
Nonmajor Governmental Funds	18,534	7,479	163,467	-	189,480
Internal Service Funds	<u>101,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,195</u>
Total	\$ <u>119,729</u>	\$ <u>7,479</u>	\$ <u>443,629</u>	\$ <u>42,429</u>	\$ <u>613,266</u>

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

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For The Year Ended December 31, 2010

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#### Note 12 – Interfund Activity (continued)

**B.** Interfund transfers for the year ended December 31, 2010, consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non Major Funds</u>	
Nonmajor Governmental Funds	\$ <u>3,494,480</u>	\$ <u>351,905</u>	\$ <u>402,652</u>	\$ <u>4,249,037</u>

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, 2010, 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 \$161,900, in the Debt Service Fund of \$35,000, and in the Capital Projects Fund of \$150,006.

**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, 2010

#### Note 13 – Direct Financing Leases (continued)

The following lists the components of the net investment in direct financing leases as of December 31, 2010:

<u>Year Ending December 31,</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
2011	\$ 58,550	\$ 35,000	\$ 3,851	\$ 97,401
2012	58,550	-	3,851	62,401
2013	58,450	-	3,851	62,301
2014	43,750	-	3,851	47,601
2015	-	-	3,851	3,851
2016-2020	-	-	119,251	119,251
2021	-	-	53,850	53,850
Total minimum lease receivable	219,300	35,000	192,356	446,656
Less: Amounts representing executory costs	(57,400)	-	(42,350)	(99,750)
Net investment in direct financing leases	\$ <u>161,900</u>	\$ <u>35,000</u>	\$ <u>150,006</u>	\$ <u>346,906</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 2010, 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 \$50,000. 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 \$1,470,610 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, 2010**

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#### **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, 2010, 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 2010 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."

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 Safety National Casualty Corporation. The insurance will cover the City for each incident that goes beyond \$500,000.

At December 31, 2010, \$ 579,614 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.

A reconciliation of changes in the balances of claims liabilities during the fiscal years 2010 and 2009 were as follows:

	<u>Property and Casualty</u>		<u>Workers' Compensation</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Beginning of the Year Liability	\$ -	\$ -	\$ 674,654	\$ 88,051
Current Year Claims				
And Changes in Estimates	74,446	64,162	16,629	708,422
Claim Payments	<u>(74,446)</u>	<u>(64,162)</u>	<u>(111,669)</u>	<u>(121,819)</u>
Balance at End of Year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>579,614</u>	\$ <u>674,654</u>

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For The Year Ended December 31, 2010

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#### Note 15 – Subsequent Event

On May 5, 2011, the City issued Various Purpose Improvement Notes in the amount of \$2,250,000 with an interest rate of 2.00%, maturing on May 5, 2012, to retire previously outstanding notes for the following purposes: improving streets within the City by resurfacing and reconstructing surfaces, curbing, and draining and installing a new traffic signalization system.

#### Note 16 – Construction Commitments

The City has active construction projects as of December 31, 2010. As of December 31, 2010, the City's construction commitments with contractors were as follows:

<u>Project</u>	<u>Project Expenditures as of 12/31/2010</u>	<u>Remaining Commitment</u>
Street Improvements:		
Warrensville/Van Aken Intersection	\$ 399,403	\$ 300,077
2010 Street Repair Program	<u>1,132,789</u>	<u>917,211</u>
Total Street Improvements	<u>1,532,192</u>	<u>1,217,288</u>
Land Improvements:		
Menlo Tot Lot	42,879	29,790
Ashby Lot Improvements	<u>27,483</u>	<u>33,292</u>
Total Land Improvements	<u>70,362</u>	<u>63,082</u>
Total All Projects	\$ <u>1,602,554</u>	\$ <u>1,280,370</u>

#### 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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For The Year Ended December 31, 2010**

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#### **Note 18 – Fund Deficits**

Fund balances at December 31, 2010 included the following individual fund deficits:

<u>Funds</u>	<u>Deficit Fund Balance</u>
Nonmajor Special Revenue Funds:	
Housing Grant Fund	\$ 276,482
High Intensity Drug Trafficking Area Fund	418,146
Drug Free Community Grant Fund	3,246
Nonmajor Internal Service Fund:	
Municipal Garage Fund	37,322

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

#### **Note 19 – Jointly Governed Organization**

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 167 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. The City did not contribute to NOPEC during 2010.

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, Ohio, 44139.

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# City of Shaker Heights, Ohio

Combining Statements  
Non-Major Governmental Funds

## **For The Year Ended December 31, 2010**

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### **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 and \$1.50 per traffic case paid (HB 562) 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, 2010**

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## **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 grants from various sources to be used to provide funding for housing 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.

### *Preservation Services*

To account for monies used for the various housing programs within the City.

### *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. This also accounts for \$1.00 collected per criminal and traffic case collected which came into effect September 2003.

### *High Intensity Drug Trafficking Area Grant Fund (HIDTA)*

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

### *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, 2010**

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### **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 Device*

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

#### *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.

### **Non-Major Debt Service Funds**

#### *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.

#### *Urban Renewal Debt Service Fund*

To account for the accumulation of resources for and the payment of Urban Renewal Debt issued pursuant to Ohio Revised Code Section 725 to finance improvements secured by tax increment payments including the Sussex Area Revitalization Project and the Shaker Towne Centre Community Development District Revitalization Project.

# City of Shaker Heights, Ohio

## Combining Balance Sheet Non-Major Governmental Funds

**December 31, 2010**

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,221,793	\$ 1,877,295	\$ 11,099,088
Taxes receivable	434,068	-	434,068
Accounts receivable	844,985	-	844,985
Special assessments receivable	3,695,609	-	3,695,609
Lease receivable	-	35,000	35,000
Interfund receivable	182,001	7,479	189,480
Intergovernmental receivable	<u>977,565</u>	<u>605,598</u>	<u>1,583,163</u>
 Total assets	 \$ <u>15,356,021</u>	 \$ <u>2,525,372</u>	 \$ <u>17,881,393</u>
<b>Liabilities and fund balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 661,449	\$ -	\$ 661,449
Accrued wages and benefits	461,584	-	461,584
Interfund payable	397,319	46,310	443,629
Deferred revenue	<u>5,521,812</u>	<u>640,598</u>	<u>6,162,410</u>
 Total liabilities	 <u>7,042,164</u>	 <u>686,908</u>	 <u>7,729,072</u>
<b>Fund balances:</b>			
Reserved for encumbrances	696,035	181,035	877,070
Unreserved; undesignated	<u>7,617,822</u>	<u>1,657,429</u>	<u>9,275,251</u>
 Total fund balances	 <u>8,313,857</u>	 <u>1,838,464</u>	 <u>10,152,321</u>
 Total liabilities and fund balances	 \$ <u>15,356,021</u>	 \$ <u>2,525,372</u>	 \$ <u>17,881,393</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, 2010**

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
Revenues:			
Property taxes	\$ 423,554	\$ -	\$ 423,554
Intergovernmental	4,954,576	674,709	5,629,285
Charges for services	1,681,793	-	1,681,793
Interest earnings	35,856	12,198	48,054
Fines and forfeitures	291,886	-	291,886
Special assessments	1,800,575	-	1,800,575
Other revenue	<u>181,505</u>	<u>178,842</u>	<u>360,347</u>
Total revenues	<u>9,369,745</u>	<u>865,749</u>	<u>10,235,494</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property:			
Police	4,473,347	-	4,473,347
Fire	1,133,334	-	1,133,334
Other	747,335	-	747,335
Public health service	110,179	-	110,179
Housing and community development	1,764,050	-	1,764,050
Sanitation and sewer service	1,295,779	-	1,295,779
Street maintenance and repair	1,154,029	-	1,154,029
Public works – other	488,776	-	488,776
General government:			
Legislative and executive	71,724	28,490	100,214
Judicial system	173,905	-	173,905
Debt service:			
Principal retirement	-	1,993,420	1,993,420
Interest and fiscal charges	<u>-</u>	<u>903,720</u>	<u>903,720</u>
Total expenditures	<u>11,412,458</u>	<u>2,925,630</u>	<u>14,338,088</u>
Excess of revenues over (under) expenditures	<u>(2,042,713)</u>	<u>(2,059,881)</u>	<u>(4,102,594)</u>
Other financing sources (uses):			
Issuance of debt	-	575,000	575,000
Transfers – in	2,163,124	2,085,913	4,249,037
Transfers – out	<u>(402,652)</u>	<u>-</u>	<u>(402,652)</u>
Total other financing sources (uses)	<u>1,760,472</u>	<u>2,660,913</u>	<u>4,421,385</u>
Net change in fund balances	(282,241)	601,032	318,791
Fund balances at beginning of year, restated	<u>8,596,098</u>	<u>1,237,432</u>	<u>9,833,530</u>
Fund balances at end of year	\$ <u>8,313,857</u>	\$ <u>1,838,464</u>	\$ <u>10,152,321</u>

# City of Shaker Heights, Ohio

## Combining Balance Sheet Non-Major Special Revenue Funds

**December 31, 2010**

	Street Maintenance and Repair	State Highway	Economic Development	Sewer Maintenance	Police Pension
<b>Assets:</b>					
Cash and cash equivalents	\$ 476,010	\$ 80,683	\$ 3,428,974	\$ 1,148,886	\$ 629,038
Taxes receivable	-	-	-	-	217,034
Accounts receivable	-	-	8,696	639,369	-
Special assessments receivable	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Intergovernmental receivable	<u>374,092</u>	<u>29,267</u>	<u>81,836</u>	<u>-</u>	<u>16,314</u>
Total assets	<u>\$ 850,102</u>	<u>\$ 109,950</u>	<u>\$ 3,519,506</u>	<u>\$ 1,788,255</u>	<u>\$ 862,386</u>
<b>Liabilities and fund balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 2,324	\$ 727	\$ 70,289	\$ 40,220	\$ -
Accrued wages and benefits	16,355	-	-	13,947	216,613
Interfund payable	-	-	-	-	-
Deferred revenue	<u>231,706</u>	<u>18,787</u>	<u>68</u>	<u>557,580</u>	<u>233,348</u>
Total liabilities	<u>250,385</u>	<u>19,514</u>	<u>70,357</u>	<u>611,747</u>	<u>449,961</u>
<b>Fund balances:</b>					
Reserved for encumbrances	5,559	24,993	21,827	82,300	-
Undesignated, reported in:					
Special Revenue funds	<u>594,158</u>	<u>65,443</u>	<u>3,427,322</u>	<u>1,094,208</u>	<u>412,425</u>
Total fund balances (deficits)	<u>599,717</u>	<u>90,436</u>	<u>3,449,149</u>	<u>1,176,508</u>	<u>412,425</u>
Total liabilities and fund balances	<u>\$ 850,102</u>	<u>\$ 109,950</u>	<u>\$ 3,519,506</u>	<u>\$ 1,788,255</u>	<u>\$ 862,386</u>

	<u>Fire Pension</u>	<u>Indigent Driver / Alcohol Treatment</u>	<u>Court Computer Legal Research</u>	<u>Clerk's Computerization</u>	<u>Housing Grant</u>	<u>Fair Housing Grant</u>	<u>Preservation Services</u>	<u>Law Enforcement Grant</u>	<u>Court Community Service</u>
\$	510,173	\$ 59,397	\$ 126,823	\$ 413,028	\$ -	\$ 24,714	\$ 372,421	\$ 5,185	\$ 51,516
	217,034	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	18,534	-	-	-	-	-	34,002	-	-
	<u>16,314</u>	<u>884</u>	<u>2,128</u>	<u>6,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>762,055</u>	<u>60,281</u>	<u>128,951</u>	<u>419,734</u>	<u>-</u>	<u>24,714</u>	<u>406,423</u>	<u>5,185</u>	<u>51,516</u>
\$	-	\$ -	\$ 412	\$ -	\$ 58,644	\$ -	\$ -	\$ -	\$ -
	207,269	-	-	-	-	-	-	-	-
	-	-	-	-	217,838	-	-	-	-
	<u>233,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>440,617</u>	<u>-</u>	<u>412</u>	<u>-</u>	<u>276,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	378	185	425,737	-	5,600	-	-
	<u>321,438</u>	<u>60,281</u>	<u>128,161</u>	<u>419,549</u>	<u>(702,219)</u>	<u>24,714</u>	<u>400,823</u>	<u>5,185</u>	<u>51,516</u>
	<u>321,438</u>	<u>60,281</u>	<u>128,539</u>	<u>419,734</u>	<u>(276,482)</u>	<u>24,714</u>	<u>406,423</u>	<u>5,185</u>	<u>51,516</u>
\$	<u>762,055</u>	<u>60,281</u>	<u>128,951</u>	<u>419,734</u>	<u>-</u>	<u>24,714</u>	<u>406,423</u>	<u>5,185</u>	<u>51,516</u>

(Continued)

# City of Shaker Heights, Ohio

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

**December 31, 2010**

	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 Device
<b>Assets:</b>						
Cash and cash equivalents	\$ 7,610	\$ 38,156	\$ 6,090	\$ 2,159	\$ 425,324	\$ 4,658
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	1,757,325	-
Interfund receivable	-	-	-	-	-	-
Intergovernmental receivable	<u>3,379</u>	<u>624</u>	<u>445,268</u>	<u>-</u>	<u>-</u>	<u>753</u>
Total assets	\$ <u>10,989</u>	\$ <u>38,780</u>	\$ <u>451,358</u>	\$ <u>2,159</u>	\$ <u>2,182,649</u>	\$ <u>5,411</u>
<b>Liabilities and fund balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ 321,879	\$ 5,000	\$ 3,689	\$ 4,530
Accrued wages and benefits	368	-	-	405	-	-
Interfund payable	-	-	129,481	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>418,144</u>	<u>-</u>	<u>1,757,325</u>	<u>-</u>
Total liabilities	<u>368</u>	<u>-</u>	<u>869,504</u>	<u>5,405</u>	<u>1,761,014</u>	<u>4,530</u>
<b>Fund balances:</b>						
Reserved for encumbrances	-	1,134	-	-	27,100	222
Undesignated, reported in:						
Special revenue funds	<u>10,621</u>	<u>37,646</u>	<u>(418,146)</u>	<u>(3,246)</u>	<u>394,535</u>	<u>659</u>
Total fund balances (deficits)	<u>10,621</u>	<u>38,780</u>	<u>(418,146)</u>	<u>(3,246)</u>	<u>421,635</u>	<u>881</u>
Total liabilities and fund balances	\$ <u>10,989</u>	\$ <u>38,780</u>	\$ <u>451,358</u>	\$ <u>2,159</u>	\$ <u>2,182,649</u>	\$ <u>5,411</u>

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<u>Street Lighting Assessment</u>	<u>Tree Maintenance Assessment</u>	<u>Central Services Operation</u>	<u>Law Enforcement Trust Fund</u>	<u>Total</u>
\$ 163,472	\$ 402,694	\$ 251,742	\$ 593,040	\$ 9,221,793
-	-	-	-	434,068
-	-	196,920	-	844,985
639,917	833,803	464,564	-	3,695,609
-	-	-	129,465	182,001
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>977,565</u>
<u>\$ 803,389</u>	<u>\$ 1,236,497</u>	<u>\$ 913,226</u>	<u>\$ 722,505</u>	<u>\$ 15,356,021</u>
\$ 130,579	\$ 19,257	\$ 1,855	\$ 2,044	\$ 661,449
-	6,357	270	-	461,584
-	-	50,000	-	397,319
<u>639,917</u>	<u>833,803</u>	<u>597,786</u>	<u>-</u>	<u>5,521,812</u>
<u>770,496</u>	<u>859,417</u>	<u>649,911</u>	<u>2,044</u>	<u>7,042,164</u>
-	52,912	48,088	-	696,035
<u>32,893</u>	<u>324,168</u>	<u>215,227</u>	<u>720,461</u>	<u>7,617,822</u>
<u>32,893</u>	<u>377,080</u>	<u>263,315</u>	<u>720,461</u>	<u>8,313,857</u>
<u>\$ 803,389</u>	<u>\$ 1,236,497</u>	<u>\$ 913,226</u>	<u>\$ 722,505</u>	<u>\$ 15,356,021</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, 2010

	<u>Street Maintenance and Repair</u>	<u>State Highway</u>	<u>Economic Development</u>	<u>Sewer Maintenance</u>	<u>Police Pension</u>
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 211,777
Intergovernmental	1,002,364	68,414	117,175	-	37,136
Charges for services	2,322	-	44,100	1,122,839	-
Interest earnings	4,909	661	-	13,445	-
Fines and forfeitures	-	-	-	-	-
Special assessments	-	-	-	-	-
Other revenue	-	-	24,561	255	430
Total revenues	<u>1,009,595</u>	<u>69,075</u>	<u>185,836</u>	<u>1,136,539</u>	<u>249,343</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Security of persons and property:					
Police	-	-	-	-	1,007,441
Fire	-	-	-	-	-
Other	-	-	-	-	-
Public health services	-	-	-	-	-
Housing and community development	-	-	364,885	-	-
Sanitation and sewer services	-	-	-	1,295,779	-
Street maintenance and repair	1,025,156	87,642	-	-	-
Public works – other	-	-	-	-	-
General government:					
Legislative and executive	-	-	-	-	-
Judicial system	-	-	-	-	-
Total expenditures	<u>1,025,156</u>	<u>87,642</u>	<u>364,885</u>	<u>1,295,779</u>	<u>1,007,441</u>
Excess of revenues over (under) expenditures	<u>(15,561)</u>	<u>(18,567)</u>	<u>(179,049)</u>	<u>(159,240)</u>	<u>(758,098)</u>
<b>Other financing sources (uses):</b>					
Transfers – in	-	-	449,452	-	809,280
Transfers – out	-	-	-	(128,652)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>449,452</u>	<u>(128,652)</u>	<u>809,280</u>
Net change in fund balances	(15,561)	(18,567)	270,403	(287,892)	51,182
Fund balances (deficit) at beginning of year	<u>615,278</u>	<u>109,003</u>	<u>3,178,746</u>	<u>1,464,400</u>	<u>361,243</u>
Fund balances (deficit) at end of year	<u>\$ 599,717</u>	<u>\$ 90,436</u>	<u>\$ 3,449,149</u>	<u>\$ 1,176,508</u>	<u>\$ 412,425</u>

	Fire Pension	Indigent Driver / Alcohol Treatment	Court Computer Legal Research	Clerk's Computerization	Housing Grant	Fair Housing Grant	Preservation Services	Law Enforcement Grant	Court Community Service
\$	211,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	37,136	-	3,372	-	272,604	15,294	-	5,700	-
	-	-	-	-	-	-	-	1,320	-
	-	466	1,071	3,272	-	242	2,023	-	428
	-	21,101	34,430	108,781	-	-	-	-	6,431
	-	-	-	-	-	-	-	-	-
	814	-	-	-	-	-	100,000	-	-
	<u>249,727</u>	<u>21,567</u>	<u>38,873</u>	<u>112,053</u>	<u>272,604</u>	<u>15,536</u>	<u>102,023</u>	<u>7,020</u>	<u>6,859</u>
	-	-	-	-	-	-	-	4,302	-
1,124,296	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	516,919	-	99,987	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	36,313	-	-	-
-	<u>6,377</u>	<u>39,578</u>	<u>43,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,830</u>
<u>1,124,296</u>	<u>6,377</u>	<u>39,578</u>	<u>43,871</u>	<u>516,919</u>	<u>36,313</u>	<u>99,987</u>	<u>4,302</u>	<u>3,830</u>	
<u>(874,569)</u>	<u>15,190</u>	<u>(705)</u>	<u>68,182</u>	<u>(244,315)</u>	<u>(20,777)</u>	<u>2,036</u>	<u>2,718</u>	<u>3,029</u>	
892,292	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>892,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
17,723	15,190	(705)	68,182	(244,315)	(20,777)	2,036	2,718	3,029	
<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>321,438</u>	\$ <u>60,281</u>	\$ <u>128,539</u>	\$ <u>419,734</u>	\$ <u>(276,482)</u>	\$ <u>24,714</u>	\$ <u>406,423</u>	\$ <u>5,185</u>	\$ <u>51,516</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, 2010

	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 Device
<b>Revenues:</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	3,288,414	106,967	-	-
Charges for services	-	-	-	-	89	-
Interest Earnings	131	297	-	-	3,943	51
Fines and forfeitures	33,637	9,913	-	-	-	13,139
Special assessments	-	-	-	-	255,983	-
Other revenue	-	-	-	1,500	8,695	-
Total revenues	<u>33,768</u>	<u>10,210</u>	<u>3,288,414</u>	<u>108,467</u>	<u>268,710</u>	<u>13,190</u>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Security of persons and property:</b>						
Police	-	-	3,426,938	-	-	-
Fire	-	-	-	-	-	-
Other	-	-	-	-	-	-
Public health services	-	-	-	110,179	-	-
Housing and community development	-	-	-	-	21,493	-
Sanitation and sewer services	-	-	-	-	-	-
Street maintenance and repair	-	-	-	-	-	-
Public works – other	-	-	-	-	-	-
<b>General government:</b>						
Legislative and executive	-	-	-	-	-	-
Judicial system	54,933	2,608	-	-	-	22,708
Total expenditures	<u>54,933</u>	<u>2,608</u>	<u>3,426,938</u>	<u>110,179</u>	<u>21,493</u>	<u>22,708</u>
Excess of revenues over (under) expenditures	<u>(21,165)</u>	<u>7,602</u>	<u>(138,524)</u>	<u>(1,712)</u>	<u>247,217</u>	<u>(9,518)</u>
<b>Other financing sources (uses):</b>						
Transfers – in	-	-	-	-	-	-
Transfers – out	-	-	-	-	(274,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(274,000)</u>	<u>-</u>
Net change in fund balances	(21,165)	7,602	(138,524)	(1,712)	(26,783)	(9,518)
Fund balances (deficit) at beginning 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>
Fund balances (deficit) at end of year	\$ <u>10,621</u>	\$ <u>38,780</u>	\$ <u>(418,146)</u>	\$ <u>(3,246)</u>	\$ <u>421,635</u>	\$ <u>881</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>
\$ -	\$ -	\$ -	\$ -	\$ 423,554
-	-	-	-	4,954,576
-	-	511,123	-	1,681,793
-	-	-	4,917	35,856
-	-	-	64,454	291,886
574,115	750,118	220,359	-	1,800,575
<u>-</u>	<u>-</u>	<u>45,250</u>	<u>-</u>	<u>181,505</u>
<u>574,115</u>	<u>750,118</u>	<u>776,732</u>	<u>69,371</u>	<u>9,369,745</u>
-	-	-	34,666	4,473,347
-	-	9,038	-	1,133,334
747,335	-	-	-	747,335
-	-	-	-	110,179
-	760,766	-	-	1,764,050
-	-	-	-	1,295,779
-	-	41,231	-	1,154,029
-	-	488,776	-	488,776
-	-	35,411	-	71,724
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,905</u>
<u>747,335</u>	<u>760,766</u>	<u>574,456</u>	<u>34,666</u>	<u>11,412,458</u>
<u>(173,220)</u>	<u>(10,648)</u>	<u>202,276</u>	<u>34,705</u>	<u>(2,042,713)</u>
12,100	-	-	-	2,163,124
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(402,652)</u>
<u>12,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760,472</u>
(161,120)	(10,648)	202,276	34,705	(282,241)
<u>194,013</u>	<u>387,728</u>	<u>61,039</u>	<u>685,756</u>	<u>8,596,098</u>
\$ <u>32,893</u>	\$ <u>377,080</u>	\$ <u>263,315</u>	\$ <u>720,461</u>	\$ <u>8,313,857</u>

# City of Shaker Heights, Ohio

## Combining Balance Sheet Non-Major Debt Service Funds

**December 31, 2010**

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	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Total
Assets:			
Equity in city treasury cash	\$ 1,537,883	\$ 339,412	\$ 1,877,295
Lease receivable	35,000	-	35,000
Interfund receivable	4,336	3,143	7,479
Intergovernmental receivable	<u>-</u>	<u>605,598</u>	<u>605,598</u>
Total assets	\$ <u>1,577,219</u>	\$ <u>948,153</u>	\$ <u>2,525,372</u>
Liabilities and fund balances:			
Liabilities:			
Interfund payable	\$ 34,925	\$ 11,385	\$ 46,310
Deferred revenue	<u>35,000</u>	<u>605,598</u>	<u>640,598</u>
Total liabilities	<u>69,925</u>	<u>616,983</u>	<u>686,908</u>
Fund balances:			
Reserved for encumbrances	181,035	-	181,035
Unreserved; undesignated	<u>1,326,259</u>	<u>331,170</u>	<u>1,657,429</u>
Total fund balances	<u>1,507,294</u>	<u>331,170</u>	<u>1,838,464</u>
Total liabilities and fund balances	\$ <u>1,577,219</u>	\$ <u>948,153</u>	\$ <u>2,525,372</u>

# City of Shaker Heights, Ohio

## Combining Statement of Revenues, Expenditures, and Changes In Fund Balances Non-Major Debt Service Funds

**For the Year Ended December 31, 2010**

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Total
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 674,709	\$ 674,709
Interest earnings	4,595	7,603	12,198
Other revenue	<u>178,842</u>	<u>-</u>	<u>178,842</u>
Total revenues	<u>183,437</u>	<u>682,312</u>	<u>865,749</u>
<b>Expenditures:</b>			
Current operations and maintenance:			
General government:			
Legislative and executive	28,490	-	28,490
Debt service:			
Principal retirement	1,448,420	545,000	1,993,420
Interest and fiscal charges	<u>39,138</u>	<u>864,582</u>	<u>903,720</u>
Total expenditures	<u>1,516,048</u>	<u>1,409,582</u>	<u>2,925,630</u>
Excess of revenues over (under) expenditures	<u>(1,332,611)</u>	<u>(727,270)</u>	<u>(2,059,881)</u>
<b>Other financing sources (uses):</b>			
Issuance of debt	575,000	-	575,000
Transfers – in	<u>2,085,913</u>	<u>-</u>	<u>2,085,913</u>
Total other financing sources (uses)	<u>2,660,913</u>	<u>-</u>	<u>2,660,913</u>
Net change in fund balances	1,328,302	(727,270)	601,032
Fund balances at beginning of year	<u>178,992</u>	<u>1,058,440</u>	<u>1,237,432</u>
Fund balances at end of year	\$ <u>1,507,294</u>	\$ <u>331,170</u>	\$ <u>1,838,464</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 7,717,774	\$ 7,717,774	\$ 7,602,486	\$ (115,288)
Municipal Income Taxes	19,888,809	19,888,809	19,807,678	(81,131)
Other Local Taxes	60,000	60,000	52,811	(7,189)
State Levied Shared Taxes	4,392,520	4,392,520	3,849,618	(542,902)
Intergovernmental	570,556	570,556	399,759	(170,797)
Charges for Services	4,919,532	4,919,532	5,037,108	117,576
Fees, Licenses, and Permits	685,881	685,881	698,635	12,754
Investment Earnings	175,000	175,000	290,011	115,011
Fines and Forfeitures	701,500	701,500	630,082	(71,418)
Other Revenues	<u>477,761</u>	<u>477,761</u>	<u>528,463</u>	<u>50,702</u>
Total Revenues	<u>39,589,333</u>	<u>39,589,333</u>	<u>38,896,651</u>	<u>(692,682)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Security of Persons and Property:</b>				
<b>Police</b>				
Personal Services	8,494,400	8,494,400	8,164,872	329,528
Other	<u>851,630</u>	<u>851,630</u>	<u>666,633</u>	<u>184,997</u>
Total Police	<u>9,346,030</u>	<u>9,346,030</u>	<u>8,831,505</u>	<u>514,525</u>
<b>Fire</b>				
Personal Services	5,821,651	5,852,651	5,770,641	82,010
Other	<u>556,844</u>	<u>529,794</u>	<u>478,913</u>	<u>50,881</u>
Total Fire	<u>6,378,495</u>	<u>6,382,445</u>	<u>6,249,554</u>	<u>132,891</u>
<b>Other</b>				
Other	<u>61,700</u>	<u>61,700</u>	<u>53,560</u>	<u>8,140</u>
Total Security of Persons and Property	<u>15,786,225</u>	<u>15,790,175</u>	<u>15,134,619</u>	<u>655,556</u>
<b>Public Health Services:</b>				
Personal Services	464,700	481,217	407,052	74,165
Other	<u>100,215</u>	<u>96,905</u>	<u>69,899</u>	<u>27,006</u>
Total Public Health Services	<u>564,915</u>	<u>578,122</u>	<u>476,951</u>	<u>101,171</u>
<b>Leisure Time Activities:</b>				
<b>Culture and Recreation</b>				
Personal Services	1,806,000	1,806,000	1,759,483	46,517
Other	<u>931,081</u>	<u>931,081</u>	<u>848,708</u>	<u>82,373</u>
Total Culture and Recreation	<u>2,737,081</u>	<u>2,737,081</u>	<u>2,608,191</u>	<u>128,890</u>
<b>Parks and Public Lands Maintenance</b>				
Personal Services	548,840	548,840	516,997	31,843
Other	<u>343,069</u>	<u>343,069</u>	<u>339,057</u>	<u>4,012</u>
Total Parks and Public Lands Maintenance	<u>891,909</u>	<u>891,909</u>	<u>856,054</u>	<u>35,855</u>
Total Leisure Time Activities	<u>3,628,990</u>	<u>3,628,990</u>	<u>3,464,245</u>	<u>164,745</u>

(Continued)

# 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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Housing and Community Development:				
Housing Inspection				
Personal Services	854,200	816,200	813,034	3,166
Other	<u>35,850</u>	<u>38,850</u>	<u>37,506</u>	<u>1,344</u>
Total Housing Inspection	<u>890,050</u>	<u>855,050</u>	<u>850,540</u>	<u>4,510</u>
Building Inspection				
Personal Services	442,300	442,300	434,235	8,065
Other	<u>52,340</u>	<u>52,340</u>	<u>41,152</u>	<u>11,188</u>
Total Building Inspection	<u>494,640</u>	<u>494,640</u>	<u>475,387</u>	<u>19,253</u>
Planning and Development				
Personal Services	418,400	418,400	413,608	4,792
Other	<u>130,869</u>	<u>139,769</u>	<u>108,432</u>	<u>31,337</u>
Total Planning and Development	<u>549,269</u>	<u>558,169</u>	<u>522,040</u>	<u>36,129</u>
Neighborhood Revitalization				
Personal Services	472,100	472,100	391,999	80,101
Other	<u>13,260</u>	<u>13,260</u>	<u>7,624</u>	<u>5,636</u>
Total Neighborhood Revitalization	<u>485,360</u>	<u>485,360</u>	<u>399,623</u>	<u>85,737</u>
Community Life				
Personal Services	333,700	344,700	340,021	4,679
Other	<u>189,806</u>	<u>178,806</u>	<u>179,434</u>	<u>(628)</u>
Total Community Life	<u>523,506</u>	<u>523,506</u>	<u>519,455</u>	<u>4,051</u>
Communications and Outreach				
Personal Services	331,900	331,900	317,461	14,439
Other	<u>488,051</u>	<u>492,127</u>	<u>463,715</u>	<u>28,412</u>
Total Communications and Outreach	<u>819,951</u>	<u>824,027</u>	<u>781,176</u>	<u>42,851</u>
Tree Maintenance and Leaf Collection				
Personal Services	249,300	249,300	236,902	12,398
Other	<u>160,152</u>	<u>160,152</u>	<u>158,717</u>	<u>1,435</u>
Total Tree Maintenance and Leaf Collection	<u>409,452</u>	<u>409,452</u>	<u>395,619</u>	<u>13,833</u>
Total Housing and Community Development	<u>4,172,228</u>	<u>4,150,204</u>	<u>3,943,840</u>	<u>206,364</u>
Sanitation and Sewer Services:				
Sewer Maintenance				
Other	<u>35,930</u>	<u>36,330</u>	<u>36,300</u>	<u>30</u>

(Continued)

# 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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Refuse Collection and Disposal				
Personal Services	1,220,270	1,161,270	1,108,810	52,460
Other	<u>939,418</u>	<u>920,318</u>	<u>900,395</u>	<u>19,923</u>
Total Refuse Collection and Disposal	<u>2,159,688</u>	<u>2,081,588</u>	<u>2,009,205</u>	<u>72,383</u>
Solid Waste Recycling				
Personal Services	81,200	93,200	92,671	529
Other	<u>15,753</u>	<u>15,753</u>	<u>9,656</u>	<u>6,097</u>
Total Solid Waste Recycling	<u>96,953</u>	<u>108,953</u>	<u>102,327</u>	<u>6,626</u>
Brush Collection and Disposal				
Personal Services	377,900	397,900	397,807	93
Other	<u>207,980</u>	<u>192,980</u>	<u>192,886</u>	<u>94</u>
Total Brush Collection and Disposal	<u>585,880</u>	<u>590,880</u>	<u>590,693</u>	<u>187</u>
Total Sanitation and Sewer Services	<u>2,878,451</u>	<u>2,817,751</u>	<u>2,738,525</u>	<u>79,226</u>
Street Maintenance and Repair:				
Personal Services	357,400	369,400	368,945	455
Other	<u>399,314</u>	<u>421,914</u>	<u>421,164</u>	<u>750</u>
Total Street Maintenance and Repair	<u>756,714</u>	<u>791,314</u>	<u>790,109</u>	<u>1,205</u>
Public Works - Other:				
Public Works Administration				
Personal Services	639,120	669,120	663,506	5,614
Other	<u>76,333</u>	<u>76,333</u>	<u>49,227</u>	<u>27,106</u>
Total Public Works Administration	<u>715,453</u>	<u>745,453</u>	<u>712,733</u>	<u>32,720</u>
Public Building Maintenance				
Personal Services	614,630	617,630	575,533	42,097
Other	<u>865,713</u>	<u>862,313</u>	<u>784,708</u>	<u>77,605</u>
Total Public Building Maintenance	<u>1,480,343</u>	<u>1,479,943</u>	<u>1,360,241</u>	<u>119,702</u>
Total Public Works - Other	<u>2,195,796</u>	<u>2,225,396</u>	<u>2,072,974</u>	<u>152,422</u>
General Government:				
Legislative and Executive:				
Mayor's Office				
Personal Services	190,200	191,400	191,059	341
Other	<u>34,114</u>	<u>32,914</u>	<u>27,433</u>	<u>5,481</u>
Total Mayor's Office	<u>224,314</u>	<u>224,314</u>	<u>218,492</u>	<u>5,822</u>
Council				
Personal Services	126,700	126,700	126,612	88
Other	<u>15,646</u>	<u>15,646</u>	<u>10,224</u>	<u>5,422</u>
Total Council	<u>142,346</u>	<u>142,346</u>	<u>136,836</u>	<u>5,510</u>

(Continued)

# 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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Chief Administrative Officer				
Personal Services	215,600	216,700	216,258	442
Other	<u>9,182</u>	<u>8,082</u>	<u>5,863</u>	<u>2,219</u>
Total Chief Administrative Officer	<u>224,782</u>	<u>224,782</u>	<u>222,121</u>	<u>2,661</u>
Information Technology				
Personal Services	208,300	208,300	203,701	4,599
Other	<u>116,932</u>	<u>116,932</u>	<u>84,089</u>	<u>32,843</u>
Total Information Technology	<u>325,232</u>	<u>325,232</u>	<u>287,790</u>	<u>37,442</u>
Contract Charges and Statutory Expenses				
Personal Services	40,500	53,500	46,688	6,812
Other	<u>1,093,505</u>	<u>1,081,887</u>	<u>1,008,962</u>	<u>72,925</u>
Total Contract Charges and Statutory Expenses	<u>1,134,005</u>	<u>1,135,387</u>	<u>1,055,650</u>	<u>79,737</u>
Legal Administration				
Personal Services	525,800	525,800	486,837	38,963
Other	<u>255,731</u>	<u>255,731</u>	<u>233,761</u>	<u>21,970</u>
Total Legal Administration	<u>781,531</u>	<u>781,531</u>	<u>720,598</u>	<u>60,933</u>
Finance				
Personal Services	607,700	607,700	606,833	867
Other	<u>111,343</u>	<u>136,343</u>	<u>132,479</u>	<u>3,864</u>
Total Finance	<u>719,043</u>	<u>744,043</u>	<u>739,312</u>	<u>4,731</u>
Human Resources				
Personal Services	250,500	252,000	246,158	5,842
Other	<u>51,961</u>	<u>83,395</u>	<u>73,313</u>	<u>10,082</u>
Total Human Resources	<u>302,461</u>	<u>335,395</u>	<u>319,471</u>	<u>15,924</u>
Total Legislative and Executive	<u>3,853,714</u>	<u>3,913,030</u>	<u>3,700,270</u>	<u>212,760</u>
Judicial System				
Personal Services	2,188,500	2,188,500	2,111,099	77,401
Other	<u>99,081</u>	<u>99,081</u>	<u>79,018</u>	<u>20,063</u>
Total Judicial System	<u>2,287,581</u>	<u>2,287,581</u>	<u>2,190,117</u>	<u>97,464</u>
Total General Government	<u>6,141,295</u>	<u>6,200,611</u>	<u>5,890,387</u>	<u>310,224</u>
Total Expenditures	<u>36,124,614</u>	<u>36,182,563</u>	<u>34,511,650</u>	<u>1,670,913</u>
Excess of Revenues Over (Under) Expenditures	<u>3,464,719</u>	<u>3,406,770</u>	<u>4,385,001</u>	<u>978,231</u>

(Continued)

## 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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses):				
Transfers In	800	800	796	(4)
Transfers Out	(4,715,172)	(4,715,172)	(3,995,980)	719,192
Advances In	<u>320,000</u>	<u>320,000</u>	<u>19,706</u>	<u>(300,294)</u>
Total Other Financing Sources (Uses)	<u>(4,394,372)</u>	<u>(4,394,372)</u>	<u>(3,975,478)</u>	<u>418,894</u>
Net Change in Fund Balance	(929,653)	(987,602)	409,523	1,397,125
Beginning Cash Fund Balance	7,809,638	7,809,638	7,809,638	-
Prior Year's Reserve For Encumbrances Outstanding at December 31	(57,220)	(57,220)	(57,220)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(718,530)</u>	<u>(718,530)</u>	<u>(718,530)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>6,104,235</u>	\$ <u>6,046,286</u>	7,443,411	\$ <u>1,397,125</u>
Reserved for Encumbrances – All Budget Years			<u>962,721</u>	
Total Cash Fund Balance – December 31			\$ <u>8,406,132</u>	

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Street Maintenance and Repair  
**For The Year Ended December 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State Levied Shared Taxes	\$ 882,006	\$ 882,006	\$ 841,773	\$ (40,233)
Intergovernmental	158,863	158,863	158,061	(802)
Charges for Services	3,000	3,000	2,322	(678)
Investment Earnings	-	-	4,907	4,907
Total Revenues	<u>1,043,869</u>	<u>1,043,869</u>	<u>1,007,063</u>	<u>(36,806)</u>
<b>Expenditures:</b>				
Current:				
Street Maintenance and Repair	<u>1,283,888</u>	<u>1,283,888</u>	<u>1,012,428</u>	<u>271,460</u>
Excess of Revenues Over (Under) Expenditures	(240,019)	(240,019)	(5,365)	234,654
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Net Change in Fund Balance	(40,019)	(40,019)	(5,365)	34,654
Beginning Cash Fund Balance	492,031	492,031	492,031	-
<b>Prior Year's Reserve For Encumbrances</b>				
Outstanding At December 31	(920)	(920)	(920)	-
<b>Current Year Cash Expenditures</b>				
Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(17,619)</u>	<u>(17,619)</u>	<u>(17,619)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>433,473</u>	\$ <u>433,473</u>	468,127	\$ <u>34,654</u>
Reserved for Encumbrances – All Budget Years			<u>7,883</u>	
Total Cash Fund Balance – December 31			\$ <u>476,010</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State Levied Shared Taxes	\$ 71,514	\$ 71,514	\$ 68,252	\$ (3,262)
Investment Earnings	<u>1,200</u>	<u>1,200</u>	<u>661</u>	<u>(539)</u>
Total Revenues	72,714	72,714	68,913	(3,801)
Expenditures:				
Current:				
Street Maintenance and Repair	<u>77,070</u>	<u>77,070</u>	<u>68,435</u>	<u>8,635</u>
Net Change in Fund Balance	(4,356)	(4,356)	478	4,834
Beginning Cash Fund Balance	98,685	98,685	98,685	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(44,200)</u>	<u>(44,200)</u>	<u>(44,200)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>50,129</u>	\$ <u>50,129</u>	54,963	\$ <u>4,834</u>
Reserved for Encumbrances – All Budget Years			<u>25,720</u>	
Total Cash Fund Balance – December 31			\$ <u>80,683</u>	

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Economic Development Fund  
**For The Year Ended December 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 44,100	\$ 44,100	\$ 35,271	\$ (8,829)
Other Revenues	<u>17,706</u>	<u>17,706</u>	<u>60,101</u>	<u>42,395</u>
Total Revenues	61,806	61,806	95,372	33,566
Expenditures:				
Current:				
Housing and Community Development	<u>264,521</u>	<u>454,521</u>	<u>278,035</u>	<u>176,486</u>
Excess of Revenues Over (Under) Expenditures	(202,715)	(392,715)	(182,663)	210,052
Other Financing Sources (Uses):				
Transfers In	<u>1,835,357</u>	<u>1,835,357</u>	<u>449,452</u>	<u>(1,385,905)</u>
Net Change in Fund Balance	1,632,642	1,442,642	266,789	(1,175,853)
Beginning Cash Fund Balance	3,210,402	3,210,402	3,210,402	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(71,385)</u>	<u>(71,385)</u>	<u>(71,385)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>4,771,659</u>	\$ <u>4,581,659</u>	3,405,806	\$ <u>(1,175,853)</u>
Reserved for Encumbrances – All Budget Years			<u>23,168</u>	
Total Cash Fund Balance – December 31			\$ <u>3,428,974</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 5,902	\$ 5,902	\$ -	\$ (5,902)
Charges for Services	1,284,420	1,284,420	1,101,458	(182,962)
Investment Earnings	17,000	17,000	13,445	(3,555)
Other Revenues	-	-	254	254
Total Revenues	<u>1,307,322</u>	<u>1,307,322</u>	<u>1,115,157</u>	<u>(192,165)</u>
<b>Expenditures:</b>				
Current:				
Sanitation and Sewer Services	<u>1,400,655</u>	<u>1,490,655</u>	<u>1,354,480</u>	<u>136,175</u>
Net Change in Fund Balance	(93,333)	(183,333)	(239,323)	(55,990)
Beginning Cash Fund Balance	1,425,234	1,425,234	1,425,234	-
Prior Year's Reserve For Encumbrances				
Outstanding At December 31	(8,250)	(8,250)	(8,250)	-
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	<u>(118,928)</u>	<u>(118,928)</u>	<u>(118,928)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>1,204,723</u>	\$ <u>1,114,723</u>	1,058,733	\$ <u>(55,990)</u>
Reserved for Encumbrances – All Budget Years			<u>90,153</u>	
Total Cash Fund Balance – December 31			\$ <u>1,148,886</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 232,205	\$ 232,205	\$ 248,913	\$ 16,708
Intergovernmental	-	-	430	430
Total Revenues	<u>232,205</u>	<u>232,205</u>	<u>249,343</u>	<u>17,138</u>
Expenditures:				
Current:				
Security of Persons and Property – Police	<u>1,078,700</u>	<u>1,078,700</u>	<u>1,006,991</u>	<u>71,709</u>
Excess of Revenues Over (Under) Expenditures	(846,495)	(846,495)	(757,648)	88,847
Other Financing Sources (Uses):				
Transfers In	<u>874,335</u>	<u>874,335</u>	<u>809,280</u>	<u>(65,055)</u>
Net Change in Fund Balance	27,840	27,840	51,632	23,792
Beginning Cash Fund Balance	<u>577,406</u>	<u>577,406</u>	<u>577,406</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u>605,246</u>	\$ <u>605,246</u>	\$ <u>629,038</u>	\$ <u>23,792</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 232,205	\$ 232,205	\$ 248,913	\$ 16,708
Other Revenues	-	-	814	814
Total Revenues	<u>232,205</u>	<u>232,205</u>	<u>249,727</u>	<u>17,522</u>
Expenditures:				
Current:				
Security of Persons and Property – Fire	<u>1,140,800</u>	<u>1,140,800</u>	<u>1,123,073</u>	<u>17,727</u>
Excess of Revenues Over (Under) Expenditures	(908,595)	(908,595)	(873,346)	35,249
Other Financing Sources (Uses):				
Transfers In	<u>937,895</u>	<u>937,895</u>	<u>892,292</u>	<u>(45,603)</u>
Net Change in Fund Balance	29,300	29,300	18,946	(10,354)
Beginning Cash Fund Balance	<u>491,227</u>	<u>491,227</u>	<u>491,227</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u>520,527</u>	\$ <u>520,527</u>	\$ <u>510,173</u>	\$ <u>(10,354)</u>

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 Indigent Driver / Alcohol Treatment Fund  
**For The Year Ended December 31, 2010**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 13,500	\$ 13,500	\$ 21,156	\$ 7,656
Investment Earnings	<u>300</u>	<u>300</u>	<u>465</u>	<u>165</u>
Total Revenues	13,800	13,800	21,621	7,821
Expenditures:				
Current:				
General Government				
Judicial System	<u>22,000</u>	<u>22,000</u>	<u>6,376</u>	<u>15,624</u>
Net Change in Fund Balance	(8,200)	(8,200)	15,245	23,445
Beginning Cash Fund Balance	<u>44,152</u>	<u>44,152</u>	<u>44,152</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u>35,952</u>	\$ <u>35,952</u>	\$ <u>59,397</u>	\$ <u>23,445</u>

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 Court Computer Legal Research Fund  
**For The Year Ended December 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 3,372	\$ 3,372
Charges for Services	36,000	36,000	34,643	(1,357)
Investment Earnings	1,100	1,100	1,071	(29)
Other Revenue	-	-	-	-
Total Revenues	<u>37,100</u>	<u>37,100</u>	<u>39,086</u>	<u>1,986</u>
Expenditures:				
Current:				
General Government				
Judicial System	<u>89,800</u>	<u>89,800</u>	<u>38,701</u>	<u>51,099</u>
Net Change in Fund Balance	(52,700)	(52,700)	385	53,085
Beginning Cash Fund Balance	126,942	126,942	126,942	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(1,294)</u>	<u>(1,294)</u>	<u>(1,294)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>72,948</u>	\$ <u>72,948</u>	126,033	\$ <u>53,085</u>
Reserved for Encumbrances – All Budget Years			<u>790</u>	
Total Cash Fund Balance – December 31			\$ <u>126,823</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 118,000	\$ 118,000	\$ 109,396	\$ (8,604)
Investment Earnings	<u>2,300</u>	<u>2,300</u>	<u>3,270</u>	<u>970</u>
Total Revenues	120,300	120,300	112,666	(7,634)
Expenditures:				
Current:				
General Government				
Judicial System	<u>84,550</u>	<u>84,550</u>	<u>40,838</u>	<u>43,712</u>
Net Change in Fund Balance	35,750	35,750	71,828	36,078
Beginning Cash Fund Balance	344,231	344,231	344,231	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(3,216)</u>	<u>(3,216)</u>	<u>(3,216)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>376,765</u>	\$ <u>376,765</u>	412,843	\$ <u>36,078</u>
Reserved for Encumbrances – All Budget Years			<u>185</u>	
Total Cash Fund Balance – December 31			\$ <u>413,028</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,350,000	\$ 1,350,000	\$ 272,603	\$ (1,077,397)
Other Revenue	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total Revenues	1,400,000	1,400,000	272,603	(1,127,397)
Expenditures:				
Current:				
Housing and Community Development	<u>1,100,000</u>	<u>1,100,000</u>	<u>920,809</u>	<u>179,191</u>
Excess of Revenues Over (Under) Expenditures	300,000	300,000	(648,206)	(948,206)
Other Financing Sources (Uses):				
Advances Out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(19,706)</u>	<u>280,294</u>
Net Change in Fund Balance	-	-	(667,912)	(667,912)
Beginning Cash Fund Balance	25,012	25,012	25,012	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(21,500)</u>	<u>(21,500)</u>	<u>(21,500)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>3,512</u>	\$ <u>3,512</u>	(664,400)	\$ <u>(667,912)</u>
Reserved for Encumbrances – All Budget Years			<u>480,564</u>	
Total Cash Fund Balance – December 31			\$ <u>(183,836)</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, 2010**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 15,294	\$ 5,294
Investment Earnings	<u>300</u>	<u>300</u>	<u>240</u>	<u>(60)</u>
Total Revenues	10,300	10,300	15,534	5,234
Expenditures:				
Current:				
General Government				
Legislative and Executive	<u>33,950</u>	<u>42,450</u>	<u>36,311</u>	<u>6,139</u>
Net Change in Fund Balance	(23,650)	(32,150)	(20,777)	11,373
Beginning Cash Fund Balance	<u>45,491</u>	<u>45,491</u>	<u>45,491</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u>21,841</u>	\$ <u>13,341</u>	\$ <u>24,714</u>	\$ <u>11,373</u>

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 Preservation Services Fund  
**For The Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ -	\$ -	\$ 2,023	\$ 2,023
Other Revenue	<u>206,000</u>	<u>206,000</u>	<u>100,000</u>	<u>(106,000)</u>
Total Revenues	206,000	206,000	102,023	(103,977)
Expenditures:				
Current:				
Housing and Community Development	<u>415,752</u>	<u>415,752</u>	<u>105,587</u>	<u>310,165</u>
Net Change in Fund Balance	(209,752)	(209,752)	(3,564)	206,188
Beginning Cash Fund Balance	<u>370,385</u>	<u>370,385</u>	<u>370,385</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u><u>160,633</u></u>	\$ <u><u>160,633</u></u>	366,821	\$ <u><u>206,188</u></u>
Reserved for Encumbrances – All Budget Years			<u>5,600</u>	
Total Cash Fund Balance – December 31			\$ <u><u>372,421</u></u>	

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 Law Enforcement Grant Fund  
**For The Year Ended December 31, 2010**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 4,000	\$ 4,000	\$ 6,650	\$ 2,650
Charges for Services	<u>1,100</u>	<u>1,100</u>	<u>1,320</u>	<u>220</u>
Total Revenues	5,100	5,100	7,970	2,870
Expenditures:				
Current:				
Security of Persons and Property – Police	<u>4,744</u>	<u>5,344</u>	<u>4,302</u>	<u>1,042</u>
Net Change in Fund Balance	356	(244)	3,668	3,912
Beginning Cash Fund Balance	<u>1,517</u>	<u>1,517</u>	<u>1,517</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u><u>1,873</u></u>	\$ <u><u>1,273</u></u>	\$ <u><u>5,185</u></u>	\$ <u><u>3,912</u></u>

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 Court Community Service Fund  
**For The Year Ended December 31, 2010**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 8,100	\$ 8,100	\$ 7,182	\$ (918)
Investment Earnings	<u>400</u>	<u>400</u>	<u>428</u>	<u>28</u>
Total Revenues	8,500	8,500	7,610	(890)
Expenditures:				
Current:				
General Government				
Judicial System	<u>7,000</u>	<u>7,000</u>	<u>3,511</u>	<u>3,489</u>
Net Change in Fund Balance	1,500	1,500	4,099	2,599
Beginning Cash Fund Balance	47,736	47,736	47,736	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(319)</u>	<u>(319)</u>	<u>(319)</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u>48,917</u>	\$ <u>48,917</u>	\$ <u>51,516</u>	\$ <u>2,599</u>

## 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, 2010**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 37,000	\$ 37,000	\$ 32,796	\$ (4,204)
Investment Earnings	<u>300</u>	<u>300</u>	<u>132</u>	<u>(168)</u>
Total Revenues	37,300	37,300	32,928	(4,372)
Expenditures:				
Current:				
General Government				
Judicial System	<u>56,350</u>	<u>56,350</u>	<u>54,566</u>	<u>1,784</u>
Net Change in Fund Balance	(19,050)	(19,050)	(21,638)	(2,588)
Beginning Cash Fund Balance	<u>29,248</u>	<u>29,248</u>	<u>29,248</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u><u>10,198</u></u>	\$ <u><u>10,198</u></u>	\$ <u><u>7,610</u></u>	\$ <u><u>(2,588)</u></u>

## 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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 9,500	\$ 9,500	\$ 9,945	\$ 445
Investment Earnings	<u>250</u>	<u>250</u>	<u>297</u>	<u>47</u>
Total Revenues	9,750	9,750	10,242	492
Expenditures:				
Current:				
General Government				
Judicial System	<u>14,500</u>	<u>14,500</u>	<u>2,242</u>	<u>12,258</u>
Net Change in Fund Balance	(4,750)	(4,750)	8,000	12,750
Beginning Cash Fund Balance	32,172	32,172	32,172	-
Prior Year's Reserve For Encumbrances Outstanding At December 31	(1,134)	(1,134)	(1,134)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(2,016)</u>	<u>(2,016)</u>	<u>(2,016)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>24,272</u>	\$ <u>24,272</u>	37,022	\$ <u>12,750</u>
Reserved for Encumbrances – All Budget Years			<u>1,134</u>	
Total Cash Fund Balance – December 31			\$ <u>38,156</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 3,500,000	\$ 3,800,000	\$ 3,560,130	\$ (239,870)
Expenditures:				
Current:				
Security of Persons and Property – Police	<u>3,257,798</u>	<u>3,621,780</u>	<u>3,554,040</u>	<u>67,740</u>
Excess of Revenues Over (Under) Expenditures	242,202	178,220	6,090	(172,130)
Other Financing Sources (Uses):				
Advances Out	<u>(129,479)</u>	<u>(129,479)</u>	<u>-</u>	<u>129,479</u>
Net Change in Fund Balance	112,723	48,741	6,090	(42,651)
Beginning Cash Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u>112,723</u>	\$ <u>48,741</u>	\$ <u>6,090</u>	\$ <u>(42,651)</u>

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Drug Free Community Grant Fund  
**For The Year Ended December 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 201,500	\$ 107,382	\$ (94,118)
Other Revenue	-	-	1,500	1,500
Total Revenues	100,000	201,500	108,882	(92,618)
Expenditures:				
Current:				
Public Health Services	100,000	201,500	106,966	94,534
Excess of Revenues Over (Under) Expenditures	-	-	1,916	1,916
Other Financing Sources (Uses):				
Advances In	20,000	20,000	-	(20,000)
Advances Out	(20,000)	(20,000)	-	20,000
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	1,916	1,916
Beginning Cash Fund Balance	243	243	243	-
Total Cash Fund Balance – December 31	\$ 243	\$ 243	\$ 2,159	\$ 1,916

## 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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$ 494,000	\$ 494,000	\$ 270,118	\$ (223,882)
Investment Earnings	6,000	6,000	3,943	(2,057)
Other Revenue	-	-	<u>8,695</u>	<u>8,695</u>
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>282,756</u>	<u>(217,244)</u>
<b>Expenditures:</b>				
Current:				
Housing and Community Development	<u>250,000</u>	<u>250,000</u>	<u>48,577</u>	<u>201,423</u>
Excess of Revenues Over (Under) Expenditures	250,000	250,000	234,179	(15,821)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(274,000)</u>	<u>(274,000)</u>	<u>(274,000)</u>	<u>-</u>
Net Change in Fund Balance	(24,000)	(24,000)	(39,821)	(15,821)
Beginning Cash Fund Balance	460,123	460,123	460,123	-
<b>Current Year Cash Expenditures</b>				
Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(25,750)</u>	<u>(25,750)</u>	<u>(25,750)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>410,373</u>	\$ <u>410,373</u>	394,552	\$ <u>(15,821)</u>
Reserved for Encumbrances – All Budget Years			<u>30,772</u>	
Total Cash Fund Balance – December 31			\$ <u>425,324</u>	

## 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, 2010**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 8,500	\$ 18,500	\$ 13,196	\$ (5,304)
Investment Earnings	<u>50</u>	<u>50</u>	<u>51</u>	<u>1</u>
Total Revenues	8,550	18,550	13,247	(5,303)
Expenditures:				
Current:				
General Government:				
Judicial System	<u>8,400</u>	<u>18,400</u>	<u>18,400</u>	<u>-</u>
Net Change in Fund Balance	150	150	(5,153)	(5,303)
Beginning Cash Fund Balance	<u>9,589</u>	<u>9,589</u>	<u>9,589</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>9,739</u>	\$ <u>9,739</u>	4,436	\$ <u>(5,303)</u>
Reserved for Encumbrances – All Budget Years			<u>222</u>	
Total Cash Fund Balance – December 31			\$ <u>4,658</u>	

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 Street Lighting Assessment Fund  
**For The Year Ended December 31, 2010**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special Assessments	\$ 593,428	\$ 593,428	\$ 574,115	\$ (19,313)
Expenditures:				
Current:				
Security of Persons and Property – Other	<u>738,653</u>	<u>738,653</u>	<u>737,695</u>	<u>958</u>
Excess of Revenues Over (Under) Expenditures	(145,225)	(145,225)	(163,580)	(18,355)
Other Financing Sources (Uses):				
Transfers In	<u>12,100</u>	<u>12,100</u>	<u>12,100</u>	<u>-</u>
Net Change in Fund Balance	(133,125)	(133,125)	(151,480)	(18,355)
Beginning Cash Fund Balance	<u>276,002</u>	<u>276,002</u>	<u>276,002</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>142,877</u>	\$ <u>142,877</u>	124,522	\$ <u>(18,355)</u>
Reserved for Encumbrances – All Budget Years			<u>38,950</u>	
Total Cash Fund Balance – December 31			\$ <u>163,472</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special Assessments	\$ 790,386	\$ 790,386	\$ 750,117	\$ (40,269)
Expenditures:				
Current:				
Housing and Community Development	<u>995,181</u>	<u>995,181</u>	<u>805,860</u>	<u>189,321</u>
Net Change in Fund Balance	(204,795)	(204,795)	(55,743)	149,052
Beginning Cash Fund Balance	431,057	431,057	431,057	-
Prior Year's Reserve For Encumbrances Outstanding At December 31	(17,050)	(17,050)	(17,050)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(27,739)</u>	<u>(27,739)</u>	<u>(27,739)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>181,473</u>	\$ <u>181,473</u>	330,525	\$ <u>149,052</u>
Reserved for Encumbrances – All Budget Years			<u>72,169</u>	
Total Cash Fund Balance – December 31			\$ <u>402,694</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Central Services Operation Fund **For The Year Ended December 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$ 903,213	\$ 903,213	\$ 748,362	\$ (154,851)
Other Revenue	<u>69,939</u>	<u>69,939</u>	<u>45,157</u>	<u>(24,782)</u>
Total Revenues	<u>973,152</u>	<u>973,152</u>	<u>793,519</u>	<u>(179,633)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property				
Police	10,000	10,000	-	10,000
Fire	11,149	11,149	8,570	2,579
Street Maintenance and Repair	369,200	369,200	252,210	116,990
Public Works - Other	390,919	390,919	296,659	94,260
General Government				
Legislative and Executive	<u>63,150</u>	<u>63,150</u>	<u>37,426</u>	<u>25,724</u>
Total Expenditures	<u>844,418</u>	<u>844,418</u>	<u>594,865</u>	<u>249,553</u>
Net Change in Fund Balance	128,734	128,734	198,654	69,920
Beginning Cash Fund Balance	45,741	45,741	45,741	-
Prior Year's Reserve For Encumbrances				
Outstanding At December 31	(2,600)	(2,600)	(2,600)	-
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	<u>(39,769)</u>	<u>(39,769)</u>	<u>(39,769)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>132,106</u>	\$ <u>132,106</u>	202,026	\$ <u>69,920</u>
Reserved for Encumbrances – All Budget Years			<u>49,716</u>	
Total Cash Fund Balance – December 31			\$ <u>251,742</u>	

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 Law Enforcement Trust Fund  
**For The Year Ended December 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ -	\$ -	\$ 4,917	\$ 4,917
Fines and Forfeitures	<u>129,479</u>	<u>129,479</u>	<u>64,454</u>	<u>(65,025)</u>
Total Revenues	129,479	129,479	69,371	(60,108)
Expenditures:				
Current:				
Security of Persons and Property – Police	<u>-</u>	<u>-</u>	<u>32,622</u>	<u>(32,622)</u>
Excess of Revenues Over (Under) Expenditures	129,479	129,479	36,749	(92,730)
Other Financing Sources (Uses):				
Transfers Out	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>75,000</u>
Net Change in Fund Balance	129,479	54,479	36,749	(17,730)
Beginning Cash Fund Balance	<u>556,291</u>	<u>556,291</u>	<u>556,291</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u>685,770</u>	\$ <u>610,770</u>	\$ <u>593,040</u>	\$ <u>(17,730)</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment Earnings	\$ -	\$ -	\$ 4,597	\$ 4,597
Other Revenue	<u>938,168</u>	<u>938,168</u>	<u>157,999</u>	<u>(780,169)</u>
Total Revenues	<u>938,168</u>	<u>938,168</u>	<u>162,596</u>	<u>(775,572)</u>
<b>Expenditures:</b>				
Current:				
General Government				
Legislative and Executive	15,000	15,000	3,242	11,758
Debt Service:				
Principal Retirements	873,420	1,462,745	1,462,745	-
Interest and Fiscal Charges	<u>72,138</u>	<u>57,813</u>	<u>39,138</u>	<u>18,675</u>
Total Expenditures	<u>960,558</u>	<u>1,535,558</u>	<u>1,505,125</u>	<u>30,433</u>
Excess of Revenues Over (Under) Expenditures	<u>(22,390)</u>	<u>(597,390)</u>	<u>(1,342,529)</u>	<u>(745,139)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Notes	-	-	595,843	595,843
Transfers In	<u>1,172,033</u>	<u>1,172,033</u>	<u>2,085,913</u>	<u>913,880</u>
Total Other Financing Sources (Uses)	<u>1,172,033</u>	<u>1,172,033</u>	<u>2,681,756</u>	<u>1,509,723</u>
Net Change in Fund Balance	1,149,643	574,643	1,339,227	764,584
Beginning Cash Fund Balance	209,581	209,581	209,581	-
<b>Current Year Cash Expenditures</b>				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	<u>(191,960)</u>	<u>(191,960)</u>	<u>(191,960)</u>	<u>-</u>
Ending Unreserved Cash Fund Balance	\$ <u>1,167,264</u>	\$ <u>592,264</u>	1,356,848	\$ <u>764,584</u>
Reserved for Encumbrances – All Budget Years			<u>181,035</u>	
Total Cash Fund Balance – December 31			\$ <u>1,537,883</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 590,494	\$ 590,494	\$ 674,709	\$ 84,215
Investment Earnings	-	-	7,603	7,603
Total Revenues	<u>590,494</u>	<u>590,494</u>	<u>682,312</u>	<u>91,818</u>
Expenditures:				
Debt Service:				
Principal Retirements	545,000	545,000	545,000	-
Interest and Fiscal Charges	<u>864,582</u>	<u>864,582</u>	<u>864,582</u>	<u>-</u>
Total Expenditures	<u>1,409,582</u>	<u>1,409,582</u>	<u>1,409,582</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(819,088)	(819,088)	(727,270)	91,818
Other Financing Sources (Uses):				
Transfers In	<u>819,088</u>	<u>819,088</u>	-	<u>(819,088)</u>
Net Change in Fund Balance	-	-	(727,270)	(727,270)
Beginning Cash Fund Balance	<u>1,066,682</u>	<u>1,066,682</u>	<u>1,066,682</u>	<u>-</u>
Total Cash Fund Balance – December 31	\$ <u>1,066,682</u>	\$ <u>1,066,682</u>	\$ <u>339,412</u>	\$ <u>(727,270)</u>

## 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, 2010**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ <u>621,728</u>	\$ <u>712,669</u>	\$ <u>718,703</u>	\$ <u>6,034</u>
Expenses:				
Personal Services	-	-	249	(249)
Contractual Services	3,895	58,440	58,440	-
Materials and Supplies	<u>608,774</u>	<u>654,229</u>	<u>642,307</u>	<u>11,992</u>
Total Expenses	<u>612,669</u>	<u>712,669</u>	<u>700,996</u>	<u>11,673</u>
Net Change in Fund Equity	9,059	-	17,707	17,707
Beginning Cash Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Unreserved Cash Fund Equity	\$ <u>9,059</u>	\$ <u>-</u>	17,707	\$ <u>17,707</u>
Reserved for Encumbrances – All Budget Years			<u>6,724</u>	
Total Cash Fund Equity – December 31			\$ <u>24,431</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 41,468	\$ 41,468	\$ 140	\$ (41,328)
Expenses:				
Contractual Services	<u>41,468</u>	<u>41,468</u>	<u>483</u>	<u>40,985</u>
Net Change in Fund Equity	-	-	(343)	(343)
Beginning Cash Fund Equity	30,492	30,492	30,492	-
Current Year Cash Expenses				
Against Prior Year's Cash Fund				
Equity Reserved For Encumbrance	<u>(4,021)</u>	<u>(4,021)</u>	<u>(4,021)</u>	<u>-</u>
Ending Unreserved Cash Fund Equity	\$ <u>26,471</u>	\$ <u>26,471</u>	26,128	\$ <u>(343)</u>
Reserved for Encumbrances – All Budget Years			<u>4,504</u>	
Total Cash Fund Equity – December 31			\$ <u>30,632</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ <u>1,166,983</u>	\$ <u>1,166,983</u>	\$ <u>1,035,083</u>	\$ <u>(131,900)</u>
Expenses:				
Personal Services	827,090	827,090	739,627	87,463
Travel and Education	2,501	2,501	1,072	1,429
Contractual Services	295,376	283,345	275,892	7,453
Materials and Supplies	<u>42,116</u>	<u>54,147</u>	<u>54,147</u>	<u>-</u>
Total Expenses	<u>1,167,083</u>	<u>1,167,083</u>	<u>1,070,738</u>	<u>96,345</u>
Net Change in Fund Equity	(100)	(100)	(35,655)	(35,555)
Beginning Cash Fund Equity	61,218	61,218	61,218	-
Prior Year's Reserve For Encumbrances Outstanding At December 31	(665)	(665)	(665)	-
Current Year Cash Expenses Against Prior Year's Cash Fund Equity Reserved For Encumbrance	<u>(24,890)</u>	<u>(24,890)</u>	<u>(24,890)</u>	<u>-</u>
Ending Unreserved Cash Fund Equity	\$ <u>35,563</u>	\$ <u>35,563</u>	8	\$ <u>(35,555)</u>
Reserved for Encumbrances – All Budget Years			<u>63,809</u>	
Total Cash Fund Equity – December 31			\$ <u>63,817</u>	

## City of Shaker Heights, Ohio

Schedule of Revenues, Expenditures and Changes In Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Self Insurance Fund  
**For The Year Ended December 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other Revenues	\$ 17,000	\$ 17,000	\$ 13,243	\$ (3,757)
Expenses:				
Personal Services	66,700	66,700	66,594	106
Travel and Education	472	472	54	418
Contractual Services	833,779	833,779	766,108	67,671
Materials and Supplies	1,255	1,255	904	351
Other Expenditures	202,541	202,541	75,283	127,258
Total Expenses	1,104,747	1,104,747	908,943	195,804
Operating Income (Loss)	(1,087,747)	(1,087,747)	(895,700)	192,047
Other Financing Sources (Uses):				
Transfers in	-	-	500,000	500,000
Net Change in Fund Equity	(1,087,747)	(1,087,747)	(395,700)	692,047
Beginning Cash Fund Equity	1,964,506	1,964,506	1,964,506	-
Current Year Cash Expenses Against Prior Year's Cash Fund Equity Reserved For Encumbrance	(3,042)	(3,042)	(3,042)	-
Ending Unreserved Cash Fund Equity	\$ 873,717	\$ 873,717	1,565,764	\$ 692,047
Reserved for Encumbrances – All Budget Years			39,534	
Total Cash Fund Equity – December 31			\$ 1,605,298	

## **City of Shaker Heights, Ohio**

Combining Statements  
Non-Major Internal Services Funds

### **For The Year Ended December 31, 2010**

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#### *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, 2010**

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total Internal Service Funds</u>
<b>Assets:</b>					
Equity in city treasury cash	\$ 24,431	\$ 30,632	\$ 63,817	\$ 1,605,298	\$ 1,724,178
Accounts receivable	-	-	-	2,653	2,653
Interfund receivable	11,537	-	89,658	-	101,195
Inventory of supplies	168,947	-	-	-	168,947
Prepaid items	-	-	-	51,332	51,332
<b>Total assets</b>	<u>204,915</u>	<u>30,632</u>	<u>153,475</u>	<u>1,659,283</u>	<u>2,048,305</u>
<b>Liabilities:</b>					
Accounts payable	69,396	1,639	36,093	71,167	178,295
Accrued wages and benefits	-	-	20,428	-	20,428
Interfund payable	42,429	-	-	-	42,429
Claims payable	-	-	-	113,604	113,604
Accrued compensated absences	-	-	43,769	-	43,769
<b>Total current liabilities</b>	<u>111,825</u>	<u>1,639</u>	<u>100,290</u>	<u>184,771</u>	<u>398,525</u>
<b>Long-term liabilities (net of current portion):</b>					
Claims payable	-	-	-	466,010	466,010
Accrued compensated absences	-	-	90,507	-	90,507
<b>Total long-term liabilities</b>	<u>-</u>	<u>-</u>	<u>90,507</u>	<u>466,010</u>	<u>556,517</u>
<b>Total liabilities</b>	<u>111,825</u>	<u>1,639</u>	<u>190,797</u>	<u>650,781</u>	<u>955,042</u>
<b>Net assets:</b>					
Unrestricted (deficit)	\$ <u>93,090</u>	\$ <u>28,993</u>	\$ <u>(37,322)</u>	\$ <u>1,008,502</u>	\$ <u>1,093,263</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, 2010

	<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	\$ <u>718,702</u>	\$ <u>140</u>	\$ <u>1,035,083</u>	\$ <u>513,243</u>	\$ <u>2,267,168</u>
Total operating revenues	<u>718,702</u>	<u>140</u>	<u>1,035,083</u>	<u>513,243</u>	<u>2,267,168</u>
Operating expenses:					
Personal services	-	-	755,587	66,594	822,181
Travel and education	248	-	1,072	54	1,374
Contractual services	58,268	1,639	246,799	725,383	1,032,089
Material and supplies	<u>647,100</u>	<u>-</u>	<u>54,755</u>	<u>848</u>	<u>702,703</u>
Total operating expenses	<u>705,616</u>	<u>1,639</u>	<u>1,058,213</u>	<u>792,879</u>	<u>2,558,347</u>
Change in net assets	13,086	(1,499)	(23,130)	(279,636)	(291,179)
Net assets (deficit) at beginning of year	<u>80,004</u>	<u>30,492</u>	<u>(14,192)</u>	<u>1,288,138</u>	<u>1,384,442</u>
Net assets (deficit) at end of year	\$ <u><u>93,090</u></u>	\$ <u><u>28,993</u></u>	\$ <u><u>(37,322)</u></u>	\$ <u><u>1,008,502</u></u>	\$ <u><u>1,093,263</u></u>

# City of Shaker Heights, Ohio

## Combining Statements of Cash Flows Non-Major Internal Services Funds

### For The Year Ended December 31, 2010

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total Internal Service Funds</u>
Increase (decrease) in cash and cash equivalents:					
Cash flows from operating activities:					
Cash received from internal services	\$ 718,702	\$ 140	\$ 1,035,083	\$ 513,243	\$ 2,267,168
Cash payments to suppliers	(637,461)	-	(53,069)	(904)	(691,434)
Cash payments for goods and services	(56,810)	-	(239,939)	(804,953)	(1,101,702)
Cash payments to employees	-	-	(739,476)	(66,594)	(806,070)
Net cash provided by (used for) operating activities	<u>24,431</u>	<u>140</u>	<u>2,599</u>	<u>(359,208)</u>	<u>(332,038)</u>
Net increase (decrease) in cash and cash equivalents	24,431	140	2,599	(359,208)	(332,038)
Cash and cash equivalents at beginning of year	<u>-</u>	<u>30,492</u>	<u>61,218</u>	<u>1,964,506</u>	<u>2,056,216</u>
Cash and cash equivalents at end of year	\$ <u><u>24,431</u></u>	\$ <u><u>30,632</u></u>	\$ <u><u>63,817</u></u>	\$ <u><u>1,605,298</u></u>	\$ <u><u>1,724,178</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 13,086	\$ (1,499)	\$ (23,130)	\$ (279,636)	\$ (291,179)
Adjustments:					
Changes in assets/liabilities:					
Increase in material and supplies inventory	(16,441)	-	-	-	(16,441)
Increase (decrease) in accounts payable	27,786	1,639	9,618	15,468	54,511
Decrease in accrued wages and benefits	-	-	6,066	-	6,066
Decrease in compensated absences	-	-	10,045	-	10,045
Increase in self insurance claims payable	-	-	-	(95,040)	(95,040)
Total adjustments	<u>11,345</u>	<u>1,639</u>	<u>25,729</u>	<u>(79,572)</u>	<u>(40,859)</u>
Net cash provided by (used for) operating activities	\$ <u><u>24,431</u></u>	\$ <u><u>140</u></u>	\$ <u><u>2,599</u></u>	\$ <u><u>(359,208)</u></u>	\$ <u><u>(332,038)</u></u>

# City of Shaker Heights, Ohio

## Combining Statements Fiduciary Funds

### **For The Year Ended December 31, 2010**

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#### *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  
Fiduciary Funds (Continued)

### **For The Year Ended December 31, 2010**

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#### *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

**December 31, 2010**

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
<b>Public Art Deposit Fund</b>				
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>
<b>Obstruction Permit Deposit Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>48,580</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>48,580</u>
Liabilities:				
Deposits held and due to others	\$ <u>48,580</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>48,580</u>
<b>Excavating Permit Deposit Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>11,420</u>	\$ <u>1,140</u>	\$ <u>85</u>	\$ <u>12,475</u>
Liabilities:				
Deposits held and due to others	\$ <u>11,420</u>	\$ <u>1,140</u>	\$ <u>85</u>	\$ <u>12,475</u>
<b>Unclaimed Monies Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>203,080</u>	\$ <u>74,824</u>	\$ <u>28,499</u>	\$ <u>249,405</u>
Liabilities:				
Accounts payable	\$ <u>-</u>	\$ <u>33,710</u>	\$ <u>-</u>	\$ <u>33,710</u>
Deposits held and due to others	<u>203,080</u>	<u>41,114</u>	<u>28,499</u>	<u>215,695</u>
Total Liabilities	\$ <u>203,080</u>	\$ <u>74,824</u>	\$ <u>28,499</u>	\$ <u>249,405</u>
<b>Fund for the Future of Shaker Heights Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>479,279</u>	\$ <u>82,545</u>	\$ <u>177,199</u>	\$ <u>384,625</u>
Mortgage loans receivable	<u>160,151</u>	<u>87,075</u>	<u>49,928</u>	<u>197,298</u>
Total Assets	\$ <u>639,430</u>	\$ <u>169,620</u>	\$ <u>227,127</u>	\$ <u>581,923</u>
Liabilities:				
Deposits held and due to others	\$ <u>639,430</u>	\$ <u>169,620</u>	\$ <u>227,127</u>	\$ <u>581,923</u>

(Continued)

# City of Shaker Heights, Ohio

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

**December 31, 2010**

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
<b>Municipal Court Fund</b>				
Assets:				
Cash and cash equivalents in segregated accounts	\$ <u>563,212</u>	\$ <u>4,201,845</u>	\$ <u>4,286,513</u>	\$ <u>478,544</u>
Liabilities:				
Intergovernmental payable	\$ 299,796	\$ 3,585,030	\$ 3,638,919	\$ 245,907
Deposits held and due to others	<u>263,416</u>	<u>616,815</u>	<u>647,594</u>	<u>232,637</u>
Total Liabilities	\$ <u>563,212</u>	\$ <u>4,201,845</u>	\$ <u>4,286,513</u>	\$ <u>478,544</u>
<b>Contractor Deposit Fund</b>				
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>
<b>Recreation Scholarship Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>37,905</u>	\$ <u>5,602</u>	\$ <u>6,066</u>	\$ <u>37,441</u>
Liabilities:				
Deposits held and due to others	\$ <u>37,905</u>	\$ <u>5,602</u>	\$ <u>6,066</u>	\$ <u>37,441</u>
<b>Shaker Family Resource Center</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>-</u>	\$ <u>487,945</u>	\$ <u>487,945</u>	\$ <u>-</u>
Liabilities:				
Deposits held and due to others	\$ <u>-</u>	\$ <u>487,945</u>	\$ <u>487,945</u>	\$ <u>-</u>
<b>Board of Building Standards Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>554</u>	\$ <u>2,703</u>	\$ <u>2,505</u>	\$ <u>752</u>
Liabilities:				
Intergovernmental payable	\$ <u>554</u>	\$ <u>2,703</u>	\$ <u>2,505</u>	\$ <u>752</u>

(Continued)

# City of Shaker Heights, Ohio

## Combining Statements of Changes in Assets and Liabilities (Continued)

### Agency Funds

**December 31, 2010**

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
<b>Heights Area Special Rescue Team Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 142,535	\$ 50,297	\$ 31,913	\$ 160,919
Liabilities:				
Intergovernmental payable	\$ 142,535	\$ 50,108	\$ 31,913	\$ 160,730
Accrued wages and benefits	-	189	-	189
Total liabilities	\$ 142,535	\$ 50,297	\$ 31,913	\$ 160,919
<b>Total Agency Funds</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,068,104	\$ 705,056	\$ 734,212	\$ 1,038,948
Cash and cash equivalents				
In segregated accounts	563,212	4,201,845	4,286,513	478,544
Mortgage loan receivable	160,151	87,075	49,928	197,298
Total assets	\$ 1,791,467	\$ 4,993,976	\$ 5,070,653	\$ 1,714,790
Liabilities:				
Accounts payable	\$ -	\$ 33,710	\$ -	\$ 33,710
Intergovernmental payable	442,885	3,637,841	3,673,337	407,389
Deposits held and due to others	1,348,582	1,322,236	1,397,316	1,273,502
Accrued wages and benefits	-	189	-	189
Total liabilities	\$ 1,791,467	\$ 4,993,976	\$ 5,070,653	\$ 1,714,790

**STATISTICAL  
SECTION**

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## 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.

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

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

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

	2010	2009	2008	2007	2006	2005	2004
Governmental Activities							
Invested in Capital Assets,							
Net of Related Debt	\$ 61,134,899	\$ 61,712,406	\$ 58,708,166	\$ 44,729,593	\$ 39,706,310	\$ 28,686,344	\$ 32,387,135
Restricted:							
Capital Projects	16,187,786	18,947,218	25,606,578	31,339,125	38,040,586	32,600,572	29,667,802
Debt Service	1,838,464	1,237,432	915,681	-	-	-	-
Streets	690,153	724,281	906,871	-	-	-	-
Public Safety	1,492,645	1,724,661	1,342,216	-	-	-	-
Judicial Services	710,352	637,338	555,708	-	-	-	-
Other	-	-	-	193,610	665,036	7,998,216	2,781,854
Unrestricted	20,655,757	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>\$ 102,710,056</u>	<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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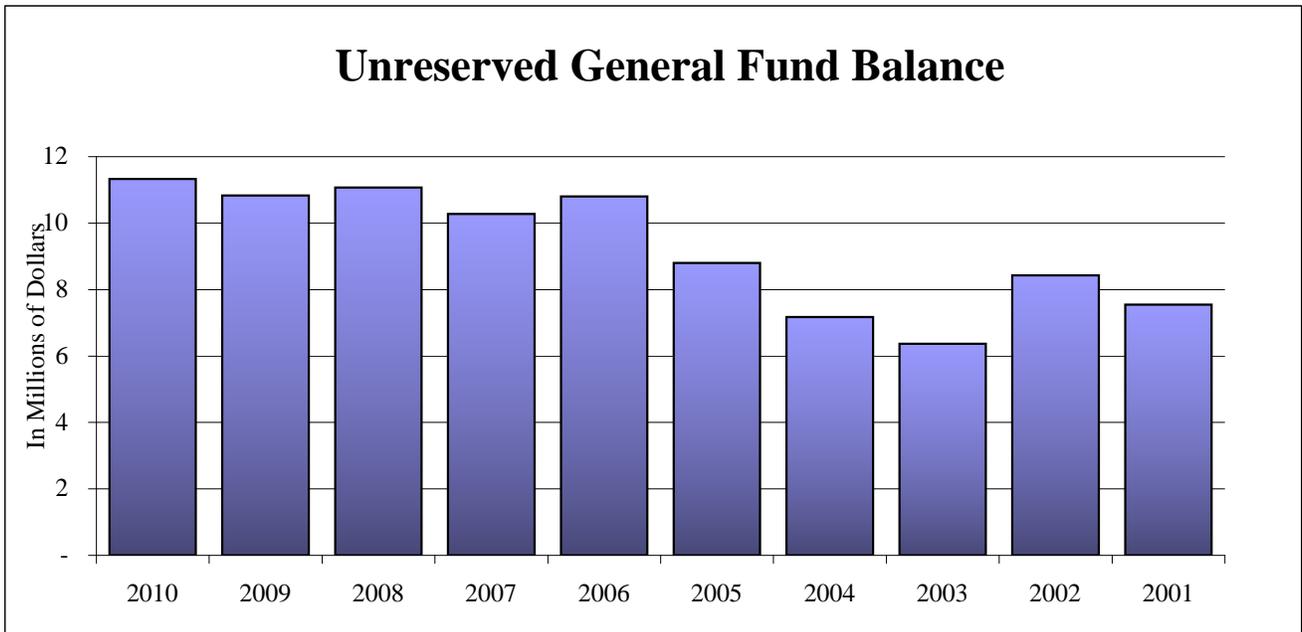
**City of Shaker Heights, Ohio**  
*Changes in Net Assets*  
*Last Seven Years*  
*(Accrual Basis of Accounting)*

	2010	2009	2008	2007	2006	2005	2004
<b>Program Revenues</b>							
Governmental Activities:							
Charges for Services:							
Security of Persons and Property	\$ 1,228,766	\$ 1,013,943	\$ 1,340,465	\$ 860,784	\$ 908,354	\$ 797,872	\$ 832,026
Public Health Services	88,852	70,133	80,210	82,688	80,425	84,582	73,237
Leisure Time Activities	1,758,484	1,754,838	1,827,419	1,884,955	1,818,800	2,002,191	2,173,065
Housing and Community Development	2,412,588	2,504,195	2,117,015	1,528,272	1,692,407	1,330,108	1,247,013
Sanitation and Sewer Services	1,187,478	1,333,696	1,541,510	1,504,818	1,419,346	1,506,353	1,520,428
Street Maintenance and Repair	2,322	8,231	8,238	219,668	205,733	410,546	45,106
Public Works - Other	671,940	707,206	711,143	545,830	538,584	427,956	1,221,186
General Government	2,916,571	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	3,670,356	4,293,912	4,895,746	2,218,326	3,671,222	3,262,043	2,867,495
Public Health Services	103,824	4,780	-	26,114	34,335	20,657	119,319
Leisure Time Activities	-	-	-	1,683	4,238	5,626	-
Housing and Community Development	331,218	44,215	35,976	116,139	135,317	45,009	119,227
Sanitation and Sewer Services	277,697	295,303	5,901	-	-	38,000	19,454
Street Maintenance and Repair	-	-	-	-	-	26,630	6,741
General Government	15,294	13,000	40,987	75	140	-	1,407,545
Capital Grants and Contributions:							
Security of Persons and Property	6,169	4,000	5,000	-	-	37,722	84,316
Public Health Services	-	-	-	-	-	-	23,712
Housing and Community Development	47,504	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>14,719,063</u>	<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>
<b>Expenses</b>							
Governmental Activities:							
General Government	7,169,311	6,729,574	7,087,741	6,427,598	6,297,348	6,186,733	6,454,681
Security of Persons and Property	21,919,064	23,988,819	23,458,781	23,903,946	22,068,064	23,038,851	22,909,631
Public Health and Welfare	590,758	692,906	448,703	563,495	558,169	538,756	632,970
Leisure Time Activities	3,847,435	4,039,556	3,877,476	3,664,496	4,137,650	3,751,953	3,992,118
Housing and Community Development	6,381,587	7,441,799	6,989,574	7,240,967	7,215,561	7,165,612	7,489,338
Sanitation and Sewer Services	4,737,490	4,024,723	5,018,134	2,167,731	2,830,739	2,688,129	4,076,738
Street Maintenance and Repair	2,923,298	2,388,186	2,817,752	2,181,766	2,181,740	1,513,229	2,962,286
Public Works - Other	2,913,412	2,971,552	3,905,495	2,938,506	3,492,889	4,810,977	3,922,743
Interest and Fiscal Charges	919,281	928,950	1,001,492	1,048,868	1,076,682	773,737	491,535
<i>Total Governmental Activities Expenses</i>	<u>51,401,636</u>	<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>
<b>Net (Expense)/Revenue</b>							
Governmental Activities	<u>(36,682,573)</u>	<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>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental Activities							
Property Taxes	6,990,638	8,579,190	8,224,540	8,966,264	7,380,267	7,384,160	7,264,319
Income and Other Taxes	19,777,714	19,523,078	20,819,652	23,244,676	18,002,688	22,653,723	18,530,905
Grants and Entitlements	6,721,784	7,372,760	5,670,500	7,752,673	17,249,741	4,903,785	7,615,993
Interest Earnings	528,639	289,963	629,378	1,963,517	2,411,188	1,024,160	399,676
Miscellaneous Income	485,557	451,678	232,203	218,240	47,621	6,393	-
Special Item	-	-	-	(1,731,108)	-	-	-
<i>Total Governmental Activities</i>	<u>34,504,332</u>	<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>
<b>Change in Net Assets</b>							
Governmental Activities	<u>\$ (2,178,241)</u>	<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)*

	2010	2009	2008	2007
<b>General Fund</b>				
Reserved	\$ 635,380	\$ 672,271	\$ 658,094	\$ 737,765
Unreserved	11,325,272	10,832,936	11,068,444	10,277,756
<b>Total General Fund</b>	<b>11,960,652</b>	<b>11,505,207</b>	<b>11,726,538</b>	<b>11,015,521</b>
<b>All Other Governmental Funds</b>				
Reserved	5,385,836	5,917,500	8,286,921	21,462,206
Unreserved, Undesignated, Reported in:				
Special Revenue funds	7,617,822	8,165,918	5,830,175	3,638,148
Debt Service funds	1,657,429	1,043,472	793,110	(6,320,440)
Capital Projects funds	11,679,020	13,653,858	17,703,298	10,321,345
<b>Total All Other Governmental Funds</b>	<b>26,340,107</b>	<b>28,780,748</b>	<b>32,613,504</b>	<b>29,101,259</b>
<b>Total Governmental Funds</b>	<b>\$ 38,300,759</b>	<b>\$ 40,285,955</b>	<b>\$ 44,340,042</b>	<b>\$ 40,116,780</b>



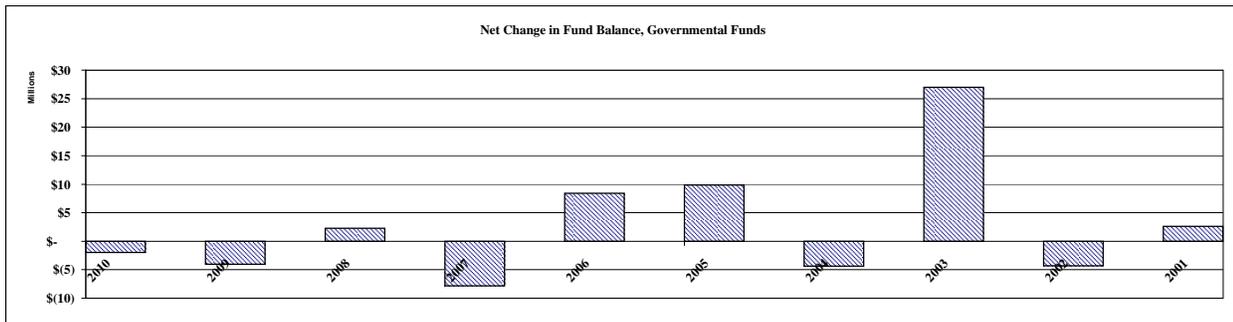
2006	2005	2004	2003	2002	2001
\$ 645,010	\$ 618,498	\$ 620,813	\$ 493,249	\$ 546,667	\$ 841,512
10,800,682	8,803,020	7,177,276	6,368,592	8,431,718	7,548,699
11,445,692	9,421,518	7,798,089	6,861,841	8,978,385	8,390,211
25,400,516	20,831,407	18,534,385	9,577,630	10,279,656	5,457,642
4,625,921	4,227,083	5,485,075	6,147,351	5,614,309	3,282,087
(6,444,691)	642,972	461,017	325,971	-	-
12,940,408	12,377,248	5,384,372	19,118,859	(9,843,621)	1,473,271
36,522,154	38,078,710	29,864,849	35,169,811	6,050,344	10,213,000
\$ 47,967,846	\$ 47,500,228	\$ 37,662,938	\$ 42,031,652	\$ 15,028,729	\$ 18,603,211

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

	2010	2009	2008	2007	2006
<b>Revenues</b>					
Property taxes	\$ 6,992,558	\$ 8,399,301	\$ 8,256,559	\$ 8,889,841	\$ 7,428,674
Municipal Income Taxes	19,562,027	20,144,932	20,840,303	20,246,324	19,886,483
Other Local Taxes	46,219	53,478	55,599	68,772	72,795
Intergovernmental	11,158,151	12,338,984	14,936,366	10,218,683	29,295,902
Charges for Services	7,042,983	6,538,429	6,591,980	6,508,530	6,843,816
Fees, Licenses and Permits	674,820	577,437	764,096	746,352	848,307
Fines and Forfeitures	740,453	1,069,127	995,703	1,007,083	1,007,772
Special Assessments	1,805,098	1,830,121	1,767,705	1,437,429	1,551,355
Interest Earnings	514,234	254,263	585,912	1,851,297	2,310,585
Other Revenue	694,612	669,754	490,070	633,891	879,638
<i>Total Revenues</i>	<u>49,231,155</u>	<u>51,875,826</u>	<u>55,284,293</u>	<u>51,608,202</u>	<u>70,125,327</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property	22,096,210	23,577,387	24,202,081	23,574,673	22,052,139
Public Health and Welfare	584,712	572,755	529,080	558,251	556,927
Leisure Time Activities	4,155,613	3,634,079	3,750,314	7,555,496	4,832,651
Housing and Community Development	6,748,290	7,555,641	8,985,556	7,347,631	8,487,286
Sanitation and Sewer Services	4,697,166	5,031,160	7,498,220	4,242,460	4,719,322
Street Maintenance and Repair	3,598,187	3,345,052	3,280,365	4,300,875	2,520,981
Public Works - Other	2,428,497	2,692,495	2,611,414	3,454,788	3,980,129
General Government	6,952,171	6,400,685	7,113,939	6,645,189	5,732,134
Debt Service:					
Principal Retirement	1,993,420	9,239,281	2,407,571	2,960,142	10,520,233
Interest and Fiscal Charges	903,720	990,355	966,611	1,084,763	1,101,485
Debt Issuance Costs	-	107,854	-	-	-
<i>Total Expenditures</i>	<u>54,157,986</u>	<u>63,146,744</u>	<u>61,345,151</u>	<u>61,724,268</u>	<u>64,503,287</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,926,831)</u>	<u>(11,270,918)</u>	<u>(6,060,858)</u>	<u>(10,116,066)</u>	<u>5,622,040</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of Debt	2,902,697	7,775,852	8,660,000	2,265,000	2,800,000
Sale of Capital Assets	38,938	64,482	-	-	-
Transfers In	4,249,037	9,351,044	3,993,546	3,748,042	4,495,644
Transfers Out	(4,249,037)	(10,151,044)	(4,293,546)	(3,748,042)	(4,495,644)
Premium on Bonds	-	176,497	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>2,941,635</u>	<u>7,216,831</u>	<u>8,360,000</u>	<u>2,265,000</u>	<u>2,800,000</u>
<i>Net Change in Fund Balances</i>	<u>\$ (1,985,196)</u>	<u>\$ (4,054,087)</u>	<u>\$ 2,299,142</u>	<u>\$ (7,851,066)</u>	<u>\$ 8,422,040</u>

Debt Service as a Percentage of Noncapital Expenditures

3.97%      17.77%      6.30%      7.36%      19.35%



2005	2004	2003	2002	2001
\$ 7,331,189	\$ 7,269,251	\$ 6,384,628	\$ 6,423,446	\$ 6,368,356
21,861,847	18,783,048	22,649,166	18,648,908	18,927,461
82,208	7,406,893	17,135,868	4,580,163	5,961,216
12,452,589	4,721,227	3,624,484	3,805,168	2,920,659
6,630,592	6,607,922	5,959,401	3,812,324	3,276,315
509,945	449,452	487,677	409,093	340,124
884,476	799,324	1,028,445	737,865	718,435
1,421,099	1,529,226	1,347,023	1,348,169	1,324,288
949,769	339,094	490,633	940,869	1,833,419
982,334	1,339,428	1,082,301	1,918,912	1,478,583
<u>53,106,048</u>	<u>49,244,865</u>	<u>60,189,626</u>	<u>42,624,917</u>	<u>43,148,856</u>
22,975,164	21,581,448	22,718,906	17,442,316	16,212,087
547,922	624,730	629,242	509,328	397,931
3,721,751	4,039,570	3,702,571	501,136	582,860
7,053,154	6,049,968	5,648,055	4,838,231	4,590,959
4,682,615	8,710,562	4,073,814	3,563,023	3,182,130
3,080,371	4,676,644	2,588,086	1,361,726	1,542,087
4,969,107	3,506,111	2,501,287	10,076,546	5,463,532
6,058,532	7,212,530	6,545,599	7,412,559	7,219,513
182,850	145,375	40,375	40,375	40,375
565,169	664,604	304,627	219,082	191,123
-	-	-	-	-
<u>53,836,635</u>	<u>57,211,542</u>	<u>48,752,562</u>	<u>45,964,322</u>	<u>39,422,597</u>
<u>(730,587)</u>	<u>(7,966,677)</u>	<u>11,437,064</u>	<u>(3,339,405)</u>	<u>3,726,259</u>
10,567,878	3,597,963	15,543,069	-	-
-	-	-	-	-
4,269,619	6,516,731	9,337,294	2,843,725	4,460,545
(4,269,619)	(6,516,731)	(9,337,294)	(3,826,348)	(5,553,383)
-	-	-	-	-
<u>10,567,878</u>	<u>3,597,963</u>	<u>15,543,069</u>	<u>(982,623)</u>	<u>(1,092,838)</u>
<u>\$ 9,837,291</u>	<u>\$ (4,368,714)</u>	<u>\$ 26,980,133</u>	<u>\$ (4,322,028)</u>	<u>\$ 2,633,421</u>
1.68%	1.64%	0.79%	0.64%	0.63%

**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
2010/2011	\$ 742,089,560	\$ 69,308,540	\$ 2,318,280,286	\$ 9,886,420	\$ 11,631,082
2009/2010	742,998,900	72,785,870	2,330,813,629	9,657,800	11,362,118
2008/2009	801,142,110	75,467,590	2,504,599,143	9,080,760	10,683,247
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

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>		Total Direct Rate (1)	<u>Total</u>		
<u>Assessed Value</u>	<u>Estimated Actual Value</u>		<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>
\$ -	-	\$ 9.90	\$ 821,284,520	\$ 2,329,911,368	35.25%
-	-	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%

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

	2010	2009	2008	2007	2006
<b>Unvoted Millage</b>					
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>
<b>Charter Millage</b>					
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>
<b>Total Millage</b>	<u><u>\$ 9.90</u></u>				
<b>Overlapping Rates by Taxing District</b>					
Shaker Heights City School District Voted Millage					
Effective Millage Rates					
Residential/Agricultural Real	\$ 85.74	\$ 76.10	\$ 71.00	\$ 70.47	\$ 70.36
Commercial/Industrial and Public Utility	113.05	100.74	98.68	96.61	95.58
Tangible/Public Utility Personal	180.13	170.60	170.60	170.30	170.30
Cuyahoga County Voted Millage	18.40	18.10	18.10	18.20	18.30
Effective Millage Rates					
Residential/Agricultural Real	18.18	17.69	16.82	16.03	16.02
Commercial/Industrial and Public Utility	17.69	17.26	17.21	16.83	17.13
Tangible/Public Utility Personal	18.40	18.10	18.10	18.20	18.30
Shaker Heights Public Library Voted Millage					
Effective Millage Rates					
Residential/Agricultural Real	4.00	4.00	4.00	4.00	4.00
Commercial/Industrial and Public Utility	4.00	4.00	4.00	3.18	3.52
Tangible/Public Utility Personal	4.00	4.00	4.00	3.83	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.

	2005	2004	2003	2002	2001
\$	3.80	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80
	0.30	0.30	0.30	0.30	0.30
	0.30	0.30	0.30	0.30	0.30
	4.40	4.40	4.40	4.40	4.40
	2.50	2.50	2.50	2.50	2.50
	3.00	3.00	3.00	3.00	3.00
	5.50	5.50	5.50	5.50	5.50
\$	9.90	\$ 9.90	\$ 9.90	\$ 9.90	\$ 9.90

\$	67.34	\$ 65.93	\$ 65.08	\$ 64.90	\$ 65.33
	90.65	86.12	85.87	79.58	78.12
	160.50	159.20	158.90	150.00	150.50
	18.30	18.00	16.20	16.20	16.20
	15.27	14.61	13.74	12.66	12.68
	16.50	16.05	14.22	13.34	13.25
	18.30	18.00	16.20	16.20	16.20
	4.00	4.00	4.00	4.00	4.00
	3.52	3.48	4.00	3.29	3.29
	4.00	3.87	4.00	3.26	3.33
	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
2010	\$ 9,786,293	\$ 8,739,013	89.30%	\$ 453,454	\$ 9,192,467
2009	9,491,217	8,898,903	93.76%	373,629	9,272,532
2008	9,283,993	8,788,652	94.66%	361,039	9,149,691
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

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.

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<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>
93.93%	\$ 988,911	10.11%
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%

**City of Shaker Heights, Ohio**  
*Principal Taxpayers - Real Estate Tax*  
 2010 and 2001

<u>2010</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
The Cleveland Electric Illuminating Company	\$ 7,732,200	0.95%
EIG Shaker Towne Center	4,369,870	0.54%
University Hospitals	3,185,810	0.39%
Tower East Operating Assoc.	2,751,540	0.34%
Oliver Family LTD	2,296,110	0.28%
Heartpoint Dev. Co. LLC	2,003,250	0.25%
East Ohio Gas Company	1,568,970	0.19%
Shaker Plaza LTD	1,504,760	0.19%
Deborah Salzberg Tr.	1,400,000	0.17%
Cleveland Skating Club	1,383,630	0.17%
<b>Total</b>	<b>\$ 28,196,140</b>	<b>3.48%</b>
<b>Total Assessed Valuation</b>	<b>\$ 811,398,100</b>	
<u>2001</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	0.99%
Ohio Bell Telephone Company	6,472,880	0.91%
East Rnd School Assn.	5,832,820	0.82%
Tower Esat Operating	4,278,930	0.60%
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	0.26%
<b>Total</b>	<b>\$ 40,714,670</b>	<b>5.75%</b>
<b>Total Assessed Valuation</b>	<b>\$ 708,065,810</b>	

Source: Cuyahoga County Auditor

(1) The amounts presented represent the assessed values upon which 2011 and 2002 collections were based.

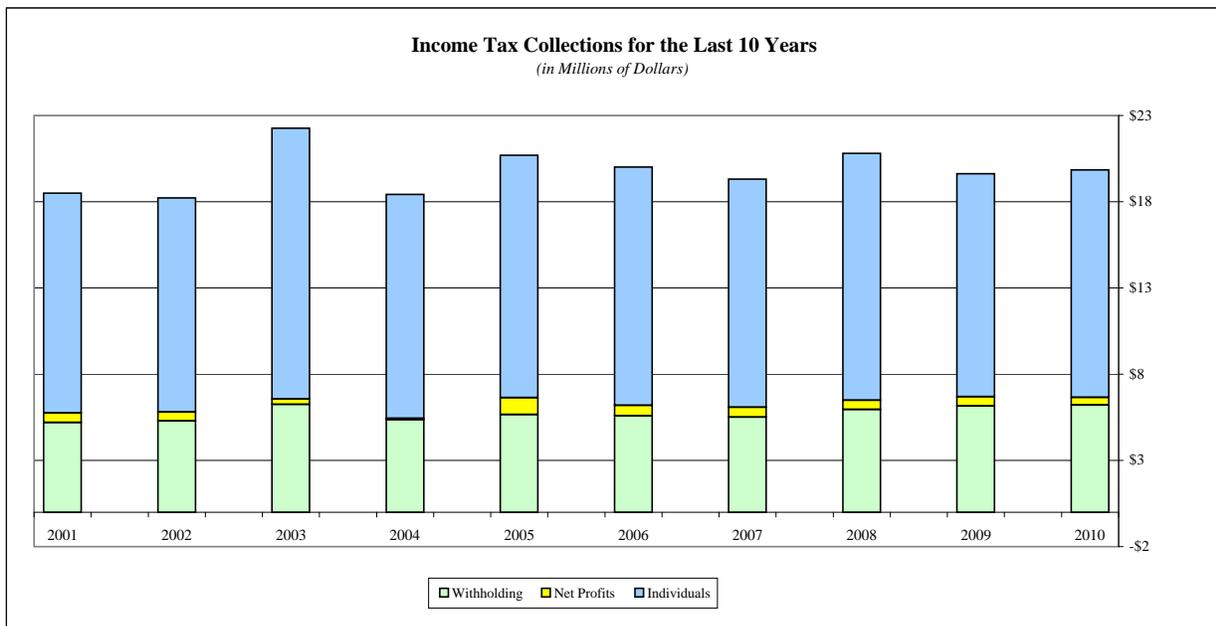
**City of Shaker Heights, Ohio**  
*Income Tax Revenue Base and Collections*  
*Last Ten Years*

Tax Year (1)	Tax Rate (2)	Total Tax Collected (3)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2010	1.75%	\$ 19,839,875	\$ 6,214,149	31.32%	\$ 440,143	2.22%	\$ 13,185,583	66.46%
2009	1.75%	19,632,577	6,158,182	31.37%	536,548	2.73%	12,937,847	65.90%
2008	1.75%	20,809,784	5,949,834	28.59%	541,495	2.60%	14,318,455	68.81%
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%

Source: Regional Income Tax Agency

- (1) 2002 through 2010 are on a Cash Basis and 2001 is on a Modified Accrual Basis
- (2) Effective April 1, 1981
- (3) Does not include electrical utility municipal income tax collected by state

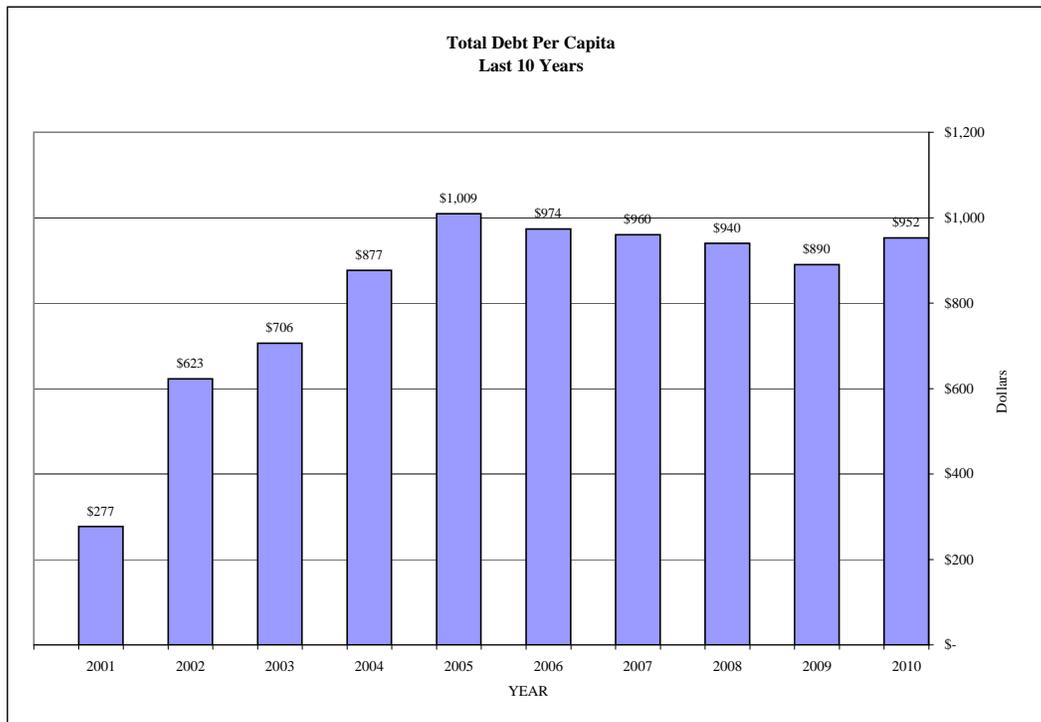
Note: The City is prohibited by statute from presenting information regarding individual taxpayers.



**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			
2010	\$ 18,350,000	\$ -	\$ 2,625,000	\$ 5,619,327	\$ 500,000	\$ 27,094,327	2.23%	\$ 952
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

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
2010	28,448	a	\$ 821,284,520	\$ 20,975,000	2.55%	\$ 737
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

Sources:

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

(a) 2010 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, 2010*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
<b>Direct - City of</b>			
City of Shaker Heights			
General Obligation Bonds & Anticipation Notes	\$ 20,975,000	100.00%	\$ 20,975,000
<i>Total Direct Debt</i>	20,975,000		20,975,000
<b>Overlapping</b>			
Shaker Heights City School District			
General Obligation Bonds	24,229,998	94.56%	22,911,886
Notes Payable	600,000	94.56%	567,360
Cuyahoga County			
General Obligation Bonds	319,446,948	2.75%	8,796,145
Regional			
Transit Authority	152,760,000	2.75%	4,206,329
<i>Total Overlapping Debt</i>	497,036,946		36,481,721
<b>Total</b>	\$ 518,011,946		\$ 57,456,721

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*

	2010	2009	2008	2007
Total Assessed Property Value	\$ 821,284,520	\$ 825,442,570	\$ 889,478,997	\$ 890,818,271
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	\$ 86,234,875	\$ 86,671,470	\$ 93,395,295	\$ 93,535,918
Debt Outstanding:				
General Obligation Bonds	18,350,000	18,895,000	14,585,000	14,855,000
Bond Anticipation Notes	2,625,000	865,000	8,160,000	8,610,000
OPWC Loans	5,372,489	5,675,050	3,903,479	4,026,050
Total Gross Indebtedness	26,347,489	25,435,050	26,648,479	27,491,050
Less:				
Bond Anticipation Notes	-	-	-	-
OPWC Loans	(5,372,489)	(5,675,050)	(3,903,479)	(4,026,050)
TIF Urban Renewal Bonds	(4,460,000)	(4,600,000)	(6,845,000)	(6,845,000)
Permanent Urban Renewal Bonds	(13,890,000)	(14,295,000)	(14,585,000)	(14,855,000)
Debt Service Fund Balance	(1,537,883)	(209,581)	(178,239)	(53,177)
Total Net Debt Applicable to Debt Limit	1,087,117	655,419	1,136,761	1,711,823
Legal Debt Margin Within 10 ½ % Limitations	\$ 85,147,758	\$ 86,016,051	\$ 92,258,534	\$ 91,824,095
Legal Debt Margin as a Percentage of the Debt Limit	98.74%	99.24%	98.78%	98.17%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	\$ 45,170,649	\$ 45,399,341	\$ 48,921,345	\$ 48,995,005
Total Gross Indebtedness	26,347,489	25,435,050	26,648,479	27,491,050
Less:				
Bond Anticipation Notes	-	-	-	-
OPWC Loans	(5,372,489)	(5,675,050)	(3,903,479)	(4,026,050)
TIF Urban Renewal Bonds	(4,460,000)	(4,600,000)	(6,845,000)	(6,845,000)
Permanent Urban Renewal Bonds	(13,890,000)	(14,295,000)	(14,585,000)	(14,855,000)
Debt Service Fund Balance	(1,537,883)	(209,581)	(178,239)	(53,177)
Net Debt Within 5 ½ % Limitations	1,087,117	655,419	1,136,761	1,711,823
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$ 44,083,532	\$ 44,743,922	\$ 47,784,584	\$ 47,283,182
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	97.59%	98.56%	97.68%	96.51%

Source: City Financial Records

2006	2005	2004	2003	2002	2001
<u>\$ 904,812,492</u>	<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>\$ 95,005,312</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>
15,020,000	15,155,000	15,265,000	15,370,000	17,800,000	-
9,095,000	10,210,000	6,495,000	4,925,000	-	7,600,000
4,271,192	4,306,928	4,021,900	464,312	504,687	545,062
28,386,192	29,671,928	25,781,900	20,759,312	18,304,687	8,145,062
-	-	-	-	-	(6,380,000)
(4,271,192)	(4,306,928)	(4,021,900)	(464,312)	(504,687)	(545,062)
(6,845,000)	(6,845,000)	(2,215,000)	(2,215,000)	(12,825,000)	-
(15,020,000)	(15,155,000)	(15,265,000)	(15,370,000)	-	-
(325,715)	(642,972)	(461,017)	(325,971)	(324,434)	(318,875)
1,924,285	2,722,028	3,818,983	2,384,029	4,650,566	901,125
<u>\$ 93,081,027</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>
97.97%	96.86%	95.63%	97.28%	94.01%	98.84%
<u>\$ 49,764,687</u>	<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>
28,386,192	29,671,928	25,781,900	20,759,312	18,304,687	8,145,062
-	-	-	-	-	(6,380,000)
(4,271,192)	(4,306,928)	(4,021,900)	(464,312)	(504,687)	(545,062)
(6,845,000)	(6,845,000)	(2,215,000)	(2,215,000)	(12,825,000)	-
(15,020,000)	(15,155,000)	(15,265,000)	(15,370,000)	-	-
(325,715)	(642,972)	(461,017)	(325,971)	(324,434)	(318,875)
1,924,285	2,722,028	3,818,983	2,384,029	4,650,566	901,125
<u>\$ 47,840,402</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>
96.13%	94.01%	91.66%	94.81%	88.56%	97.78%

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## City of Shaker Heights, Ohio

### *Principal Employers*

2010

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<u>Employer</u>	<u>Nature of Business or Activity</u>	<u>Employees</u>	<u>Percentage of Total</u>
University Hospital Health System	Non Profit Organization	1,150	28%
Shaker Heights City School District	Government Entity	1,148	28%
City of Shaker Heights	Government Entity	724	17%
Hathaway Brown School	Private School	425	10%
Laurel School	Private School	261	6%
University School (Shaker Heights Campus)	Private School	223	5%
Center for Dialysis Care	Medical Facility	170	4%
Equity Rngineering Group	Engineering	59	1%
Total		<u>4,160</u>	<u>100%</u>
Total Employment within the City of Shaker Heights, Ohio		<u>n/a</u>	

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)
2010	28,448	\$ 1,216,014,370	\$ 41,354	\$ 85,983	40.9	21.88%
2009	29,405	1,216,014,370	41,354	85,893	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%

(1) Source: U. S. Census

(a) Year 2010 population and median age- 2010 Federal Census

(b) Years 2001 through 2009 population - 2000 Federal Census

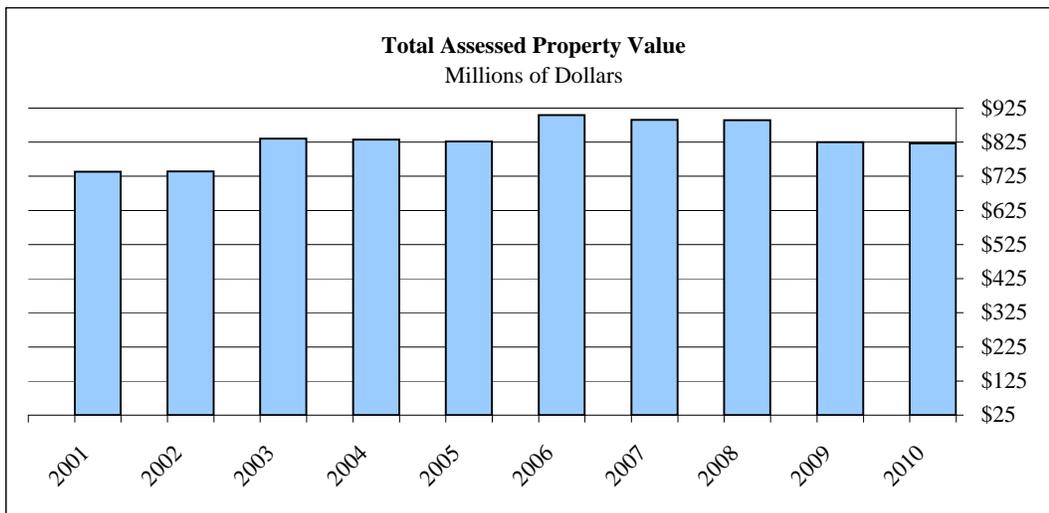
(c) Year 2010 Personal Income, Median Household Income, Educational Attainment - 2000 Federal Census

(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)
5,484	9.50%	\$ 260,227	\$ 821,284,520
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



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

Function/Program	2010	2009	2008	2007	2006
<b>General Government</b>					
Council	3.5	3.5	3.5	3.0	3.5
Finance	7.5	7.5	9.5	6.0	8.0
Mayor	2.0	2.0	2.0	2.0	2.0
Law	4.5	4.5	6.5	6.5	5.5
Chief Administrative Officer	2.0	2.0	2.0	2.0	2.0
Service Administration - Public Works	11.0	11.0	13.0	12.0	12.5
Municipal Court	44.5	44.0	43.0	41.5	42.5
Human Resources	4.5	4.5	5.5	5.5	5.5
Information Technology	2.0	2.0	3.0	3.0	2.0
<b>Security of Persons and Property:</b>					
Police	64.0	65.0	71.0	68.0	72.0
Police - Crossing Guards	11.0	11.5	11.0	10.5	11.0
Police - Dispatch/Records/Watch Officer	17.5	16.5	15.0	14.0	11.5
Police - Jailers	3.0	3.0	4.5	4.5	3.5
Police - Administrative	11.5	11.0	14.5	14.5	14.0
Police - HIDTA	12.0	12.0	11.0	12.0	9.0
Fire	58.0	58.0	67.0	67.0	66.0
Fire - Other	2.5	2.5	4.0	4.5	4.0
Security of Persons/Property - Other	1.5	1.0	0.0	0.0	0.0
Public Health Services	14.0	19.5	10.0	11.0	9.5
<b>Leisure Time Activities:</b>					
Recreation	62.0	59.5	63.0	71.0	84.5
Park and Public Land Maintenance	10.0	9.0	13.0	14.5	14.5
<b>Community Development:</b>					
Building	5.0	5.0	5.0	6.0	6.5
Housing	10.0	10.0	9.0	9.0	9.0
Planning	9.0	9.5	11.5	12.5	12.0
Community Development - Other*	22.0	22.5	28.0	26.5	34.5
Street Maintenance and Repair	8.0	11.0	12.0	5.0	6.0
<b>Sanitation and Sewer Services:</b>					
Refuse and Brush Collection	23.0	23.0	26.0	25.5	27.5
Sewer Maintenance	7.0	8.0	7.5	6.5	6.0
Public Works - Other:	22.0	20.0	22.0	24.0	26.0
<b>Totals:</b>	<u>454.5</u>	<u>458.5</u>	<u>493.0</u>	<u>488.0</u>	<u>510.5</u>

**Source:** Finance Department

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

\* 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*

Function/Program	2010	2009	2008	2007	2006
<b>General Government</b>					
<i>Council and Clerk</i>					
Number of Ordinances Passed	142	135	115	132	143
Number of Resolutions Passed	12	13	16	10	9
Number of Planning Commission docket items	20	15	8	11	17
Zoning Board of Appeals docket items	23	21	21	20	18
<i>Finance Department</i>					
Number of checks/vouchers issued	7,113	7,281	7,293	7,197	6,948
Amount of checks written	\$ 28,808,562	\$ 29,286,008	\$ 32,229,682	\$ 41,908,141	\$ 41,092,604
Interest earnings for fiscal year (cash basis)	\$ 343,297	\$ 261,123	\$ 918,229	\$ 2,279,750	\$ 1,602,151
Number of Receipts issued	9,323	10,662	11,995	1,748	1,801
Number of Journal Entries issued	984	1,230	1,102	322	224
Agency Ratings - Standard & Poors	Aa1	Aa1	Aa1	Aa1	Aa1
General Fund Receipts (cash basis)	\$ 39,746,140	\$ 42,276,620	\$ 38,875,699	\$ 39,696,013	\$ 39,052,454
General Fund Expenditures (cash basis)	\$ 39,191,995	\$ 43,085,953	\$ 39,073,922	\$ 40,622,949	\$ 37,666,848
General Fund Cash Balances	\$ 8,406,133	\$ 7,809,636	\$ 8,293,218	\$ 9,400,503	\$ 9,903,006
<i>Municipal Court</i>					
Number of Civil Cases	1,850	2,005	2,443	1,463	2,200
Number of Criminal cases	11,493	11,802	10,477	12,242	12,248
<i>Vital Statistics</i>					
Certificates Filed	63	71	99	137	178
Number of Births	0	0	0	0	0
Number of Deaths	63	71	99	137	178
Certificates Issued	375	470	448	448	537
Number of Births	1	3	1	1	6
Number of Deaths	374	467	447	447	531
Burial Permits Issued	237	185	262	262	409
<i>Civil Service</i>					
Number of police entry tests administered	1	0	1	1	0
Number of fire entry tests administered	0	0	1	1	0
Number of police promotional tests administered	0	0	0	0	1
Number of fire promotional tests administered	1	0	0	0	0
Number of hires of Police Officers from certified lists	0	0	3	3	4
Number of hires of Fire/Medics from certified lists	0	0	1	1	2
Number of promotions from police certified lists	0	0	1	1	1
Number of promotions from fire certified lists	0	0	1	1	2

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

Function/Program	2010	2009	2008	2007	2006
<b>Security of Persons &amp; Property</b>					
<i>Police</i>					
Total Calls for Services	31,099	32,255	33,303	33,303	38,992
Number of traffic citations issued	10,820	10,804	10,923	10,923	11,114
Number of parking citations issued	2,601	3,438	4,349	4,349	5,709
Number of criminal arrests	1,268	1,687	896	896	1,698
Part 1 Offenses (major offenses)	655	596	807	807	754
Police Dept. Auxiliary hours worked	N/A	N/A	N/A	N/A	N/A
DUI Arrests	286	433	94	94	136
Prisoners	1,141	1,340	1,254	1,254	1,218
Motor Vehicle Accidents	834	739	958	958	1,019
Property damage accidents	725	641	(879)	(879)	(946)
Community Diversion Program Youths	36	59	35	35	69
Community Diversion Program - community service hours	111	187	170	170	120
<i>Fire</i>					
EMS Calls	2,500	2,403	2,369	2,369	2,186
Ambulance Billing Collections (net)	\$ 522,429	\$ 574,525	\$ 466,505	\$ 466,505	\$ 455,783
Fire Calls	66	71	93	93	39
Fires with Loss	23	38	32	32	35
Fires with Losses exceeding \$10K	10	8	10	10	10
Fire Losses \$	\$ 923,159	\$ 244,235	\$ 1,289,500	\$ 1,289,500	\$ 651,390
Fire Safety Inspections	2,195	2,560	2,645	2,645	2,672
Number of times Mutual Aid given to Fire and EMS	52	45	41	41	31
Number of times Mutual Aid received for Fire and EMS	84	58	87	87	79
<b>Leisure Time Activities</b>					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$ 209,410	\$ 223,917	\$ 223,067	\$ 223,067	\$ 172,873
Recreation Mens & Womens Leagues receipts	450	2,800	3,400	3,400	4,200
Recreation Children's Leagues receipts	33,780	22,879	27,742	27,742	26,653
Senior Van Fees (2)	0	795	1,583	1,583	1,370
Facilities rentals	129,849	145,394	150,354	150,354	150,831
Total Recreation Department receipts	<u>\$ 373,489</u>	<u>\$ 395,785</u>	<u>\$ 406,146</u>	<u>\$ 406,146</u>	<u>\$ 355,927</u>

Source: City Records

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

Function/Program	2010	2009	2008	2007
<b>General Government</b>				
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
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building	29,425	29,425	29,425	29,425
Vehicles	48	48	48	48
<b>Fire</b>				
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
<b>Recreation</b>				
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	1
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

2006	2005	2004	2003	2002	2001
40,000	40,000	40,000	40,000	40,000	40,000
1	1	1	1	1	1
12	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
48	48	48	48	48	48
2	2	2	2	2	2
21,000	21,000	21,000	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
6	8	8	8	8	8

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# Dave Yost • Auditor of State

CITY OF SHAKER HEIGHTS

CUYAHOGA COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 12, 2011