CITY OF SHAKER HEIGHTS
CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2011

Dave Yost • Auditor of State

CITY OF SHAKER HEIGHTS
CUYAHOGA COUNTY

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CITY OF SHAKER HEIGHTS
CUYAHOGA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Pass Through Entity Number/Grant	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program:			
Fair Housing and Assistance Program (2011)	N/A	14.401	$1,226
Passed Through Cuyahoga County Department of Development			
Community Development Block Grants/Entitlement Grants			
Neighborhood Stabilization Program Purchase Rehabilitation	N/A	14.218	112,273
Neighborhood Stabilization Program - Competitive Municipal	N/A	14.218	213,883
Neighborhood Stabilization Program - Demolition	N/A	14.218	43,075
Community Development Block Grant- Competitive Municipal Grant: Gridley Triangle Project (2011)	N/A	14.218	35,000
Community Development Block Grant- Competitive Municipal Grant: City Building ADA Improvements (2009)	N/A	14.218	90,551
Total CFDA #14.218			494,782
Total U.S. Department of Housing and Urban Development			496,008
U.S. DEPARTMENT OF JUSTICE			
Direct Program:			
Bullet Proof Vest Program	N/A	16.607	5,270
Passed Through: The City of Cleveland			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program (2010)	2009-SB-B9-2875	16.804	496
Total U.S. Department of Justice			5,766
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through: Ohio Department on Aging and Western Reserve Area Agency on Aging			
Title III Part B - Grants for Supportive Services and Senior Centers (2010)	N/A	93.044	5,769
Title III Part B - Grants for Supportive Services and Senior Centers (2011)	N/A	93.044	39,751
Total CFDA #93.044			45,520
Direct Program:			
Drug Free Community Support Program (2010)	5H79SP014298-10	93.276	997
Drug Free Community Support Program (2011)	5H79SP014298-11	93.276	107,952
Total CFDA #93.276			108,949
Total U.S. Department of Health and Human Services			154,469
EXECUTIVE OFFICE OF THE PRESEIDENT- OFFICE OF NATIONAL DRUG CONTROL POLICY			
Direct Program:			
High Intensity Drug Trafficking Areas - Ohio (2009)	I8POH501Z	95.001	295,938
High Intensity Drug Trafficking Areas - Ohio (2010)	G10OH0001A	95.001	1,974,786
High Intensity Drug Trafficking Areas - Ohio (2011)	G11OH0001A	95.001	1,279,537
Total Executive Office of the President - Office of National Drug Control Policy			3,550,261
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through: The Cuyahoga County Board of Health			
City Readiness Initiative (2010/2011)	N/A	93.283	4,287
City Readiness Initiative (2011/2012)	N/A	93.283	3,540
Public Health Emergency Response- No 1 (2011)	N/A	93.283	4,407
Public Health Emergency Response- No 2 (2011)	N/A	93.283	950
Public Health Emergency Response- No 3 (2011)	N/A	93.283	22,351
Public Health Emergency Preparedness (2010/2011)	N/A	93.283	7,146
Public Health Emergency Preparedness (2011/2012)	N/A	93.283	240
Total U.S. Department of Health and Human Services			42,921
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through: The Ohio Department of Transportation			
Total Safe Routes to School Grant Program	N/A	20.205	141,843
Total Federal Expenditures			$4,391,268

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, 2011

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.

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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2012, wherein we noted the City implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and we also noted the City restated the December 31, 2010 Net Assets of the Governmental Activities to properly account for the City's capital assets. 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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361
www.ohioauditor.gov

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 25, 2012.

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.

Dave Yost
Auditor of State

June 25, 2012

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 each of the City's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the City's major federal programs. 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 opine on the City's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these 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 each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-01.

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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2011-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's response to the finding we identified 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 also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated June 25, 2012.

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, Cuyahoga County, Ohio, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 25, 2012, wherein we noted the City restated the December 31, 2010 Net Assets of the Governmental Activities to properly account for the City's capital assets. Our opinion also explained that the City adopted *Governmental Accounting Standard No. 54* during the year. 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.

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.

Dave Yost
Auditor of State

June 25, 2012

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CITY OF SHAKER HEIGHTS
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A - 133 § .505
DECEMBER 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	Yes
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	High Intensity Drug Trafficking Area Grant – CFDA #95.001 Community Development Block Grants / Entitlement Grants – CFDA #14.218
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Procurement and Suspension and Debarment – Noncompliance and Significant Deficiency

Finding Number	2011-01
CFDA Title and Number	High Intensity Drug Trafficking Area Grant – CFDA #95.001
Federal Award Number / Year	2011
Federal Agency	Executive Office of the President – Office of National Drug Control Policy
Pass-Through Agency	None - Direct Award

21 CFR 1403.36(c)(1) states that all procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of § 1403.36. Furthermore, 21 CFR 1403.36 (d)(4) states that procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

(A.) The item is available only from a single source;
(B.) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
(C.) The awarding agency authorizes noncompetitive proposals; or
(D.) After solicitation of a number of sources, competition is determined inadequate.

Small purchase procedures are defined by 21 CFR 1403.36(d)(1) as “those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at $100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.”

During our review of the HIDTA program, we noted the City awarded a six month technology consulting contract to Trend Consulting Services, Inc. for $39,250 and then awarded them an additional six month contract for another $39,250 for a total of $78,500. Neither of these contracts were awarded using competitive procedures. The City was unable to provide any documentation to show that the awarding of these contracts were determined to be infeasible under small purchase procedures, sealed bids, or competitive proposals as outlined above. Furthermore, no price or rate quotations were obtained from an adequate number of qualified sources.

By not following the proper competitive procedures, the City did not ensure that it received the services from the lowest and best source.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

Procurement and Suspension and Debarment – Noncompliance and Significant Deficiency (Continued)

We recommend the City follow the above federal guidelines in procuring its technology consulting and other services for the HIDTA program.

Officials' Response:

In the past, competitive procedures were determined to be infeasible due to security concerns. The HIDTA program requested the continued use of Trend as a provider of IT consultant services with the understanding that any new IT service provider would be required to have background checks and security clearances for any of its personnel involved in the HIDTA IT program. These costs would have to be paid for with each change in IT vendors and this procedure was deemed infeasible due to the costs.

Additionally, the HIDTA grant covers 13 counties across Ohio and it was deemed infeasible to re-introduce new IT personnel to each of the HIDTA's Task Forces on a yearly basis. The grant program does not have sufficient resources to accommodate introducing Information Technology service personnel to each of their initiative locations.

HIDTA's newly formed Technical Sub-Committee has been tasked with reviewing the IT services for the program and based on the above finding, will incorporate the regulations of 21 CFR 1403.36 into HIDTA procurement policy and additionally, that it will follow the requirements of Section 5101:9-4-07.1 (B) of the Ohio Administrative Code.

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CITY OF SHAKER HEIGHTS
CUYAHOGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A - 133 § .315 (b)
DECEMBER 31, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2010-01	Capital Asset Depreciation - Assets examined were not accurately depreciated during fiscal year 2010.	Yes	Corrected

SHAKER HEIGHTS

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2011
City of Shaker Heights, Ohio

INTRODUCTORY SECTION

City of Shaker Heights, Ohio

Comprehensive Annual Financial Report
For the Year Ended December 31, 2011

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, 2011

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SHAKERHEIGHTS

June 25, 2012

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 2011 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 2011 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, 2011. 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, 2011, 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, 2011 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 real properties and public utility personal property 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 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 2012, City Council approved a contract with the County to outsource the maintenance of the sewers for greater efficiency of service.

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 sports fields located on the Shaker Boulevard median near Warrensville Center Road, on Chagrin in the Shaker Towne Center area, among others.

Through Neighborhood Stabilization Program (NSP) Grants, the City completed improvements to existing parks and added new pocket parks. An expansion of Chelton Park with play equipment and landscaping of the Ashby Play Lot were completed in 2011. A new Tot Lot on Menlo Road has also been completed 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 31st of the current year. If a temporary budget is adopted, a permanent budget must be adopted by no later than the ninetieth day of the budget year, normally March 31st. In recent years, Council has adopted an annual budget prior to December 31 of the preceding year.

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 31st. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

Economic Condition and Outlook

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

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

While downtown Cleveland is only twenty minutes by car from the heart of the City, the rapid transit, a light rail public transit system, provides even more accessibility to downtown Cleveland's business community and attractions, including a new casino and a new medical mart and convention center. 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 Cavilers), 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 2011, 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. 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 Fiscal Officer, the total real property assessed valuation for the 2011 tax year was $810,867,240. For the 2002 tax year the total real property assessed valuation was $739,166,460. This was an increase during the ten year period from 2002 to 2011 of 9.7%.

City income tax revenue grew 10.65% during the ten year period from 2002 to 2011. While there was a 5.7% decline in income tax revenue in 2009 compared to 2008 as a result of the recession, income tax revenue increased 4.0% in 2011 compared to 2010. 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 2011 offset declines in other revenue sources so that from continuing revenue sources, not counting the estate tax, 2011 revenue exceeded 2010 revenues despite the recession.

In 2011, the Ohio General Assembly adopted a biennial state budget that cut state aid to the City by 50% in the second year of the biennium, terminated certain other payments to the City to reimburse it for prior state tax cuts and eliminated the estate tax, effective January 1, 2013. These state actions will have a significant impact on the City. City Council has approved putting a 0.5% income tax increase before the voters at an August 2012 special election

Major Initiatives

Strategic Investment Plan – The City has historically permitted development only pursuant to carefully developed and implemented general plans. In 2001, the City adopted a Strategic Investment Plan which identified areas of the City for commercial and residential development or redevelopment. 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 of urban renewal tax increment financing bonds. In April 2009, the City issued $4,600,000 of additional urban renewal tax increment financing bonds. Work was completed on the Sussex Courts 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, 2011, and sales are continuing. The project has a new owner following the delivery of a deed in lieu of foreclosure. 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. In 2012, the City issued $13,460,000 of Urban Renewal Refunding Bonds that refunded the 2003 tax increment financing bonds with a reduction in debt service on those bonds for each year until their maturity in 2031. 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 general revenues will be needed to support debt service on the outstanding urban renewal bonds.

The City has created 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 $18.4 million road reconfiguration project has been secured with Federal, State and City funding. As a result of this reconfiguration, additional parcels will become available for development. Private development of the area could accommodate 160,000 square feet of new retail space, 250,000 square feet of new class A office space and 600 new housing units.

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 marking, 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 opened in mid-2011 and both the facility and the programming are operated by Shaker Launch House, a private entity. Shaker Launc hHouse member companies enjoy over 25,000 square feet of affordable office space, free Wi-Fi, access to over 100 free educational and networking events and many

additional resources. Shaker Launch House member companies are made up of portfolio companies, regional starups, entrepreneurs, creative groups, nonprofits, service providers, investors and mentors.

Pursuant to the Economic Development Plan, the City has created a forgivable loan program in the amount of $300,000 to attract businesses in specific industry segments. The City has also developed a microfinance loan program in the amount of $100,000 to attract local restaurants and retailers to commercial areas of Shaker. To further these economic development activities, the City has revitalized the long-dormant Community Improvement Corporation, confirmed its 501(c)(3) tax exempt status and renamed it the Shaker Heights Development Corporation.

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 2011, the point-of-sale escrow program resulted in an additional $1.7 million of private investment in housing. The Housing Inspection Department also works to improve the quality of rental housing for safety and habitability by requiring an annual Certificate of Occupancy for each rental property as well as a complete interior and exterior inspection every three years. Owner-occupied single-family homes receive an exterior inspection every five years, which assists in maintaining and improving the quality of housing in the City.

Foreclosures and properties sold at Sheriff's sales are monitored regularly, and instances of suspected fraud are referred to the City's Police Department for investigation. The City's Vacant Property Ordinance mandates that vacant homes be secured and maintained, and each vacant property is checked monthly by a dedicated Housing Inspector to ensure that it is kept secure and maintained to community standards. Nuisance abatement orders were issued on 34 properties in 2011 for items such as removal of boarded windows, replacement of broken windows, removal of litter and debris, holes in roofs, and demolition of four dwelling structures.

In 2011, the Neighborhood Revitalization Department assisted 105 property owners with housing improvement projects through technical and housing financial assistance programs. The $6 million Library Court Senior Apartment project was completed and occupied in 2011 and provides 44 units of affordable housing for adults 55 and older.

As part of its land banking program in 2011 the City acquired 24 vacant and deteriorated properties and demolished 16 houses. A total of 34 properties have been attractively landscaped and fenced. All are being actively marketed to neighboring owners through the side yard program. A total of $500,000 has been allocated by City Council for the securing and demolishing of residential properties. These are properties either (i) privately-owned and declared to be a nuisance by the Housing Inspection Director or (ii) to be acquired by the City and are obsolete and deteriorated. These funds will also be used to landscape, and in some cases, fence the City-owned lots once they are vacant. Properties are acquired at little or no cost to the City, via negotiating with the lenders, accepting tax delinquent houses from the County or from the Cuyahoga Land Bank. For demolition of City-owned property, $400,000 has been allocated from the Capital Projects fund. Funds can also be used to match grants for demolition received from other sources.

The City is working with private developers to build three new infill homes, representing $600,000 of new investment in the Lomond neighborhood, and to rehabilitate three additional homes in the Moreland neighborhood. Through the Shaker Renovator program, three high quality renovations by private developers were carried out in 2011.

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 6,300 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 2010, 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, 2011 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.

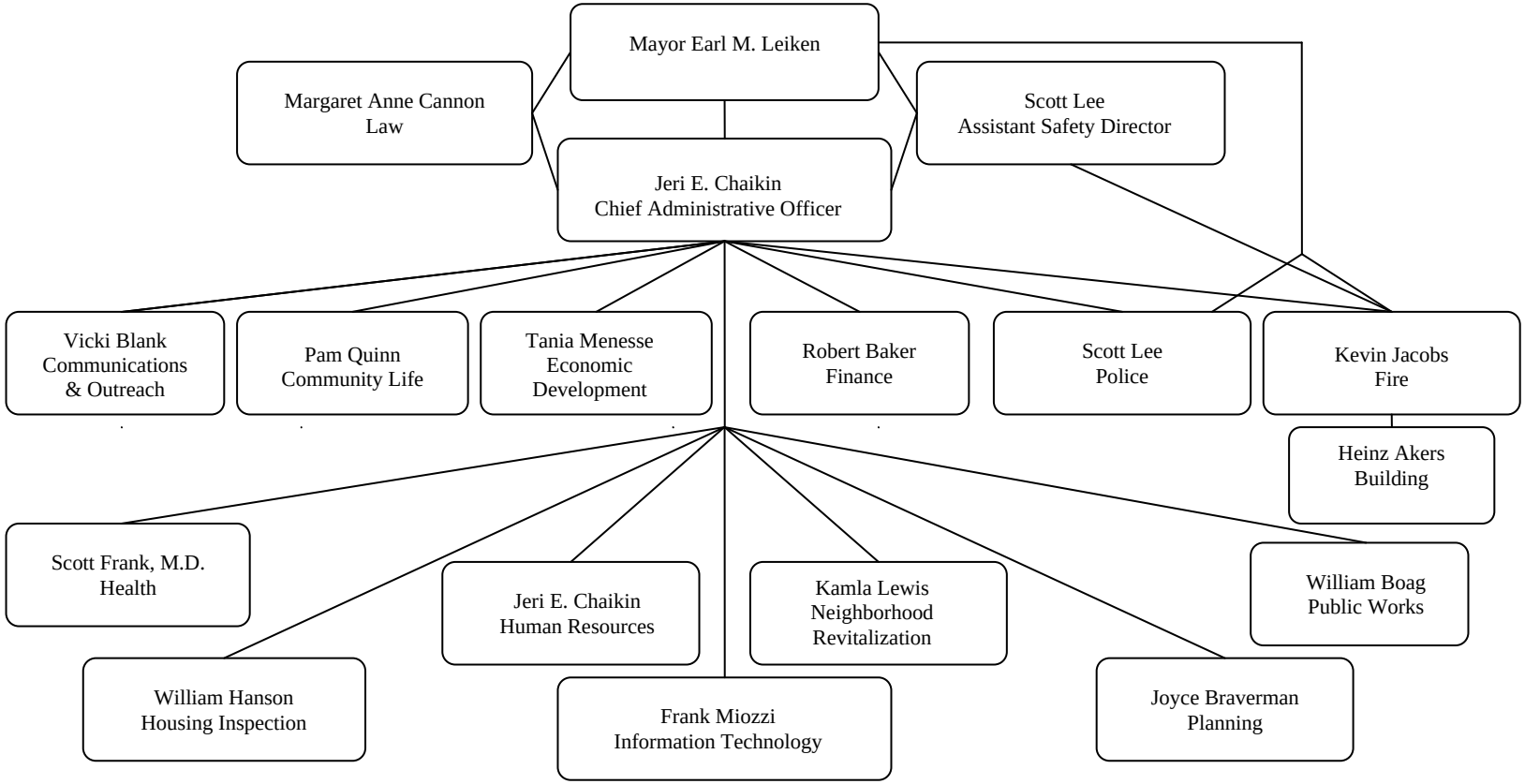
Acknowledgements: The successful completion of a report of this scope depends upon the dedicated contributions of many employees. The sincere appreciation of those primarily responsible for the completion of this CAFR is extended to all contributors, but especially those employees in the Finance Department, particularly Assistant Director of Finance Renee Mahoney, Accountants Paul Beckwith and Lorraine Miller, Accounting Specialists Carolyn Barnes-Hatcher and Brittany Smith, Accounting Clerk 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

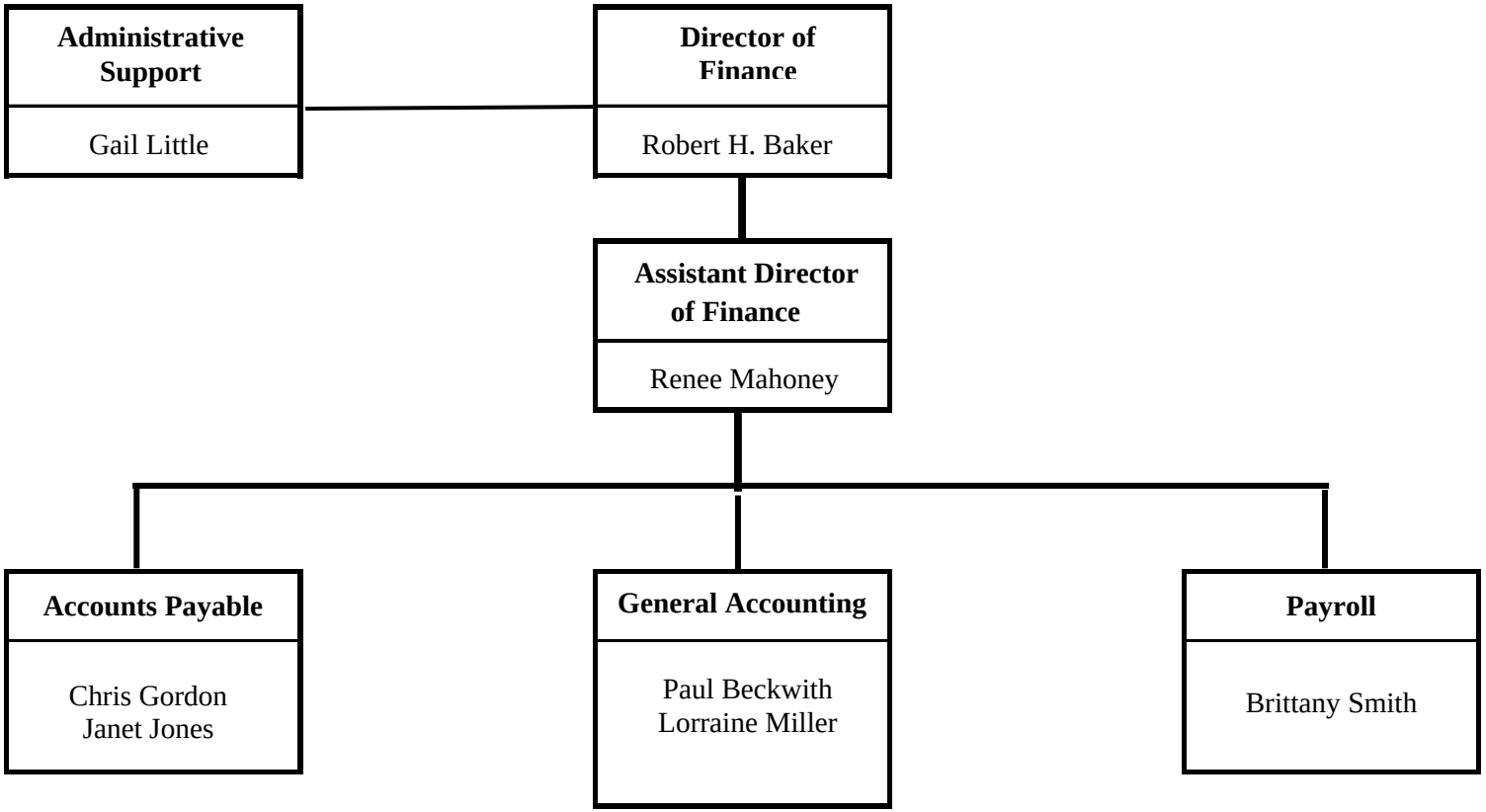
City of Shaker Heights, Ohio
Administrative Organizational Chart
December 31, 2011



City of Shaker Heights, Ohio

Finance Department Organizational Chart

December 31, 2011



City of Shaker Heights, Ohio

Listing of Principal City Officials

December 31, 2011

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

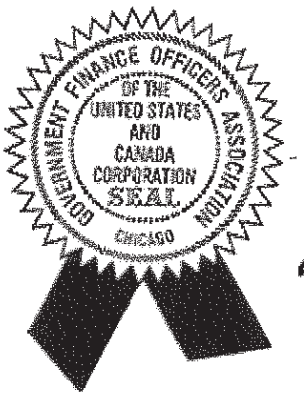
Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Shaker Heights
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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, 2011, 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, 2011, 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.

As described in Note 3, the City implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

As also described in Note 3, the City restated the December 31, 2010 Net Assets of the Governmental Activities to properly account for the City's capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012 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 25, 2012

City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2011

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, 2011. 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 2011 are as follows:

- The assets of the City of Shaker Heights exceeded its liabilities at the close of the most recent fiscal year by $105,245,182. Of this amount, $24,708,622 may be used to meet the City's ongoing obligations to citizens and creditors.

- Total assets decreased by $249,435, which represents a decrease of less than one-quarter percent from 2010. The biggest changes were a $1.1 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 $498,371 increase in capital assets and $491,865 increase in taxes receivable.

- Total liabilities decreased by $1,946,846 which represents a decrease of 4.4 percent from 2010. The main factors contributing to this change include a $1,584,501 decrease in long-term debt and a $315,472 decrease in accounts payable.

- In total, net assets in governmental activities increased by $1,697,411 during 2011. This represents a 1.6 percent increase from 2010.

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's 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 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.

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 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 27 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 adopts an annual appropriated budget for each of its funds, except for the Capital Projects Fund, which is budgeted on a project by project basis. 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.

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 2011 as compared to 2010:

Table 1
Net Assets

	Governmental Activities	
	2011	Restated 2010
Assets		
Current and Other Asset	$ 61,383,615	$ 62,131,421
Capital Assets, Net	86,022,465	85,524,094
Total Assets	147,406,080	147,655,515
Liabilities		
Current Liabilities and Other Liabilities	9,761,330	10,123,675
Long-term Liabilities:		
Due Within One Year	2,863,339	3,526,765
Due In More Than One Year	29,536,229	30,457,304
Total Liabilities	42,160,898	44,107,744
Net Assets		
Invested in Capital Assets, Net of Related Debt	63,654,963	61,972,614
Restricted for:		
Capital Projects	12,883,372	16,187,786
Debt Service	561,689	1,838,464
Streets	611,464	690,153
Public Safety	2,125,142	1,492,645
Judicial Services	641,793	710,352
Other purposes	58,137	-
Unrestricted	24,708,622	20,655,757
Total Net Assets	$ 105,245,182	$ 103,547,771

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceed liabilities by $105,245,182 as of December 31, 2011. The largest portion of the City's net assets (60.5%) 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 $249,435 from 2010 to 2011 and total liabilities decreased by $1,946,846. The most significant changes to the assets were found in cash and cash equivalents, capital assets and taxes receivable. Cash and cash equivalents decreased $1.1 million from the previous year. Capital assets and taxes receivable increased $498,371 and $491,865, respectively, during the fiscal year, offsetting the decrease in cash and cash equivalents. The decrease in liabilities was mainly due to the decrease in long-term liabilities. The long-term liabilities decreased due to the City making the scheduled principal payments. Please see page 14 for the Statement of Net Assets, a detailed version of the above summary of the City's net assets.

For the Year Ended December 31, 2011

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 2011 as compared to 2010:

Table 2
Changes in Net Assets

	2011	Restated 2010
Program Revenues		
Charges for Services	$ 10,293,023	$ 10,267,001
Operating Grants and Contributions	3,986,927	4,398,389
Capital Grants and Contributions	709,369	53,673
Total Program Revenues	14,989,319	14,719,063
General Revenues		
Property Taxes	6,811,309	6,990,638
Income and Other Local Taxes	21,442,300	19,777,714
Grants, Entitlements and Estate Taxes	8,459,326	6,721,784
Interest Earnings	345,261	528,639
Miscellaneous Income	185,553	485,557
Total General Revenues	37,243,749	34,504,332
Total Revenues	52,233,068	49,223,395
Program Expenses		
General Government	7,476,927	7,169,311
Security of Persons and Property	22,250,251	21,919,064
Public Health Services	572,027	590,758
Leisure Time Activities	4,036,350	3,847,435
Housing and Community Development	5,377,610	6,381,587
Sanitation and Sewer Services	4,433,164	4,737,490
Street Maintenance and Repair	2,983,859	2,923,298
Public Works – Other	2,502,961	2,913,412
Interest and Fiscal Charges	902,508	919,281
Total Program Expenses	50,535,657	51,401,636
Change in Net Assets	1,697,411	(2,178,241)
Net Assets at Beginning of Year	103,547,771	105,726,012
Net Assets at End of Year	$ 105,245,182	$ 103,547,771

Governmental Activities

Comparing 2011 to 2010, the City's net assets for Governmental Activities increased $1,697,411. The 2011 revenues were increased by higher income tax collections and an increase of $1.85 million in estate tax collections. Expenses were reduced in 2011 from 2010 and the City experienced a government-wide surplus. The City's General Fund revenues also exceeded General Fund expenses in 2011.

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, grants, entitlements and estate taxes, and property taxes. The City's income tax rate was 1.75% for 2011. 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 its occasional 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 2011 was $21,442,300, accounting for 41.1% of the City's total 2011 revenue of $52,233,068. Charges for Services of $10,293,023 account for 19.7% of total revenues. Property taxes of $6,811,309 account for 13.0% of total revenues. Unrestricted Grants, Entitlements, and Estate Taxes of $8,459,326 account for 16.2% of total revenue, of which $4,263,779 relates to estate taxes. Capital grants of $709,369 account for 1.4% of total revenues. All other revenue of $4,517,741 accounts for the remaining 8.6% of the City's 2011 revenue. The City monitors its sources of revenue very closely for fluctuations throughout the year, especially income tax.

During 2011, City expenses continued to be dominated by its three largest departments, Police, Fire and Public Works. These three departments account for approximately 63.7% of the City's total 2011 program expenses of $50,535,657. Expenses for Security of Persons and Property (primarily the City's Police and Fire Departments) accounted for 44.0% of the City's 2011 expense total. Expenses for Sanitation and Sewer Services (8.8%), Street Maintenance (5.9%) and other Public Works activities (5.0%) accounted for 19.7% of the City's 2011 expense total. The next largest expense category was General Government, which accounted for 14.8% of the City's expense total. 10.6% 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 8.0% of total expenses. Public Health and Interest and Fiscal Charges account for the remaining 2.9% of the City's total expenses for 2011.

City employees had a 1% wage increase in 2011 following the renegotiation of union contracts in 2009. Costs were further controlled by not filling a number of vacant positions. The cost of health insurance increased by 4.25% in 2011. While the City has recently lowered the rate of health care cost increases, the trend of health care cost increases is expected to continue into the future. Despite the $865,979 of operating cost reductions, in 2011 there has been very little impact on services to residents.

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, the fund balance excluding nonspendable amounts 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, 2011, the City's governmental funds reported a combined ending fund balance of $37,720,218, of which $37,569,294 constitutes fund balances available for the City to spend, subject to contractual or legal constraints. The City's unassigned fund balance of $10,967,079 is available for spending at the City's discretion. The remainder of the spendable fund balance of $26,602,215 is restricted, committed or assigned to indicate that it is only available for spending in accordance to external or internal restrictions on the use of the funds.

For the period ending December 31, 2011, all governmental funds had total revenues and other financing sources of $59,477,452 and expenditures and transfers-out totaling $60,057,993 resulting in a decrease in fund balance of $580,541. This decrease in governmental fund balance is primarily due to funding the self-insurance fund.

The General Fund is the primary operating fund of the City. As of December 31, 2011, the total fund balance of the General Fund on a GAAP basis was $18,702,872, of which $150,924 (0.8%) was in nonspendable form and $7,173,357 (38.4%) is restricted, committed or assigned to a specific purpose by external or internal sources. The remaining fund balance of 11,378,591 (60.8%) is unassigned and available for spending at the City's discretion. 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 unassigned fund balance to total fund expenditures. As of December 31, 2011, the City's unassigned fund balance was equal to 28.9% of its total operating 2011 expenditures of $35,431,637 plus its transfers to other funds of $3,976,662.

During 2011, the fund balance of the General Fund on a GAAP basis increased by $2,623,333. Included in this amount are net other financing uses of $3,959,813. Excluding these net other financing uses, the General Fund revenues would exceed General Fund expenditures in 2011 and other uses by $6,583,146. The excess of revenues over expenditures is due to an increase in income and estate taxes from 2010.

During 2011, the fund balance of the Capital Projects Fund decreased by $3,454,419. 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 remained significantly lower than expenditures. As a result, the cash balance of the Capital Projects Fund decreased approximately $3.4 million during the year.

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 2011, the City used this process to amend its General Fund budget on ten occasions. The differences between the General Fund's original and final amended budget were minor in nature. The Chief Administrative Officer and the Finance Department monitor all departmental budgets closely to monitor compliance with allocated budgets and provide quarterly reports to City Council and its Finance Committee depicting monthly and year-to-date activity. The net result of the ten budget amendments was to increase General Fund appropriations by $1,817,972, or 4.7%, from the original budgeted appropriations. At the end of 2011 the actual expenditures were $1,221,247 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 $1,081,833, the actual General Fund budgetary fund balance increased by $2,016,762 in 2011.

The original and final budgeted revenues for the General Fund were $39,516,881 and $39,472,782, respectively. The City's ending unencumbered fund balance, computed on a budgetary basis of accounting, was $14,188,596 which was $4,289,625 more than the final budgeted fund balance of $9,898,971. 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 36.1% of 2011 General Fund expenditures and transfers-out. Pursuant to the requirements of the Governmental Accounting Standards Board Statement No. 54, effective for the City's financial statements for the year ended December 31, 2011, the Recreation Fund and the Economic Development and Housing Fund are now included in the General Fund for financial reporting purposes which causes this increase in the General Fund balance.

Capital Assets and Debt Administration

Capital Assets

At the end of 2011, the City of Shaker Heights had $86,022,465 million invested in land, buildings, land improvements, equipment and infrastructure.

Table 3 shows the December 31, 2011 balances of Capital Assets as compared to December 31, 2010:

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

	Governmental Activities	
	2011	2010
Land	$ 18,285,310	$ 18,188,972
Buildings and Improvements	10,407,932	10,085,283
Land Improvements	6,146,812	6,199,898
Machinery and Equipment	6,267,191	6,761,608
Infrastructure		
Street	19,342,949	19,931,375
Sanitary and Storm Sewer System	10,994,135	11,152,196
Traffic Signals System	10,978,683	11,306,426
Bridges	77,556	83,492
Culverts	50,710	51,457
Construction in Progress	3,471,187	1,763,387
Total Capital Assets	$ 86,022,465	$ 85,524,094

Total net capital assets of the City as of December 31, 2011 were $498,371 greater than 2010. The most significant increases in the City's capital assets came in Construction in Progress due to the a few large infrastructure projects still ongoing at December 31, 2011. 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. In 2010, the City issued $2,050,000 of notes to fund street repairs and improvements, but this program is usually funded by the Street Maintenance special revenue fund and the Capital Projects fund of the City.

More detailed information about the City's capital asset activity is presented in Note 8.

Debt

At December 31, 2011, the City of Shaker Heights had $32,399,568 in debt, compensated absences, and claims outstanding, of which $2,863,339 is due within one year.

Table 4 summarizes the City's debt outstanding as of December 31, 2011 and 2010:

Table 4
Outstanding Debt at Year End

	2011	2010
General Obligation Bonds	$ 17,945,451	$ 18,518,474
Bond Anticipation Notes	2,250,000	2,625,000
Housing Nuisance Notes	250,000	500,000
OPWC Loans	5,076,223	5,619,327
Compensated Absences	6,046,712	6,141,654
Claims Payable	831,182	579,614
Total	$ 32,399,568	$ 33,984,069

In 2008, the City became self-insured for workers' compensation liability. The claims payable at December 31, 2011 represent expected future payments for workers' compensation claims incurred from the inception date through December 31, 2011.

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, 2011, the City's overall legal debt margin was $85,377,213 and its unvoted debt margin was $44,833,851.

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 may 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. In 2012, the City refunded almost all of the Series 2003 bonds with an issuance of $13,460,000 of refunding bonds to realize a debt service savings.

The City began 2011 with $2,625,000 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), to finance the portion of the citywide traffic signalization system replacement project not funded by grants, to finance the portion of the Lee Road reconstruction project not funded by grants, and to finance street maintenance. In addition, the notes financed street resurfacing projects. At maturity, the City retired $375,000 of these notes and issued a new note in the aggregate amount of $2,250,000 to refinance the balance of the 2010 notes.

With the exception of the notes for the library improvements which were retired in 2011 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 were 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 nine 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 began 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, 2011, the unpaid balance of these loans was $5,076,223.

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

Current Related Financial Activities

In 2011, the Ohio General Assembly repealed, effective January 1, 2013, the estate tax which has been an important revenue source for the City. It also significantly cut state aid to the City. City council has approved for submission a 0.5% income tax increase to the voters at an August 2012 special election to make up for the lost revenues.

The City of Shaker Heights is strong financially and well managed, as evidenced by the AA+ bond rating awarded the City by Standard and Poor's 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, 2011

		Governmental Activities
Assets:		
Cash and cash equivalents	$	36,540,224
Accounts receivable		1,435,822
Accrued interest receivable		70,994
Intergovernmental receivable		3,271,938
Inventory of supplies		406,829
Prepaid items		51,332
Special assessments receivable		3,804,049
Lease receivable		268,705
Taxes receivable		15,435,672
Unamortized bond issuance costs		98,050
Nondepreciable capital assets		21,756,497
Depreciable capital assets, net		64,265,968
Total assets		147,406,080
Liabilities:		
Accounts payable		1,230,689
Accrued wages and benefits		1,271,383
Unearned revenue		7,106,445
Matured compensated absences		57,378
Notes and bonds interest payable		95,435
Long-term liabilities:		
Due within one year		2,863,339
Due in more than one year		29,536,229
Total liabilities		42,160,898
Net assets:		
Invested in capital assets, net of related debt		63,654,963
Restricted for:		
Capital projects		12,883,372
Debt service		561,689
Streets		611,464
Public safety		2,125,142
Judicial services		641,793
Other purposes		58,137
Unreserved		24,708,622
Total net assets	$	105,245,182

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, 2011

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Total Governmental Funds
Governmental activities:					
Security of persons and property:					
Police	$ 13,722,786	$ 125,910	$ 3,689,869	$ -	$ (9,907,007)
Fire	7,749,867	675,879	-	3,950	(7,070,038)
Other	777,598	608,488	-	-	(169,110)
Public health services	572,027	70,806	43,876	-	(457,345)
Leisure time activities:					
Culture and recreation	2,929,883	1,843,138	-	-	(1,086,745)
Parks and public land maintenance	1,106,467	75	-	-	(1,106,392)
Housing and community development	5,377,610	2,199,232	207,980	559,951	(2,410,447)
Sanitation and sewer services	4,433,164	1,093,240	-	-	(3,339,924)
Street maintenance and repair	2,983,859	1,480	-	-	(2,982,379)
Public works – other	2,502,961	627,503	-	-	(1,875,458)
General government:					
Legislative and executive	5,032,074	222,949	45,202	145,468	(4,618,455)
Judicial system	2,444,853	2,824,323	-	-	379,470
Interest and fiscal charges	902,508	-	-	-	(902,508)
Total governmental activities	$ 50,535,657	$ 10,293,023	$ 3,986,927	$ 709,369	(35,546,338)

General revenues:	
Property taxes used for:	
General purposes	6,398,559
Police and fire pension	412,750
Municipal income taxes levied for:	
General purposes	21,388,326
Other local taxes levied for:	
General purposes	53,974
Grants, entitlements and estate tax not restricted to specific programs	8,459,326
Interest earnings	345,261
Miscellaneous income	185,553
Total general revenues	37,243,749
Change in net assets	1,697,411
Net assets at beginning of year, restated	103,547,771
Net assets at end of year	$ 105,245,182

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, 2011

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	$ 14,940,732	$ 12,998,974	$ 7,015,009	$ 34,954,715
Taxes receivable	15,003,676	-	431,996	15,435,672
Accounts receivable	857,402	-	578,420	1,435,822
Special assessments receivable	491,133	-	3,312,916	3,804,049
Lease receivable	118,700	150,005	-	268,705
Interfund receivable	91,405	46,310	125,999	263,714
Accrued interest receivable	70,994	-	-	70,994
Intergovernmental receivable	1,753,425	-	1,518,513	3,271,938
Inventory of supplies	150,924	-	-	150,924
Total assets	$ 33,478,391	$ 13,195,289	$ 12,982,853	$ 59,656,533
Liabilities and fund balances:				
Liabilities:				
Accounts payable	$ 320,502	$ 304,438	$ 480,966	$ 1,105,906
Accrued wages and benefits	799,508	-	450,734	1,250,242
Interfund payable	119,729	7,479	180,314	307,522
Matured compensated absences	57,378	-	-	57,378
Deferred revenue	13,478,402	150,005	5,586,860	19,215,267
Total liabilities	14,775,519	461,922	6,698,874	21,936,315
Fund balances:				
Nonspendable	150,924	-	-	150,924
Restricted	-	562,828	3,060,715	3,623,543
Committed	443,724	12,170,539	3,634,776	16,249,039
Assigned	6,729,633	-	-	6,729,633
Unassigned (deficit)	11,378,591	-	(411,512)	10,967,079
Total fund balances	18,702,872	12,733,367	6,283,979	37,720,218
Total liabilities and fund balances	$ 33,478,391	$ 13,195,289	$ 12,982,853	$ 59,656,533

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, 2011

Total Governmental Funds balances		$ 37,720,218
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	$ 21,756,497	
Depreciable capital assets	64,265,968	
Total		86,022,465
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent property taxes	715,014	
Municipal income taxes	4,525,731	
Special Assessments	3,804,049	
Intergovernmental	1,768,683	
Interest earnings	42,544	
Charges for services	1,252,801	
Total		12,108,822
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.		844,770
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.		98,050
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds:		
Bonds payable	(17,785,000)	
Premium on bonds	(160,451)	
OPWC loans	(5,076,223)	
Notes payable	(2,500,000)	
Interest payable	(95,435)	
Compensated absences	(5,932,034)	
Total		(31,549,143)
Net Assets of Governmental Activities		$ 105,245,182

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, 2011

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 6,357,917	$ -	$ 410,190	$ 6,768,107
Municipal income taxes	21,185,654	-	-	21,185,654
Other local taxes	63,867	-	-	63,867
Intergovernmental and estate tax	6,649,340	185,071	6,342,925	13,177,336
Charges for services	5,822,026	-	1,127,627	6,949,653
Interest earnings	303,838	-	48,984	352,822
Fees, licenses and permits	639,272	-	-	639,272
Fines and forfeitures	629,997	-	310,691	940,688
Special assessments	105,613	-	1,453,729	1,559,342
Other revenue	257,259	485	63,499	321,243
Total revenues	42,014,783	185,556	9,757,645	51,957,984
Expenditures:				
Current operations and maintenance:				
Security of persons and property:				
Police	8,713,840	304,650	4,570,722	13,589,212
Fire	6,254,051	47,631	1,098,867	7,400,549
Other	69,907	-	688,182	758,089
Public health services	492,603	-	103,769	596,372
Leisure time activities:				
Culture and recreation	2,481,069	69,240	-	2,550,309
Park and public land maintenance	907,369	55,349	-	962,718
Housing and community development	4,188,193	380,167	1,367,341	5,935,701
Sanitation and sewer services	2,789,076	58,862	1,175,311	4,023,249
Street maintenance and repair	780,222	1,525,887	1,246,785	3,552,894
Public works – other	2,507,712	8,088	-	2,515,800
General government:				
Legislative and executive	3,991,968	968,785	8,269	4,969,022
Judicial system	2,255,627	-	285,937	2,541,564
Debt service:				
Principal retirement	-	-	3,983,104	3,983,104
Interest and fiscal charges	-	-	903,912	903,912
Total expenditures	35,431,637	3,418,659	15,432,199	54,282,495
Excess of revenues over (under) expenditures	6,583,146	(3,233,103)	(5,674,554)	(2,324,511)
Other financing sources (uses):				
Issuance of debt	-	-	2,250,000	2,250,000
Sale of capital assets	16,849	4,201	98,920	119,970
Transfers – in	-	1,100,000	4,049,498	5,149,498
Transfers – out	(3,976,662)	(1,325,517)	(473,319)	(5,775,498)
Total other financing sources (uses)	(3,959,813)	(221,316)	5,925,099	1,743,970
Net change in fund balances	2,623,333	(3,454,419)	250,545	(580,541)
Fund balances at beginning of year, restated	16,079,539	16,187,786	6,033,434	38,300,759
Fund balances at end of year	$ 18,702,872	$ 12,733,367	$ 6,283,979	$ 37,720,218

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, 2011

Net Change in Fund Balances - Total Governmental Funds		$ (580,541)
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	$ 3,386,204	
Depreciation	(2,840,152)	546,052
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.		(47,681)
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	33,309	
Municipal income taxes	202,672	
Special assessments	108,440	
Intergovernmental	(21,716)	
Interest earnings	(7,561)	
Charges for services	(96,922)	218,222
Other financing sources in the Governmental Funds that increase long-term liabilities in the Statement of Net Assets. These sources were attributed to the issuance of long-term notes.		(2,250,000)
Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		3,983,104
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	(1,717)	
Compensated absences	75,344	
Amortization of premium	8,023	
Amortization of issuance costs	(4,902)	76,748
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.		(248,493)
Change in Net Assets of Governmental Activities		$ 1,697,411

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 7,559,495	$ 7,559,495	$ 7,350,269	$ (209,226)
Municipal Income Taxes	20,127,875	20,127,875	20,643,570	515,695
Other Local Taxes	52,000	52,000	48,317	(3,683)
State Levied Shared Taxes	4,359,320	4,359,320	5,692,831	1,333,511
Intergovernmental	264,693	220,594	242,371	21,777
Charges for Services	5,161,237	5,161,237	5,179,746	18,509
Fees, Licenses and Permits	639,560	639,560	637,772	(1,788)
Investment Earnings	235,000	235,000	282,961	47,961
Fines and Forfeitures	650,150	650,150	591,450	(58,700)
Other Revenues	467,551	467,551	680,843	213,292
Total Revenues	39,516,881	39,472,782	41,350,130	1,877,348
Expenditures:				
Current:				
Security of Persons and Property	15,543,926	15,411,906	15,147,422	264,484
Public Health Services	466,167	514,043	497,855	16,188
Culture and Recreation	2,611,182	2,612,682	2,512,617	100,065
Parks and Public Lands Maintenance	907,147	921,647	919,239	2,408
Housing and Community Development	4,258,642	4,750,542	4,357,375	393,167
Sanitation and Sewer Services	2,814,895	2,842,220	2,839,339	2,881
Street Maintenance and Repair	732,148	829,073	712,171	116,902
Public Works – Other	2,203,871	2,088,521	2,071,115	17,406
Legislative and Executive	3,932,709	4,122,059	3,941,796	180,263
Judicial System	2,335,260	2,335,260	2,259,477	75,783
Total Expenditures	35,805,947	36,427,953	35,258,406	1,169,547
Excess of Revenues Over (Under) Expenditures	3,710,934	3,044,829	6,091,724	3,046,895
Other Financing Sources (Uses):				
Transfers – out	(2,930,696)	(4,126,662)	(4,074,962)	51,700
Net Change in Fund Balance	780,238	(1,081,833)	2,016,762	3,098,595
Beginning Cash Fund Balance, restated	11,835,106	11,835,106	11,835,106	-
Prior Year's Reserve for Encumbrances Outstanding At December 31	(91,093)	(91,093)	(91,093)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(763,209)	(763,209)	(763,209)	-
Ending unreserved cash fund balance	$ 11,761,042	$ 9,898,971	12,997,566	$ 3,098,595
Reserved for Encumbrances – all budget years			1,191,030	
Total cash fund balance – December 31			$ 14,188,596	

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, 2011

		Governmental Activities Internal Service Funds
Assets:		
Equity in cash and cash equivalents	$	1,585,509
Interfund receivable		101,195
Inventory of supplies		255,905
Prepaid items		51,332
Total assets		1,993,941
Liabilities:		
Current liabilities:		
Accounts payable		124,783
Accrued wages and benefits		21,141
Interfund payable		57,387
Claims payable		167,884
Accrued compensated absences		28,972
Total current liabilities		400,167
Long-term liabilities (net of current portion)		
Claims payable		663,298
Accrued compensated absences		85,706
Total long-term liabilities		749,004
Total liabilities		1,149,171
Net assets:		
Unrestricted	$	844,770

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, 2011

		Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services	$	1,894,538
Other revenue		91
Total operating revenues		1,894,629
Operating expenses:		
Personal services		819,916
Travel and education		736
Contractual services		1,205,233
Materials and supplies		743,237
Total operating expenses		2,769,122
Operating loss before transfers		(874,493)
Transfers – in		626,000
Change in net assets		(248,493)
Net assets at beginning of year		1,093,263
Net assets at end of year	$	844,770

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, 2011

		Governmental Activities Internal Service Funds
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Cash received from interfund services	$	1,894,629
Cash payments to suppliers		(854,198)
Cash payment for goods and services		(981,257)
Cash payments to employees		(838,801)
Net cash used for operating activities		(779,627)
Cash flows from non-capital financing activities:		
Transfers – in		626,000
Advances – in		14,958
Net cash provided by non-capital financing activities:		640,958
Net change in cash and cash equivalents		(138,669)
Cash and cash equivalents at beginning of year		1,724,178
Cash and cash equivalents at end of year	$	1,585,509
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	$	(874,493)
Adjustments:		
Changes in assets/liabilities		
Decrease in accounts receivable		2,653
Increase in materials and supplies inventory		(86,958)
Decrease in accounts payable		(53,512)
Increase in accrued wages and benefits		713
Decrease in accrued compensated absences		(19,598)
Increase in self-insurance claims payable		251,568
Total adjustments		94,866
Net cash used for operating activities	$	(779,627)

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, 2011

		Agency
Assets:		
Equity in pooled cash and cash equivalents	$	1,390,537
Cash and cash equivalents in segregated accounts		526,242
Mortgage loan receivable		202,152
Total assets	$	2,118,931
Liabilities:		
Accounts payable	$	304,326
Intergovernmental payable		708,139
Deposits held and due to others		1,106,466
Total liabilities	$	2,118,931

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

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 jointly governed organizations and a related organization. These organizations are the Northeast Ohio Public Energy Council, the First Suburbs Consortium of Northeast Ohio Council of Governments, the Council to Protect Ohio's Communities, and the Shaker Heights Development Corporation. These organizations are presented in Note 20.

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.

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.

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 Shaker Family Sussex Center, the board of building standards, the first suburbs consortium, the council to protect Ohio communities, the Cleveland waterline project, the Shaker Heights Development Corporation, 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.

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, 2011, but which were levied to finance year 2012 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.

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 2011, 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 2011 amounted to $303,838, of which, $181,345 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, 2011, 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.

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:

Description	Estimated Lives
Buildings & Improvements	25 to 60 years
Equipment	3 to 20 years
Land Improvements	10 to 40 years
Infrastructure	40 to 100 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, 2011, interfund amounts receivable or payable have been recorded as Interfund Payables and Interfund Receivables. Interfund balance amounts are eliminated in the Statement of Net Assets and the Statement of Activities.

J. Compensated Absences

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, *"Accounting for Compensated Absences"*, the City has accrued a liability for compensated absences (vacation and sick leave) at December 31, 2011 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

> ***Nonspendable:*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
>
> ***Restricted:*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).
>
> Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.
>
> ***Committed:*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Note 2 – Summary of Significant Accounting Policies (continued)

L. Fund Balance (continued)

Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

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

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

City Council has adopted a minimum fund balance policy for the General Fund with the goal of maintaining a fund balance exceeding 15% of expenditures on the non-GAAP budgetary basis of accounting.

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.

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 2011.

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 Fiscal Officer, 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.

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 2011, the annual appropriation measure was passed by City Council on December 20, 2010. 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 2011 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, 2011.

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.

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

A. Change in Accounting Principles

For 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus*.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and the restatement of the City's financial statements.

GASB Statement No. 59 updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The City has no such investments and thus, the implementation of this Statement has no impact on the City's financial statements or disclosures.

B. Restatement of Fund Balances and Net Assets

During 2011, it was determined that the implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor governmental funds as they were previously reported:

	General	Capital Projects	Total Non-major Governmental	Total Governmental
Fund balance at December 31, 2010	$ 11,960,652	$ 16,187,786	$ 10,152,321	$ 38,300,759
Change in fund structure	4,118,887	-	(4,118,887)	-
Restated fund balance at December 31, 2010	$ 16,079,539	$ 16,187,786	$ 6,033,434	$ 38,300,759

The City determined that the beginning accumulated depreciation balances were incorrect due to calculation errors. The result of correcting the depreciation calculations had the following effect on net assets at December 31, 2010:

	Governmental Activities
Net assets at December 31, 2010	$ 102,710,056
Restatement of capital assets	837,715
Restated net assets at December 31, 2010	$ 103,547,771

Note 4 – Fund Balances

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

Fund Balances	General	Capital Projects	Non-major Governmental Funds	Total Governmental
Nonspendable:				
Inventory	$ 150,924	$ -	$ -	$ 150,924
Restricted for:				
Street maintenance and repair	-	-	421,374	421,374
State highway	-	-	73,305	73,305
Police and fire pensions	-	-	750,019	750,019
Indigent driver alcohol treatment	-	-	66,039	66,039
Court computer	-	-	128,967	128,967
Clerk's computerization	-	-	378,699	378,699
Housing grant	-	-	22,196	22,196
Fair housing grant	-	-	35,941	35,941
Law enforcement grant	-	-	6,291	6,291
Court alternate dispute resolution	-	-	48,054	48,054
Ohio court security project	-	-	19,274	19,274
Drug free community grant	-	-	936	936
Indigent driver interlock fund	-	-	2,357	2,357
Tree maintenance special assessment	-	-	323,694	323,694
Law enforcement trust	-	-	783,569	783,569
Capital projects	-	562,828	-	562,828
Total restricted	-	562,828	3,060,715	3,623,543
Committed to:				
Sewer maintenance	-	-	969,609	969,609
Housing and nuisance abatement	-	-	217,846	217,846
Capital projects	-	12,170,539	-	12,170,539
Debt service payments	-	-	2,447,321	2,447,321
Preservation services	332,874	-	-	332,874
Recreation	104,856	-	-	104,856
Other purposes	5,994	-	-	5,994
Total committed	443,724	12,170,539	3,634,776	16,249,039
Assigned to:				
Economic development	5,637,822	-	-	5,637,822
Recreation	42,868	-	-	42,868
Central services	381,054	-	-	381,054
Other purposes	667,889	-	-	667,889
Total assigned	6,729,633	-	-	6,729,633
Unassigned (deficit)	11,378,591	-	(411,512)	10,967,079
Total fund balance	$ 18,702,872	$ 12,733,367	$ 6,283,979	$ 37,720,218

Note 5 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when susceptible to accrual (GAAP).
3. Encumbrances are treated as expenditures (budget) rather then 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	$	2,623,333
Net Adjustment for Revenue Accruals		(3,472)
Fair Value Adjustment for Investments 2010		191,046
Fair Value Adjustment for Investments 2011		(212,583)
Net Adjustment for Expenditure Accruals		603,658
Encumbrances		(1,191,030)
To reclassify the net change in fund balance for funds Combined with the general fund for GASB 54		5,810
Budget Basis	$	2,016,762

Note 6 – 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.

Note 6 – Deposits and Investments (continued)

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

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

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

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

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

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

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 $2,966,839 (including $10,085 of petty cash) and the bank balance was $3,246,050. Of the bank balance, the entire balance was covered by Federal depository insurance.

Note 6 – Deposits and Investments (continued)

Investments

Investments are reported at fair value. As of December 31, 2011, the City had the following investments:

		Maturities (in years)	
	Fair Value	Less than 1	1-3
US Treasury Notes	$ 5,111,507	$ -	$ 5,111,507
Temporary TLGP Securities	11,167,771	11,167,771	-
Repurchase Agreements	19,210,886	19,210,886	-
Total Portfolio	$ 35,490,164	$ 30,378,657	$ 5,111,507

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 the 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 or AA+ 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.

Investment Issuer	Percentage of Investments
US Treasury Notes	14.40 %
Temporary TLGP Securities	31.47 %
Repurchase Agreements	54.13 %

Note 7 – Receivables

Receivables at December 31, 2011, 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.

Note 7 – Receivables (continued)

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 2011 for real and public utility property taxes represents collections for 2010 taxes. Property tax payments received during 2011 for tangible personal property, except for public utility property, are for prior year unpaid tangible personal property taxes.

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

While property tax rates are levied by the City, the Cuyahoga County Fiscal Officer 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 2011 and 2010 tax years are as follows:

	Tax Year/Collection Year	
	2011/2012	2010/2011
Real Estate (other than public utility)	$ 800,648,040	$ 811,398,100
Public Utilities Real and Tangible Personal Property	10,219,200	9,886,420
Total Valuation	$ 810,867,240	$ 821,284,520

Note 7 – Receivables (continued)

A. Property Taxes (continued)

The tax rate levied to finance the City's services for the years ended December 31, 2011 and December 31, 2010 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 $1,127,920 that the City expects to receive in 2012 from the State of Ohio to finance 2012 operations. These entitlements are based upon 2011 local property tax relief granted by the State to qualified classes of real property owners in the form of homestead exemptions and tax rollbacks.

B. Municipal Income Taxes

The City income tax is applied to the gross salaries, wages and other personal service compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. The tax rate was 1.75% of earnings for 2011 and 2010. Both residents of the City and non-residents who work inside the City are subject to the income tax. The City grants an income tax credit to residents who work in a locality that has a municipal income tax. The City provides a credit of up to one-half of one percent of the tax rate of the resident's workplace community's income tax rate. A receivable totaling $8,298,335 has been recorded in the General Fund. This total includes $3,772,604 for the portion of taxes that is due prior to December 31, 2011, but is not received until January and February of the following year, and $4,525,731 which has been billed, but is not available in the current period.

C. Intergovernmental Receivable

A summary of intergovernmental receivables at December 31, 2011, include the following:

Governmental Activities	Amounts
Local Government Contracts	$ 285,518
Auto Registration Fees	11,028
Homestead & Rollback	514,448
Gas Tax	370,552
Estate Tax	293,276
TIF Receivable	699,672
Local Government – State	141,564
Local Government – County	554,558
Federal Grants	376,617
CAT Tax	542
Permissive Tax	13,228
Other	10,935
Total	$ 3,271,938

Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

Governmental Activities:	Restated Balances 12/31/10	Additions	Deletions	Balances 12/31/11
Capital Assets not being depreciated:				
Land	$ 18,188,972	$ 111,564	$ (15,226)	$ 18,285,310
Construction in Progress	1,763,387	2,002,718	(294,918)	3,471,187
Total Capital Assets not being depreciated	19,952,359	2,114,282	(310,144)	21,756,497
Capital Assets being depreciated:				
Buildings and Improvements	16,484,724	691,054	-	17,175,778
Land Improvements	8,443,847	260,070	-	8,703,917
Machinery and Equipment	16,374,975	630,942	(200,968)	16,804,949
Infrastructure:				
Streets	24,888,974	-	-	24,888,974
Storm and Sanitary Sewers	11,854,580	-	-	11,854,580
Bridges	148,389	-	-	148,389
Culverts	56,000	-	-	56,000
Traffic Signals	13,109,731	-	-	13,109,731
Total Capital Assets being depreciated	91,361,220	1,582,066	(200,968)	92,742,318
Less Accumulated Depreciation:				
Buildings and Improvements	(6,399,441)	(368,405)	-	(6,767,846)
Land Improvements	(2,243,949)	(313,156)	-	(2,557,105)
Machinery and Equipment	(9,613,367)	(1,077,678)	153,287	(10,537,758)
Infrastructure:				
Streets	(4,957,599)	(588,426)	-	(5,546,025)
Storm and Sanitary Sewers	(702,384)	(158,061)	-	(860,445)
Bridges	(64,897)	(5,936)	-	(70,833)
Culverts	(4,543)	(747)	-	(5,290)
Traffic Signals	(1,803,305)	(327,743)	-	(2,131,048)
Total Accumulated Depreciation	(25,789,485)	(2,840,152)	153,287	(28,476,350)
Net Capital Assets being depreciated	65,571,735	(1,258,086)	(47,681)	64,265,968
Governmental Activities Capital Assets, Net	$ 85,524,094	$ 856,196	$ (357,825)	$ 86,022,465

Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	$ 595,392
Public Health Services	2,548
Leisure Time Activities	455,768
Housing and Community Development	71,573
Sanitation and Sewer Services	350,915
Street Maintenance and Repair	661,121
Public Works – Other	398,588
General Government – Legislative and Executive	278,796
General Government – Judicial System	25,451
Total	$ 2,840,152

Note 9 – Long Term Obligations

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

	Balance 12/31/2010	Issued	Retired	Balance 12/31/2011	Amounts Due in One Year
Bonds Payable					
Firehouse No. 1 Construction Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	$ 4,200,000	$ -	$ (125,000)	$ 4,075,000	$ 130,000
Sussex Area Revitalization District Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	2,455,000	-	(75,000)	2,380,000	75,000
Shaker Town Centre Revitalization Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	7,235,000	-	(220,000)	7,015,000	225,000
Urban Renewal Bonds, Series 2009 4.30%, due 12/1/2031	4,460,000	-	(145,000)	4,315,000	145,000
Premium on Urban Renewal Bonds, Series 2009	168,474	-	(8,023)	160,451	-
Total Bonds Payable	18,518,474	-	(573,023)	17,945,451	575,000
Loans Payable					
OPWC - CA611 - Shelburne Road Sanitary Sewer Replacement, 0%, maturing 7/1/2015	201,874	-	(60,563)	141,311	20,187
OPWC - CA08F - Water System Improvements, 0%, maturing 7/1/2025	2,237,070	-	(209,724)	2,027,346	69,909
OPWC - CA17E - City Water Line Improvements, 0%, maturing 7/1/2025	974,251	-	(97,425)	876,826	32,475
OPWC – CA17K – South Woodland Area Infrastructure Improvements, 0%, maturing 1/1/2029	1,633,132	-	(132,417)	1,500,715	44,139
OPWC – CA18M – Hildana-Ludgate Sanitary Sewer Improvements, 0%, maturing 7/1/2030	573,000	-	(42,975)	530,025	14,325
Total Loans Payable	5,619,327	-	(543,104)	5,076,223	181,035
Long-term Notes Payable					
Various Purpose Improvement Notes	2,625,000	2,250,000	(2,625,000)	2,250,000	340,000
Taxable Special Obligation Housing Notes	500,000	-	(250,000)	250,000	-
Total Long-term Notes Payable	3,125,000	2,250,000	(2,875,000)	2,500,000	340,000
Compensated Absences	6,141,654	2,741,648	(2,836,590)	6,046,712	1,599,420
Claims Payable	579,614	388,300	(136,732)	831,182	167,884
Total Long-term Obligations	$ 33,984,069	$ 5,379,948	$ (6,964,449)	$ 32,399,568	$ 2,863,339

As of December 31, 2011, 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.

Note 9 – Long Term Obligations (continued)

Notes payable at December 31, 2011, 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 5, 2011, and are due May 5, 2012, at an interest rate of 2.0%. 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 5, 2012, were refinanced; therefore, these notes payable are recorded as long-term obligations.

The annual debt service requirements are as follows:

	Bonds Payable		Loans Payable Principal				
Year	Principal	Interest	CA611	CA08F	CA17E	CA17K	CA18M
2012	$ 575,000	$ 833,486	$ 20,187	$ 69,909	$ 32,475	$ 44,139	$ 14,325
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	675,000	749,706	-	139,817	64,950	88,277	28,650
2017-2021	3,790,000	3,245,514	-	699,085	324,750	441,387	143,250
2022-2026	4,780,000	2,205,094	-	699,084	259,801	441,387	143,250
2027-2031	6,095,000	890,050	-	-	-	220,694	114,600
Total	$ 17,785,000	$ 10,307,584	$ 141,311	$ 2,027,346	$ 876,826	$ 1,500,715	$ 530,025

Legal Debt Margin Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2011, the City's overall debt limitation is $85,141,060 (10.5% of the City's total assessed property valuation of $810,867,240) of which $82,891,060, excluding the debt service fund balances, 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 $44,597,698 (5.5% of the City's total assessed property valuation) at December 31, 2011, of which $42,347,698, excluding the debt service fund balances, is available.

Note 10 – 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 675 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 11 – Pension and Retirement Plans

A. Ohio Public Employees Retirement System (OPERS)

The City of Shaker Heights participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling 614-222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. 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 the year ended December 31, 2011, the members in state and local classifications of all three plans were required to contribute 10.0 percent of their annual covered salary to fund pension obligations. Public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. The employer contribution rate for state and local employers for 2011 is 14.0 percent of covered payroll. The law enforcement and public safety division employer contribution rate was 18.1 percent of covered payroll.

The City's required contributions to OPERS for the years ended December 31, 2011, 2010, and 2009 were $1,962,857, $1,992,058, and $1,994,804, respectively, of which $1,402,069, $1,268,808, and $1,157,699, respectively, was allocated to the pension. The full amount has been contributed for 2010 and 2009. For 2011, 90.4 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 2011 were $53,840 made by the City and $38,457 made by plan members.

Note 11 – Pension and Retirement Plans (continued)

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

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

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's required contributions to OP&F for the years ended December 31, 2011, 2010, and 2009 were $2,191,789, $2,205,664, and $2,281,081, respectively, of which $1,507,305, $1,517,593, and $1,571,254, respectively, was allocated to the pension. The full amount has been contributed for 2010 and 2009. For 2011, 89.3 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 – 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 benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

Note 12 – Postemployment Benefits (continued)

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

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. Interested parties may obtain a copy by visiting https://www.opers/org/investments/cafr.schtml, writing to OPERS, 277 E. Town St., Columbus, OH, 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14 percent of covered payroll and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. 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 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OPERS for the years ended December 31, 2011, 2010, and 2009 were $1,962,857, $1,992,058, and $1,994,804, respectively, of which $560,788, $723,250, and $837,105, respectively, was allocated to the health care plan. The full amount has been contributed for 2010 and 2009. For 2011, 90.4 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 for state and local employers 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.

Note 12 – Postemployment Benefits (continued)

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

The City of Shaker Heights contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides 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.

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, 2011, the employer contribution allocated to health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 1150 and 401(h).

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

Note 12 – Postemployment Benefits (continued)

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

The City's contributions to OP&F for the years ended December 31, 2011, 2010, and 2009 were $2,191,789, $2,205,664, and $2,281,081, respectively, of which $684,484, $688,071, and $709,827, respectively, was allocated to the health care plan. The full amount has been contributed for 2010 and 2009. For 2011, 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 13 – Interfund Activity

A. Interfund activity for the year ended December 31, 2011 consisted of the following:

	Interfund Payable				
Interfund Receivable	General	Capital Projects	Non-major Governmental Funds	Internal Service Funds	Total
General	$ -	$ -	$ 34,018	$ 57,387	$ 91,405
Capital Projects	-	-	46,310	-	46,310
Nonmajor Governmental Funds	18,534	7,479	99,986	-	125,999
Internal Service Funds	101,195	-	-	-	101,195
Total	$ 119,729	$ 7,479	$ 180,314	$ 57,387	$ 364,909

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

B. Interfund transfers for the year ended December 31, 2011, consisted of the following:

	Transfer From			
Transfer To	General	Capital Projects	Non Major Funds	Total
Capital Projects	$ 1,100,000	$ -	$ -	$ 1,100,000
Nonmajor Governmental Funds	2,250,662	1,325,517	473,319	4,049,498
Internal Service Funds	626,000	-	-	626,000
Total	$ 3,976,662	$ 1,325,517	$ 473,319	$ 5,775,498

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 14 – Direct Financing Leases

As of December 31, 2011, 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 $118,700 and in the Capital Projects Fund of $150,005.

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.

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.

The following lists the components of the net investment in direct financing leases as of December 31,2011:

Year Ending December 31,	General	Capital Projects	Total
2012	$ 58,550	$ 3,851	$ 62,401
2013	58,550	3,851	62,401
2014	43,850	3,851	47,701
2015	100	3,851	3,951
2016	100	3,851	3,951
2017-2021	500	169,250	169,750
2022	100	-	100
Total minimum lease receivable	161,750	188,505	350,255
Less: Amounts representing executory costs	(43,050)	(38,500)	(81,550)
Net investment in direct financing leases	$ 118,700	$ 150,005	$ 268,705

Note 15 – Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2011, 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 $1,000,000 per occurrence 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 with a limit of $10,000,000.

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 $52,256,198 for property and contents and $1,706,443 for contractor's equipment. This coverage also included valuable papers and records limited to $100,000 and computer equipment limited to $712,000.

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.

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, 2011, 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 2011 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 a full-insured HMO and a self-insured PPO plan, administered by a commercial hospitalization insurance carrier. Hospitalization premiums are paid on a monthly basis and allocated to proper funds. Self-insured claims are processed and paid weekly. Benefits of these plans include hospitalization, prescription and dental insurance. Other insurance carriers provide accidental death and dismemberment, disability, and life insurance benefits. There is an optional vision plan available to non-bargaining employees that is 100% employee-funded.

Note 15 – Risk Management (continued)

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 Midwest Employers Casualty Corporation. The insurance will cover the City for each incident that goes beyond $500,000.

At December 31, 2011, $ 831,182 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 2011 and 2010 were as follows:

	Property and Casualty		Workers' Compensation	
	2011	2010	2011	2010
Beginning of the Year Liability	$ -	$ -	$ 579,614	$ 674,654
Current Year Claims And Changes in Estimates	16,098	74,446	388,300	16,629
Claim Payments	(16,098)	(74,446)	(136,732)	(111,669)
Balance at End of Year	$ -	$ -	$ 831,182	$ 579,614

Note 16 – Subsequent Event

On April 11, 2012, the City issued Urban Renewal Refunding Bonds in the amount of $13,460,000 with variable interest rates between 1.0% and 4.0%. The bonds were issued to advance refund $12,590,000 of the Firehouse No. 1 Construction Permanent Urban Renewal, the Sussex Area Revitalization District Permanent Urban Renewal, and the Shaker Town Centre Revitalization Permanent Urban Renewal Bonds.

On May 3, 2012, the City issued Various Purpose Improvement Notes in the amount of $1,910,000 with an interest rate of 0.425%, maturing on May 3, 2013, 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 17 – Construction Commitments

The City has active construction projects as of December 31, 2011. As of December 31, 2011, the City's construction commitments with contractors were as follows:

Project	Project Expenditures as of 12/31/2011	Remaining Commitment
Street Improvements:		
Warrensville/Van Aken Intersection	$ 611,548	$ 1,702,442
2010 Street Repair Program	2,186,650	93,550
2011 Street Repair Program	320,228	679,772
Total Street Improvements	3,118,426	2,475,764
Land Improvements:		
Southside Chagrin Parking Lot Improvements	151,581	53,419
Total All Projects	$ 3,270,007	$ 2,529,183

Note 18 – Claims and Judgments

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

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

Note 19 – Fund Deficits

Fund balances at December 31, 2011 included the following individual fund deficits:

Funds	Deficit Fund Balance
Nonmajor Special Revenue Funds:	
High Intensity Drug Trafficking Area Fund	$ 376,616
Street Lighting Special Assessment Fund	34,896
Nonmajor Internal Service Fund:	
Municipal Garage Fund	14,668

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

Note 20 – Jointly Governed Organizations and Related Organizations

A. Jointly Governed Organizations

Northeast Ohio Public Energy Council (NOPEC)

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 168 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 2011.

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.

First Suburbs Consortium of Northeast Ohio Council of Governments

The City is a member of the First Suburbs Consortium of Northeast Ohio Council of Governments (Council). The Council is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Council is currently comprised of 20 communities. The Council was formed to foster cooperation between municipalities in matters of mutual concern, including but not limited to initiation and support of policies and practices which protect, maintain and redevelop mature communities and other matters which affect health, welfare, education, economic conditions and regional development.

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and other members elected in annual elections. The Board oversees and manages the Council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. During 2011, the City of Shaker Heights contributed $1,500 to the First Suburbs Consortium. Financial information may be obtained by contacting First Suburbs Consortium of Northeast Ohio Council of Governments, 40 Severance Circle, Cleveland Heights, Ohio 44118.

Council to Protect Ohio's Communities (CPOC)

In 2011, several cities, a village and a township formed a Council to Protect Ohio's Communities (CPOC). The CPOC is a council of governments formed under Chapter 167 of the Ohio Revised Code. The CPOC was formed for the purpose of preserving Ohio's communities by maintaining revenue sources and amounts that support services and expenditures that benefit citizens and local communities throughout Ohio and particularly the preservation of the Ohio estate tax. Six communities joined the CPOC. Those communities and several others contributed $140,000 in 2011 to the CPOC (the City's contribution was $98,300) and all of these funds were expended in 2011 for government relations and public relations activities. The City acted as fiscal agent for the CPOC.

Note 20 – Jointly Governed Organizations and Related Organizations (continued)

B. Related Organizations

Shaker Heights Development Corporation (SHDC)

In 1981, the City formed the Community Improvement Corporation of Shaker Heights, Ohio (CIC) which is now known as the Shaker Heights Development Corporation. The CIC was originally formed to approve industrial and economic development financings in the City, but was never operational. In 2011, the CIC was reactivated and reorganized to be involved in the economic development of the City, and the Internal Revenue Service determined that the CIC was a 501(c) (3) organization. During 2011 the CIC's total revenue was the receipt of a contribution from a private source of $2,500 for educational activities at Shaker Launch House, and the CIC contributed the $2,500 to the private operators of Shaker Launch House for educational activities. The City acts as fiscal agent for the CIC.

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.

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.

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.

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.

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.

Non-Major Special Revenue Funds (Continued)

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.

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.

Preservation Services
To account for monies used for various housing programs within the City. Due to the implementation of GASB Statement No. 54, this fund was combined with the General Fund on the governmental fund financial statements but remained a separate fund in the budgetary schedules because it has a legally adopted budget.

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 closing, public property damage repaid, sidewalk repair and replacement and other miscellaneous activities. Due to the implementation of GASB Statement No. 54, this fund was combined with the General Fund on the governmental fund financial statements but remained a separate fund in the budgetary schedules because it has a legally adopted budget.

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, 2011

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
Assets:			
Cash and cash equivalents	$ 4,528,857	$ 2,486,152	$ 7,015,009
Taxes receivable	431,996	-	431,996
Accounts receivable	578,420	-	578,420
Special assessments receivable	3,312,916	-	3,312,916
Interfund receivable	118,520	7,479	125,999
Intergovernmental receivable	818,841	699,672	1,518,513
Total assets	$ 9,789,550	$ 3,193,303	$ 12,982,853
Liabilities and fund balances:			
Liabilities:			
Accounts payable	$ 480,966	$ -	$ 480,966
Accrued wages and benefits	450,734	-	450,734
Interfund payable	134,004	46,310	180,314
Deferred revenue	4,887,188	699,672	5,586,860
Total liabilities	5,952,892	745,982	6,698,874
Fund balances:			
Restricted	3,060,715	-	3,060,715
Committed	1,187,455	2,447,321	3,634,776
Unassigned (deficit)	(411,512)	-	(411,512)
Total fund balances	3,836,658	2,447,321	6,283,979
Total liabilities and fund balances	$ 9,789,550	$ 3,193,303	$ 12,982,853

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, 2011

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
Revenues:			
Property taxes	$ 410,190	$ -	$ 410,190
Intergovernmental	5,471,842	871,083	6,342,925
Charges for services	1,127,627	-	1,127,627
Interest earnings	30,081	18,903	48,984
Fines and forfeitures	310,691	-	310,691
Special assessments	1,453,729	-	1,453,729
Other revenue	988	62,511	63,499
Total revenues	8,805,148	952,497	9,757,645
Expenditures:			
Current operations and maintenance:			
Security of persons and property:			
Police	4,570,722	-	4,570,722
Fire	1,098,867	-	1,098,867
Other	688,182	-	688,182
Public health service	103,769	-	103,769
Housing and community development	1,367,341	-	1,367,341
Sanitation and sewer service	1,175,311	-	1,175,311
Street maintenance and repair	1,246,785	-	1,246,785
General government:			
Legislative and executive	1,225	7,044	8,269
Judicial system	285,937	-	285,937
Debt service:			
Principal retirement	-	3,983,104	3,983,104
Interest and fiscal charges	-	903,912	903,912
Total expenditures	10,538,139	4,894,060	15,432,199
Excess of revenues over (under) expenditures	(1,732,991)	(3,941,563)	(5,674,554)
Other financing sources (uses):			
Issuance of debt	-	2,250,000	2,250,000
Sale of capital assets	98,920	-	98,920
Transfers – in	1,749,078	2,300,420	4,049,498
Transfers – out	(473,319)	-	(473,319)
Total other financing sources (uses)	1,374,679	4,550,420	5,925,099
Net change in fund balances	(358,312)	608,857	250,545
Fund balances at beginning of year, restated	4,194,970	1,838,464	6,033,434
Fund balances at end of year	$ 3,836,658	$ 2,447,321	$ 6,283,979

City of Shaker Heights, Ohio

Combining Balance Sheet
Non-Major Special Revenue Funds

December 31, 2011

	Street Maintenance and Repair	State Highway	Sewer Maintenance	Police Pension	Fire Pension
Assets:					
Cash and cash equivalents	$ 298,915	$ 69,850	$ 968,269	$ 628,267	$ 523,045
Taxes receivable	-	-	-	215,998	215,998
Accounts receivable	1,480	-	566,825	-	-
Special assessments receivable	-	-	-	-	-
Interfund receivable	-	-	-	-	18,534
Intergovernmental receivable	366,190	28,618	-	15,860	15,860
Total assets	$ 666,585	$ 98,468	$ 1,535,094	$ 860,125	$ 773,437
Liabilities and fund balances:					
Liabilities:					
Accounts payable	$ 3,532	$ 6,637	$ 68,767	$ -	$ -
Accrued wages and benefits	13,187	-	11,903	216,604	203,223
Interfund payable	-	-	-	-	-
Deferred revenue	228,492	18,526	484,815	231,858	231,858
Total liabilities	245,211	25,163	565,485	448,462	435,081
Fund balances:					
Restricted	421,374	73,305	-	411,663	338,356
Committed	-	-	969,609	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	421,374	73,305	969,609	411,663	338,356
Total liabilities and fund balances	$ 666,585	$ 98,468	$ 1,535,094	$ 860,125	$ 773,437

Indigent Driver / Alcohol Treatment	Court Computer Legal Research	Clerk's Computerization	Housing Grant	Fair Housing Grant	Law Enforcement Grant
$ 65,100	$ 129,259	$ 385,579	$ 75,823	$ 35,941	$ 6,291
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
939	2,271	7,087	-	-	-
$ 66,039	$ 131,530	$ 392,666	$ 75,823	$ 35,941	$ 6,291
$ -	$ 2,563	$ 13,967	$ 19,625	$ -	$ -
-	-	-	-	-	-
-	-	-	34,002	-	-
-	-	-	-	-	-
-	2,563	13,967	53,627	-	-
66,039	128,967	378,699	22,196	35,941	6,291
-	-	-	-	-	-
-	-	-	-	-	-
66,039	128,967	378,699	22,196	35,941	6,291
$ 66,039	$ 131,530	$ 392,666	$ 75,823	$ 35,941	$ 6,291

(Continued)

City of Shaker Heights, Ohio

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

December 31, 2011

	Court Community Service	Court Alternate Dispute Resolution	Ohio Court Security Project Fund	H.I.D.T.A. Grant	Drug Free Community Grant
Assets:					
Cash and cash equivalents	$ -	$ 44,905	$ 18,604	$ 5,621	$ 1,162
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Special assessments receivable	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Intergovernmental receivable	-	3,149	670	376,617	-
Total assets	$ -	$ 48,054	$ 19,274	$ 382,238	$ 1,162
Liabilities and fund balances:					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ 282,239	$ -
Accrued wages and benefits	-	-	-	-	226
Interfund payable	-	-	-	100,002	-
Deferred revenue	-	-	-	376,613	-
Total liabilities	-	-	-	758,854	226
Fund balances:					
Restricted	-	48,054	19,274	-	936
Committed	-	-	-	-	-
Unassigned	-	-	-	(376,616)	-
Total fund balances (deficits)	-	48,054	19,274	(376,616)	936
Total liabilities and fund balances	$ -	$ 48,054	$ 19,274	$ 382,238	$ 1,162

Housing and Nuisance Abatement	Indigent Driver Interlock Device	Street Lighting Assessment	Tree Maintenance Assessment	Law Enforcement Trust Fund	Total
$ 221,416	$ 3,061	$ 20,441	$ 350,673	$ 676,635	$ 4,528,857
-	-	-	-	-	431,996
2,330	-	-	-	7,785	578,420
1,752,546	-	678,560	881,810	-	3,312,916
-	-	-	-	99,986	118,520
-	1,580	-	-	-	818,841
$ 1,976,292	$ 4,641	$ 699,001	$ 1,232,483	$ 784,406	$ 9,789,550
$ 3,790	$ 2,284	$ 55,337	$ 22,225	$ -	$ 480,966
-	-	-	4,754	837	450,734
-	-	-	-	-	134,004
1,754,656	-	678,560	881,810	-	4,887,188
1,758,446	2,284	733,897	908,789	837	5,952,892
-	2,357	-	323,694	783,569	3,060,715
217,846	-	-	-	-	1,187,455
-	-	(34,896)	-	-	(411,512)
217,846	2,357	(34,896)	323,694	783,569	3,836,658
$ 1,976,292	$ 4,641	$ 699,001	$ 1,232,483	$ 784,406	$ 9,789,550

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, 2011

	Street Maintenance and Repair	State Highway	Sewer Maintenance	Police Pension	Fire Pension
Revenues:					
Property taxes	$ -	$ -	$ -	$ 205,095	$ 205,095
Intergovernmental	980,603	66,617	-	35,566	35,567
Charges for services	1,480	-	1,113,080	-	-
Interest earnings	1,970	641	12,635	-	-
Fines and forfeitures	-	-	-	-	-
Special assessments	-	-	-	-	-
Other revenue	-	-	-	-	1
Total revenues	984,053	67,258	1,125,715	240,661	240,663
Expenditures:					
Current:					
Security of persons and property:					
Police	-	-	-	1,011,763	-
Fire	-	-	-	-	1,098,867
Other	-	-	-	-	-
Public health services	-	-	-	-	-
Housing and community development	-	-	-	-	-
Sanitation and sewer services	-	-	1,175,311	-	-
Street maintenance and repair	1,162,396	84,389	-	-	-
General government:					
Legislative and executive	-	-	-	-	-
Judicial system	-	-	-	-	-
Total expenditures	1,162,396	84,389	1,175,311	1,011,763	1,098,867
Excess of revenues over (under) expenditures	(178,343)	(17,131)	(49,596)	(771,102)	(858,204)
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Transfers – in	-	-	-	770,340	875,122
Transfers – out	-	-	(157,303)	-	-
Total other financing sources (uses)	-	-	(157,303)	770,340	875,122
Net change in fund balances	(178,343)	(17,131)	(206,899)	(762)	16,918
Fund balances (deficit) at beginning of year	599,717	90,436	1,176,508	412,425	321,438
Fund balances (deficit) at end of year	$ 421,374	$ 73,305	$ 969,609	$ 411,663	$ 338,356

Indigent Driver / Alcohol Treatment	Court Computer Legal Research	Clerk's Computerization	Housing Grant	Fair Housing Grant	Law Enforcement Grant
$ -	$ -	$ -	$ -	$ -	$ -
-	551	-	674,635	12,202	6,000
-	-	-	-	-	2,040
562	1,116	3,711	288	250	-
19,755	31,915	100,036	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
20,317	33,582	103,747	674,923	12,452	8,040
-	-	-	-	-	6,934
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	475,165	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,225	-
14,559	33,154	144,782	-	-	-
14,559	33,154	144,782	475,165	1,225	6,934
5,758	428	(41,035)	199,758	11,227	1,106
-	-	-	98,920	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	98,920	-	-
5,758	428	(41,035)	298,678	11,227	1,106
60,281	128,539	419,734	(276,482)	24,714	5,185
$ 66,039	$ 128,967	$ 378,699	$ 22,196	$ 35,941	$ 6,291

(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, 2011

	Court Community Service	Court Alternate Dispute Resolution	Ohio Court Security Project Fund	H.I.D.T.A. Grant	Drug Free Community Grant
Revenues:					
Property Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	3,552,150	107,951
Charges for services	-	-	-	-	-
Interest Earnings	-	444	200	-	-
Fines and forfeitures	-	37,638	9,853	-	-
Special assessments	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	-	38,082	10,053	3,552,150	107,951
Expenditures:					
Current:					
Security of persons and property:					
Police	-	-	-	3,510,620	-
Fire	-	-	-	-	-
Other	-	-	-	-	-
Public health services	-	-	-	-	103,769
Housing and community development	-	-	-	-	-
Sanitation and sewer services	-	-	-	-	-
Street maintenance and repair	-	-	-	-	-
General government:					
Legislative and executive	-	-	-	-	-
Judicial system	-	52,165	29,559	-	-
Total expenditures	-	52,165	29,559	3,510,620	103,769
Excess of revenues over (under) expenditures	-	(14,083)	(19,506)	41,530	4,182
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Transfers – in	-	51,516	-	-	-
Transfers – out	(51,516)	-	-	-	-
Total other financing sources (uses)	(51,516)	51,516	-	-	-
Net change in fund balances	(51,516)	37,433	(19,506)	41,530	4,182
Fund balances (deficit) at beginning of year	51,516	10,621	38,780	(418,146)	(3,246)
Fund balances (deficit) at end of year	$ -	$ 48,054	$ 19,274	$ (376,616)	$ 936

Housing and Nuisance Abatement	Indigent Driver Interlock Device	Street Lighting Assessment	Tree Maintenance Assessment	Law Enforcement Trust Fund	Total
$ -	$ -	$ -	$ -	$ -	$ 410,190
-	-	-	-	-	5,471,842
11,027	-	-	-	-	1,127,627
3,038	8	-	-	5,218	30,081
-	13,186	-	-	98,308	310,691
144,802	-	568,293	740,634	-	1,453,729
-	-	-	-	987	988
158,867	13,194	568,293	740,634	104,513	8,805,148
-	-	-	-	41,405	4,570,722
-	-	-	-	-	1,098,867
-	-	688,182	-	-	688,182
-	-	-	-	-	103,769
98,156	-	-	794,020	-	1,367,341
-	-	-	-	-	1,175,311
-	-	-	-	-	1,246,785
-	-	-	-	-	1,225
-	11,718	-	-	-	285,937
98,156	11,718	688,182	794,020	41,405	10,538,139
60,711	1,476	(119,889)	(53,386)	63,108	(1,732,991)
-	-	-	-	-	98,920
-	-	52,100	-	-	1,749,078
(264,500)	-	-	-	-	(473,319)
(264,500)	-	52,100	-	-	1,374,679
(203,789)	1,476	(67,789)	(53,386)	63,108	(358,312)
421,635	881	32,893	377,080	720,461	4,194,970
$ 217,846	$ 2,357	$ (34,896)	$ 323,694	$ 783,569	$ 3,836,658

City of Shaker Heights, Ohio

Combining Balance Sheet
Non-Major Debt Service Funds

December 31, 2011

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Total
Assets:			
Equity in city treasury cash	$ 1,948,425	$ 537,727	$ 2,486,152
Interfund receivable	4,336	3,143	7,479
Intergovernmental receivable	-	699,672	699,672
Total assets	$ 1,952,761	$ 1,240,542	$ 3,193,303
Liabilities and fund balances:			
Liabilities:			
Interfund payable	$ 34,925	$ 11,385	$ 46,310
Deferred revenue	-	699,672	699,672
Total liabilities	34,925	711,057	745,982
Fund balances:			
Committed	1,917,836	529,485	2,447,321
Total liabilities and fund balances	$ 1,952,761	$ 1,240,542	$ 3,193,303

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, 2011

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Total
Revenues:			
Intergovernmental	$ -	$ 871,083	$ 871,083
Interest earnings	12,902	6,001	18,903
Other revenue	62,511	-	62,511
Total revenues	75,413	877,084	952,497
Expenditures:			
Current operations and maintenance:			
General government:			
Legislative and executive	3,212	3,832	7,044
Debt service:			
Principal retirement	3,418,104	565,000	3,983,104
Interest and fiscal charges	53,875	850,037	903,912
Total expenditures	3,475,191	1,418,869	4,894,060
Excess of revenues over (under) expenditures	(3,399,778)	(541,785)	(3,941,563)
Other financing sources (uses):			
Issuance of debt	2,250,000	-	2,250,000
Transfers – in	1,560,320	740,100	2,300,420
Total other financing sources (uses)	3,810,320	740,100	4,550,420
Net change in fund balances	410,542	198,315	608,857
Fund balances at beginning of year	1,507,294	331,170	1,838,464
Fund balances at end of year	$ 1,917,836	$ 529,485	$ 2,447,321

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, 2011

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 7,559,495	$ 7,559,495	$ 7,350,269	$ (209,226)
Municipal Income Taxes	20,127,875	20,127,875	20,643,570	515,695
Other Local Taxes	52,000	52,000	48,317	(3,683)
State Levied Shared Taxes	4,359,320	4,359,320	5,692,831	1,333,511
Intergovernmental	264,693	220,594	242,371	21,777
Charges for Services	5,161,237	5,161,237	5,179,746	18,509
Fees, Licenses, and Permits	639,560	639,560	637,772	(1,788)
Investment Earnings	235,000	235,000	282,961	47,961
Fines and Forfeitures	650,150	650,150	591,450	(58,700)
Other Revenues	467,551	467,551	680,843	213,292
Total Revenues	39,516,881	39,472,782	41,350,130	1,877,348
Expenditures:				
Current:				
Security of Persons and Property:				
Police				
Personal Services	8,331,800	8,226,218	8,132,934	93,284
Other	826,812	772,324	677,870	94,454
Total Police	9,158,612	8,998,542	8,810,804	187,738
Fire				
Personal Services	5,762,623	5,815,623	5,740,238	75,385
Other	561,682	539,632	538,331	1,301
Total Fire	6,324,305	6,355,255	6,278,569	76,686
Other				
Other	61,009	58,109	58,049	60
Total Security of Persons and Property	15,543,926	15,411,906	15,147,422	264,484
Public Health Services:				
Personal Services	401,449	447,453	434,931	12,522
Other	64,718	66,590	62,924	3,666
Total Public Health Services	466,167	514,043	497,855	16,188
Leisure Time Activities:				
Culture and Recreation				
Personal Services	1,810,970	1,810,970	1,727,713	83,257
Other	800,212	801,712	784,904	16,808
Total Culture and Recreation	2,611,182	2,612,682	2,512,617	100,065
Parks and Public Lands Maintenance				
Personal Services	566,380	555,380	553,016	2,364
Other	340,767	366,267	366,223	44
Total Parks and Public Lands Maintenance	907,147	921,647	919,239	2,408
Total Leisure Time Activities	3,518,329	3,534,329	3,431,856	102,473

(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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Housing and Community Development:				
Housing Inspection				
Personal Services	819,100	820,100	819,730	370
Other	34,835	38,735	34,883	3,852
Total Housing Inspection	853,935	858,835	854,613	4,222
Building Inspection				
Personal Services	340,300	342,300	342,279	21
Other	71,420	69,420	41,878	27,542
Total Building Inspection	411,720	411,720	384,157	27,563
Planning and Development				
Personal Services	425,000	425,000	406,464	18,536
Other	135,371	75,371	55,047	20,324
Total Planning and Development	560,371	500,371	461,511	38,860
Neighborhood Revitalization				
Personal Services	336,600	336,600	324,596	12,004
Other	12,943	12,943	8,991	3,952
Total Neighborhood Revitalization	349,543	349,543	333,587	15,956
Economic Development				
Personal Services	113,800	128,800	126,476	2,324
Other	247,328	711,078	433,687	277,391
Total Economic Development	361,128	839,878	560,163	279,715
Community Life				
Personal Services	333,100	336,600	335,482	1,118
Other	203,111	219,611	219,452	159
Total Community Life	536,211	556,211	554,934	1,277
Communications and Outreach				
Personal Services	344,700	344,800	342,062	2,738
Other	435,499	435,399	413,633	21,766
Total Communications and Outreach	780,199	780,199	755,695	24,504
Tree Maintenance and Leaf Collection				
Personal Services	248,000	259,000	258,641	359
Other	157,535	194,785	194,074	711
Total Tree Maintenance and Leaf Collection	405,535	453,785	452,715	1,070
Total Housing and Community Development	4,258,642	4,750,542	4,357,375	393,167
Sanitation and Sewer Services:				
Sewer Maintenance				
Other	37,000	37,700	37,671	29

(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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Refuse Collection and Disposal				
Personal Services	1,152,270	1,107,270	1,105,391	1,879
Other	974,397	947,222	947,179	43
Total Refuse Collection and Disposal	2,126,667	2,054,492	2,052,570	1,922
Solid Waste Recycling				
Personal Services	81,300	94,800	94,304	496
Other	14,816	17,916	17,882	34
Total Solid Waste Recycling	96,116	112,716	112,186	530
Brush Collection and Disposal				
Personal Services	350,360	419,360	419,013	347
Other	204,752	217,952	217,899	53
Total Brush Collection and Disposal	555,112	637,312	636,912	400
Total Sanitation and Sewer Services	2,814,895	2,842,220	2,839,339	2,881
Street Maintenance and Repair:				
Personal Services	328,700	408,700	291,824	116,876
Other	403,448	420,373	420,347	26
Total Street Maintenance and Repair	732,148	829,073	712,171	116,902
Public Works – Other:				
Public Works Administration				
Personal Services	659,310	662,010	661,978	32
Other	79,672	46,472	46,446	26
Total Public Works Administration	738,982	708,482	708,424	58
Public Building Maintenance				
Personal Services	610,800	570,600	553,316	17,284
Other	854,089	809,439	809,375	64
Total Public Building Maintenance	1,464,889	1,380,039	1,362,691	17,348
Total Public Works – Other	2,203,871	2,088,521	2,071,115	17,406
General Government:				
Legislative and Executive:				
Mayor's Office				
Personal Services	192,000	193,500	193,331	169
Other	26,201	24,701	16,882	7,819
Total Mayor's Office	218,201	218,201	210,213	7,988
Council				
Personal Services	127,300	127,300	126,891	409
Other	14,896	14,896	12,212	2,684
Total Council	142,196	142,196	139,103	3,093

(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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Chief Administrative Officer				
Personal Services	218,100	219,900	218,766	1,134
Other	8,915	72,115	14,903	57,212
Total Chief Administrative Officer	227,015	292,015	233,669	58,346
Information Technology				
Personal Services	275,100	382,150	378,017	4,133
Other	121,450	122,450	95,007	27,443
Total Information Technology	396,550	504,600	473,024	31,576
Contract Charges and Statutory Expenses				
Personal Services	75,500	75,500	51,519	23,981
Other	1,099,033	1,026,533	1,024,542	1,991
Total Contract Charges and Statutory Expenses	1,174,533	1,102,033	1,076,061	25,972
Legal Administration				
Personal Services	464,800	464,800	463,597	1,203
Other	242,908	278,908	278,888	20
Total Legal Administration	707,708	743,708	742,485	1,223
Finance				
Personal Services	614,500	639,500	636,513	2,987
Other	134,789	134,789	128,739	6,050
Total Finance	749,289	774,289	765,252	9,037
Human Resources				
Personal Services	258,702	258,702	232,769	25,933
Other	58,515	86,315	69,220	17,095
Total Human Resources	317,217	345,017	301,989	43,028
Total Legislative and Executive	3,932,709	4,122,059	3,941,796	180,263
Judicial System				
Personal Services	2,238,860	2,238,860	2,173,545	65,315
Other	96,400	96,400	85,932	10,468
Total Judicial System	2,335,260	2,335,260	2,259,477	75,783
Total General Government	6,267,969	6,457,319	6,201,273	256,046
Total Expenditures	35,805,947	36,427,953	35,258,406	1,169,547

(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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Excess of Revenues Over (Under) Expenditures	3,710,934	3,044,829	6,091,724	3,046,895
Other Financing Sources (Uses):				
Transfers – Out	(2,930,696)	(4,126,662)	(4,074,962)	51,700
Net Change in Fund Balance	780,238	(1,081,833)	2,016,762	3,098,595
Beginning Cash Fund Balance, Restated	11,835,106	11,835,106	11,835,106	-
Prior Year's Reserve For Encumbrances Outstanding at December 31	(91,093)	(91,093)	(91,093)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(763,209)	(763,209)	(763,209)	-
Ending Unreserved Cash Fund Balance	$ 11,761,042	$ 9,898,971	12,997,566	$ 3,098,595
Reserved for Encumbrances – All Budget Years			1,191,030	
Total Cash Fund Balance – December 31			$ 14,188,596	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Investment Earnings	$ -	$ -	$ 2,740	$ 2,740
Other Revenue	-	30,000	-	(30,000)
Total Revenues	-	30,000	2,740	(27,260)
Expenditures:				
Current:				
Housing and Community Development	190,350	390,350	72,174	318,176
Net Change in Fund Balance	(190,350)	(360,350)	(69,434)	290,916
Beginning Cash Fund Balance	372,421	372,421	372,421	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(5,600)	(5,600)	(5,600)	-
Ending Unreserved Cash Fund Balance	$ 176,471	$ 6,471	297,387	$ 290,916
Reserved for Encumbrances – All Budget Years			1,485	
Total Cash Fund Balance – December 31			$ 298,872	

Note: The above fund is combined with the General Fund for GASB 54 financial reporting purposes.

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 798,481	$ 798,481	$ 568,672	$ (229,809)
Other Revenue	47,296	47,296	9,955	(37,341)
Total Revenues	845,777	845,777	578,627	(267,150)
Expenditures:				
Current:				
Security of Persons and Property				
Police	10,000	10,000	4,666	5,334
Fire	11,531	13,531	13,501	30
Street Maintenance and Repair	335,700	335,700	321,932	13,768
Public Works – Other	426,610	409,610	331,855	77,755
General Government				
Legislative and Executive	39,091	39,091	10,527	28,564
Total Expenditures	822,932	807,932	682,481	125,451
Net Change in Fund Balance	22,845	37,845	(103,854)	(141,699)
Beginning Cash Fund Balance	251,742	251,742	251,742	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(25,270)	(25,270)	(25,270)	-
Ending Unreserved Cash Fund Balance	$ 249,317	$ 264,317	122,618	$ (141,699)
Reserved for Encumbrances – All Budget Years			133,021	
Total Cash Fund Balance – December 31			$ 255,639	

Note: The above fund is combined with the General Fund for GASB 54 financial reporting purposes.

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
State Levied Shared Taxes	$ 882,006	$ 882,006	$ 826,393	$ (55,613)
Intergovernmental	158,863	158,863	158,899	36
Charges for Services	3,000	3,000	-	(3,000)
Investment Earnings	5,600	5,600	1,970	(3,630)
Other Revenues	300,000	300,000	300,000	-
Total Revenues	1,349,469	1,349,469	1,287,262	(62,207)
Expenditures:				
Current:				
Street Maintenance and Repair	1,455,387	1,472,387	1,470,324	2,063
Net Change in Fund Balance	(105,918)	(122,918)	(183,062)	(60,144)
Beginning Cash Fund Balance	476,010	476,010	476,010	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(5,721)	(5,721)	(5,721)	-
Ending Unreserved Cash Fund Balance	$ 364,371	$ 347,371	287,227	$ (60,144)
Reserved for Encumbrances – All Budget Years			11,688	
Total Cash Fund Balance – December 31			$ 298,915	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
State Levied Shared Taxes	$ 68,000	$ 68,000	$ 67,005	$ (995)
Investment Earnings	500	500	641	141
Total Revenues	68,500	68,500	67,646	(854)
Expenditures:				
Current:				
Street Maintenance and Repair	67,223	67,223	63,759	3,464
Net Change in Fund Balance	1,277	1,277	3,887	2,610
Beginning Cash Fund Balance	80,683	80,683	80,683	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(25,720)	(25,720)	(25,720)	-
Ending Unreserved Cash Fund Balance	$ 56,240	$ 56,240	58,850	$ 2,610
Reserved for Encumbrances – All Budget Years			11,000	
Total Cash Fund Balance – December 31			$ 69,850	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 1,284,420	$ 1,284,420	$ 1,112,860	$ (171,560)
Investment Earnings	10,000	10,000	12,635	2,635
Total Revenues	1,294,420	1,294,420	1,125,495	(168,925)
Expenditures:				
Current:				
Sanitation and Sewer Services	1,264,416	1,304,416	1,172,411	132,005
Excess of Revenues Over (Under) Expenditures	30,004	(9,996)	(46,916)	(36,920)
Other Financing Sources (Uses):				
Transfers – Out	(197,303)	(157,303)	(157,303)	-
Net Change in Fund Balance	(167,299)	(167,299)	(204,219)	(36,920)
Beginning Cash Fund Balance	1,148,886	1,148,886	1,148,886	-
Prior Year's Reserve for Encumbrances Outstanding at December 31	(28,198)	(28,198)	(28,198)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(61,774)	(61,774)	(61,774)	-
Ending Unreserved Cash Fund Balance	$ 891,615	$ 891,615	854,695	$ (36,920)
Reserved for Encumbrances – All Budget Years			113,574	
Total Cash Fund Balance – December 31			$ 968,269	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property Taxes	$ 231,036	$ 231,036	$ 240,660	$ 9,624
Other Revenues	19,503	19,503	-	(19,503)
Total Revenues	250,539	250,539	240,660	(9,879)
Expenditures:				
Current:				
Security of Persons and Property – Police	1,067,800	1,067,800	1,011,771	56,029
Excess of Revenues Over (Under) Expenditures	(817,261)	(817,261)	(771,111)	46,150
Other Financing Sources (Uses):				
Transfers – In	770,340	770,340	770,340	-
Net Change in Fund Balance	(46,921)	(46,921)	(771)	46,150
Beginning Cash Fund Balance	629,038	629,038	629,038	-
Total Cash Fund Balance – December 31	$ 582,117	$ 582,117	$ 628,267	$ 46,150

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property Taxes	$ 231,036	$ 231,036	$ 240,660	$ 9,624
Other Revenues	18,003	18,953	950	(18,003)
Total Revenues	249,039	249,989	241,610	(8,379)
Expenditures:				
Current:				
Security of Persons and Property – Fire	1,123,780	1,123,780	1,103,860	19,920
Excess of Revenues Over (Under) Expenditures	(874,741)	(873,791)	(862,250)	11,541
Other Financing Sources (Uses):				
Transfers – In	876,072	875,122	875,122	-
Net Change in Fund Balance	1,331	1,331	12,872	11,541
Beginning Cash Fund Balance	510,173	510,173	510,173	-
Total Cash Fund Balance – December 31	$ 511,504	$ 511,504	$ 523,045	$ 11,541

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 14,000	$ 14,000	$ 19,702	$ 5,702
Investment Earnings	300	300	562	262
Total Revenues	14,300	14,300	20,264	5,964
Expenditures:				
Current:				
General Government				
Judicial System	22,435	22,435	14,641	7,794
Net Change in Fund Balance	(8,135)	(8,135)	5,623	13,758
Beginning Cash Fund Balance	59,397	59,397	59,397	-
Ending Unreserved Cash Fund Balance	$ 51,262	$ 51,262	65,020	$ 13,758
Reserved for Encumbrances – All Budget Years			80	
Total Cash Fund Balance – December 31			$ 65,100	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ -	$ -	$ 552	$ 552
Charges for Services	36,000	36,000	31,772	(4,228)
Investment Earnings	1,100	1,100	1,116	16
Total Revenues	37,100	37,100	33,440	(3,660)
Expenditures:				
Current:				
General Government				
Judicial System	134,212	134,212	38,015	96,197
Net Change in Fund Balance	(97,112)	(97,112)	(4,575)	92,537
Beginning Cash Fund Balance	126,823	126,823	126,823	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(757)	(757)	(757)	-
Ending Unreserved Cash Fund Balance	$ 28,954	$ 28,954	121,491	$ 92,537
Reserved for Encumbrances – All Budget Years			7,768	
Total Cash Fund Balance – December 31			$ 129,259	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 115,000	$ 115,000	$ 99,655	$ (15,345)
Investment Earnings	2,300	2,300	3,711	1,411
Total Revenues	117,300	117,300	103,366	(13,934)
Expenditures:				
Current:				
General Government				
Judicial System	233,721	233,721	193,490	40,231
Net Change in Fund Balance	(116,421)	(116,421)	(90,124)	26,297
Beginning Cash Fund Balance	413,028	413,028	413,028	-
Ending Unreserved Cash Fund Balance	$ 296,607	$ 296,607	322,904	$ 26,297
Reserved for Encumbrances – All Budget Years			62,675	
Total Cash Fund Balance – December 31			$ 385,579	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 1,065,000	$ 1,472,550	$ 674,635	$ (797,915)
Investment Earnings	-	-	288	288
Other Revenue	-	-	98,920	98,920
Total Revenues	1,065,000	1,472,550	773,843	(698,707)
Expenditures:				
Current:				
Housing and Community Development	395,000	808,150	136,725	671,425
Net Change in Fund Balance	670,000	664,400	637,118	(27,282)
Beginning Cash Fund Balance	(183,836)	(183,836)	(183,836)	-
Prior Year's Reserve for Encumbrances Outstanding at December 31	(38,344)	(38,344)	(38,344)	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(388,476)	(388,476)	(388,476)	-
Ending Unreserved Cash Fund Balance	$ 59,344	$ 53,744	26,462	$ (27,282)
Reserved for Encumbrances – All Budget Years			49,361	
Total Cash Fund Balance – December 31			$ 75,823	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 10,000	$ 10,000	$ 12,202	$ 2,202
Investment Earnings	300	300	251	(49)
Total Revenues	10,300	10,300	12,453	2,153
Expenditures:				
Current:				
General Government				
Legislative and Executive	15,841	15,841	1,226	14,615
Net Change in Fund Balance	(5,541)	(5,541)	11,227	16,768
Beginning Cash Fund Balance	24,714	24,714	24,714	-
Total Cash Fund Balance – December 31	$ 19,173	$ 19,173	$ 35,941	$ 16,768

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 6,303	$ 6,303	$ 6,000	$ (303)
Charges for Services	1,100	1,100	2,040	940
Total Revenues	7,403	7,403	8,040	637
Expenditures:				
Current:				
Security of Persons and Property – Police	8,783	11,663	6,934	4,729
Excess of Revenues Over (Under) Expenditures	(1,380)	(4,260)	1,106	5,366
Other Financing Sources (Uses):				
Transfers – Out	(1,500)	-	-	-
Net Change in Fund Balance	(2,880)	(4,260)	1,106	5,366
Beginning Cash Fund Balance	5,185	5,185	5,185	-
Total Cash Fund Balance – December 31	$ 2,305	$ 925	$ 6,291	$ 5,366

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Investment Earnings	$ -	$ 1	$ -	$ (1)
Excess of Revenues Over (Under) Expenditures	-	1	-	(1)
Other Financing Sources (Uses):				
Transfers – Out	(51,369)	(51,517)	(51,516)	1
Net Change in Fund Balance	(51,369)	(51,516)	(51,516)	-
Beginning Cash Fund Balance	51,516	51,516	51,516	-
Total Cash Fund Balance – December 31	$ 147	$ -	$ -	$ -

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 35,000	$ 35,000	$ 37,868	$ 2,868
Investment Earnings	700	700	443	(257)
Total Revenues	35,700	35,700	38,311	2,611
Expenditures:				
Current:				
General Government				
Judicial System	56,350	56,350	52,532	3,818
Excess of Revenues Over (Under) Expenditures	(20,650)	(20,650)	(14,221)	6,429
Other Financing Sources (Uses):				
Transfers – In	51,369	51,517	51,516	(1)
Net Change in Fund Balance	30,719	30,867	37,295	6,428
Beginning Cash Fund Balance	7,610	7,610	7,610	-
Total Cash Fund Balance – December 31	$ 38,329	$ 38,477	$ 44,905	$ 6,428

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 9,500	$ 9,500	$ 9,807	$ 307
Investment Earnings	250	250	200	(50)
Total Revenues	9,750	9,750	10,007	257
Expenditures:				
Current:				
General Government				
Judicial System	39,249	39,249	29,705	9,544
Net Change in Fund Balance	(29,499)	(29,499)	(19,698)	9,801
Beginning Cash Fund Balance	38,156	38,156	38,156	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(810)	(810)	(810)	-
Ending Unreserved Cash Fund Balance	$ 7,847	$ 7,847	17,648	$ 9,801
Reserved for Encumbrances – All Budget Years			956	
Total Cash Fund Balance – December 31			$ 18,604	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 6,153,825	$ 6,153,825	$ 3,579,270	$ (2,574,555)
Expenditures:				
Current:				
Security of Persons and Property – Police	2,739,502	5,809,706	3,550,260	2,259,446
Excess of Revenues Over (Under) Expenditures	3,414,323	344,119	29,010	(315,109)
Other Financing Sources (Uses):				
Advances – Out	(204,479)	(129,479)	(29,479)	100,000
Net Change in Fund Balance	3,209,844	214,640	(469)	(215,109)
Beginning Cash Fund Balance	6,090	6,090	6,090	-
Total Cash Fund Balance – December 31	$ 3,215,934	$ 220,730	$ 5,621	$ (215,109)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 100,000	$ 205,000	$ 107,952	$ (97,048)
Expenditures:				
Current:				
Public Health Services	101,500	201,500	108,949	92,551
Net Change in Fund Balance	(1,500)	3,500	(997)	(4,497)
Beginning Cash Fund Balance	2,159	2,159	2,159	-
Total Cash Fund Balance – December 31	$ 659	$ 5,659	$ 1,162	$ (4,497)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 145,000	$ 145,000	$ 155,609	$ 10,609
Investment Earnings	5,000	5,000	3,037	(1,963)
Total Revenues	150,000	150,000	158,646	8,646
Expenditures:				
Current:				
Housing and Community Development	159,000	159,000	136,109	22,891
Excess of Revenues Over (Under) Expenditures	(9,000)	(9,000)	22,537	31,537
Other Financing Sources (Uses):				
Transfers – Out	(264,500)	(264,500)	(264,500)	-
Net Change in Fund Balance	(273,500)	(273,500)	(241,963)	31,537
Beginning Cash Fund Balance	425,324	425,324	425,324	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(30,772)	(30,772)	(30,772)	-
Ending Unreserved Cash Fund Balance	$ 121,052	$ 121,052	152,589	$ 31,537
Reserved for Encumbrances – All Budget Years			68,827	
Total Cash Fund Balance – December 31			$ 221,416	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 14,000	$ 14,000	$ 12,359	$ (1,641)
Investment Earnings	50	50	8	(42)
Total Revenues	14,050	14,050	12,367	(1,683)
Expenditures:				
Current:				
General Government				
Judicial System	14,000	14,000	13,964	36
Net Change in Fund Balance	50	50	(1,597)	(1,647)
Beginning Cash Fund Balance	4,658	4,658	4,658	-
Prior Year's Reserve for Encumbrances Outstanding at December 31	(222)	(222)	(222)	-
Ending Unreserved Cash Fund Balance	$ 4,486	$ 4,486	2,839	$ (1,647)
Reserved for Encumbrances – All Budget Years			222	
Total Cash Fund Balance – December 31			$ 3,061	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Special Assessments	$ 593,778	$ 553,778	$ 568,293	$ 14,515
Expenditures:				
Current:				
Security of Persons and Property – Other	730,380	730,380	725,620	4,760
Excess of Revenues Over (Under) Expenditures	(136,602)	(176,602)	(157,327)	19,275
Other Financing Sources (Uses):				
Transfers – In	12,100	52,100	52,100	-
Net Change in Fund Balance	(124,502)	(124,502)	(105,227)	19,275
Beginning Cash Fund Balance	163,472	163,472	163,472	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(38,950)	(38,950)	(38,950)	-
Ending Unreserved Cash Fund Balance	$ 20	$ 20	19,295	$ 19,275
Reserved for Encumbrances – All Budget Years			1,146	
Total Cash Fund Balance – December 31			$ 20,441	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Special Assessments	$ 790,386	$ 790,386	$ 740,634	$ (49,752)
Expenditures:				
Current:				
Housing and Community Development	958,532	958,532	791,555	166,977
Net Change in Fund Balance	(168,146)	(168,146)	(50,921)	117,225
Beginning Cash Fund Balance	402,694	402,694	402,694	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(67,506)	(67,506)	(67,506)	-
Ending Unreserved Cash Fund Balance	$ 167,042	$ 167,042	284,267	$ 117,225
Reserved for Encumbrances – All Budget Years			66,406	
Total Cash Fund Balance – December 31			$ 350,673	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Investment Earnings	$ -	$ -	$ 5,219	$ 5,219
Fines and Forfeitures	-	-	90,522	90,522
Other Revenues	-	-	986	986
Total Revenues	-	-	96,727	96,727
Expenditures:				
Current:				
Security of Persons and Property – Police	-	130,845	42,611	88,234
Excess of Revenues Over (Under) Expenditures	-	(130,845)	54,116	184,961
Other Financing Sources (Uses):				
Advances – In	-	-	29,479	29,479
Net Change in Fund Balance	-	(130,845)	83,595	214,440
Beginning Cash Fund Balance	593,040	593,040	593,040	-
Total Cash Fund Balance – December 31	$ 593,040	$ 462,195	$ 676,635	$ 214,440

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Investment Earnings	$ 2,000	$ 2,000	$ 12,901	$ 10,901
Other Revenue	35,525	35,525	35,286	(239)
Total Revenues	37,525	37,525	48,187	10,662
Expenditures:				
Current:				
General Government				
Legislative and Executive	1,800	3,300	3,211	89
Debt Service:				
Principal Retirements	3,237,070	3,237,070	3,237,069	1
Interest and Fiscal Charges	53,875	53,875	53,875	-
Total Expenditures	3,292,745	3,294,245	3,294,155	90
Excess of Revenues Over (Under) Expenditures	(3,255,220)	(3,256,720)	(3,245,968)	10,752
Other Financing Sources (Uses):				
Proceeds from the Sale of Notes	2,250,000	2,250,000	2,277,225	27,225
Transfers – In	1,007,220	1,007,220	1,560,320	553,100
Total Other Financing Sources (Uses)	3,257,220	3,257,220	3,837,545	580,325
Net Change in Fund Balance	2,000	500	591,577	591,077
Beginning Cash Fund Balance	1,537,883	1,537,883	1,537,883	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(181,035)	(181,035)	(181,035)	-
Ending Unreserved Cash Fund Balance	$ 1,358,848	$ 1,357,348	$ 1,948,425	$ 591,077

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property Taxes	$ 669,524	$ 669,482	$ 871,083	$ 201,601
Investment Earnings	-	-	6,001	6,001
Total Revenues	669,524	669,482	877,084	207,602
Expenditures:				
Current;				
General Government				
Legislative and Executive	-	4,000	3,832	168
Debt Service:				
Principal Retirements	545,000	565,000	565,000	-
Interest and Fiscal Charges	870,037	850,037	850,037	-
Total Expenditures	1,415,037	1,419,037	1,418,869	168
Excess of Revenues Over (Under) Expenditures	(745,513)	(749,555)	(541,785)	207,770
Other Financing Sources (Uses):				
Transfers – In	740,058	740,100	740,100	-
Net Change in Fund Balance	(5,455)	(9,455)	198,315	207,770
Beginning Cash Fund Balance	339,412	339,412	339,412	-
Total Cash Fund Balance – December 31	$ 333,957	$ 329,957	$ 537,727	$ 207,770

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 743,851	$ 819,800	$ 779,131	$ (40,669)
Expenses:				
Contractual Services	63,851	32,851	32,538	313
Materials and Supplies	680,000	786,949	786,920	29
Total Expenses	743,851	819,800	819,458	342
Net Change in Fund Equity	-	-	(40,327)	(40,327)
Beginning Cash Fund Equity	24,431	24,431	24,431	-
Current Year Cash Expenditures Against Prior Year's Cash Fund Equity Reserved For Encumbrance	(6,528)	(6,528)	(6,528)	-
Ending Unreserved Cash Fund Equity	$ 17,903	$ 17,903	(22,424)	$ (40,327)
Reserved for Encumbrances – All Budget Years			7,466	
Total Cash Fund Equity – December 31			$ (14,958)	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 41,004	$ 41,004	$ 38,391	$ (2,613)
Expenses:				
Contractual Services	41,004	41,004	39,939	1,065
Net Change in Fund Equity	-	-	(1,548)	(1,548)
Beginning Cash Fund Equity	30,632	30,632	30,632	-
Current Year Cash Expenses Against Prior Year's Cash Fund Equity Reserved For Encumbrance	(3,004)	(3,004)	(3,004)	-
Ending Unreserved Cash Fund Equity	$ 27,628	$ 27,628	26,080	$ (1,548)
Reserved for Encumbrances – All Budget Years			4,552	
Total Cash Fund Equity – December 31			$ 30,632	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ 1,194,111	$ 1,194,111	$ 1,076,606	$ (117,505)
Expenses:				
Personal Services	846,370	846,370	771,114	75,256
Travel and Education	2,402	2,402	630	1,772
Contractual Services	301,280	274,180	236,961	37,219
Materials and Supplies	44,059	71,159	71,121	38
Total Expenses	1,194,111	1,194,111	1,079,826	114,285
Net Change in Fund Equity	-	-	(3,220)	(3,220)
Beginning Cash Fund Equity	63,817	63,817	63,817	-
Prior Year's Reserve For Encumbrances Outstanding At December 31	6,279	6,279	6,279	-
Current Year Cash Expenses Against Prior Year's Cash Fund Equity Reserved For Encumbrance	(63,105)	(63,105)	(63,105)	-
Ending Unreserved Cash Fund Equity	$ 6,991	$ 6,991	3,771	$ (3,220)
Reserved for Encumbrances – All Budget Years			60,046	
Total Cash Fund Equity – December 31			$ 63,817	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other Revenues	$ -	$ -	$ 501	$ 501
Expenses:				
Personal Services	67,400	67,600	67,494	106
Travel and Education	453	253	106	147
Contractual Services	830,081	830,081	706,370	123,711
Materials and Supplies	1,205	1,205	950	255
Other Expenditures	202,541	202,541	18,694	183,847
Total Expenses	1,101,680	1,101,680	793,614	308,066
Operating Income (Loss)	(1,101,680)	(1,101,680)	(793,113)	308,567
Other Financing Sources (Uses):				
Transfers – In	-	626,000	626,000	-
Net Change in Fund Equity	(1,101,680)	(475,680)	(167,113)	308,567
Beginning Cash Fund Equity	1,605,298	1,605,298	1,605,298	-
Current Year Cash Expenses Against Prior Year's Cash Fund Equity Reserved For Encumbrance	(365)	(365)	(365)	-
Ending Unreserved Cash Fund Equity	$ 503,253	$ 1,129,253	1,437,820	$ 308,567
Reserved for Encumbrances – All Budget Years			53,240	
Total Cash Fund Equity – December 31			$ 1,491,060	

City of Shaker Heights, Ohio

Combining Statements
Non-Major Internal Services Funds

For The Year Ended December 31, 2011

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, 2011

	Central Purchasing	Copier Management	Municipal Garage	Self Insurance	Total Internal Service Funds
Assets:					
Equity in city treasury cash	$ -	$ 30,632	$ 63,817	$ 1,491,060	$ 1,585,509
Interfund receivable	11,537	-	89,658	-	101,195
Inventory of supplies	255,905	-	-	-	255,905
Prepaid items	-	-	-	51,332	51,332
Total assets	267,442	30,632	153,475	1,542,392	1,993,941
Liabilities:					
Accounts payable	34,734	7,053	32,324	50,672	124,783
Accrued wages and benefits	-	-	21,141	-	21,141
Interfund payable	57,387	-	-	-	57,387
Claims payable	-	-	-	167,884	167,884
Accrued compensated absences	-	-	28,972	-	28,972
Total current liabilities	92,121	7,053	82,437	218,556	400,167
Long-term liabilities (net of current portion):					
Claims payable	-	-	-	663,298	663,298
Accrued compensated absences	-	-	85,706	-	85,706
Total long-term liabilities	-	-	85,706	663,298	749,004
Total liabilities	92,121	7,053	168,143	881,854	1,149,171
Net assets:					
Unrestricted (deficit)	$ 175,321	$ 23,579	$ (14,668)	$ 660,538	$ 844,770

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, 2011

	Central Purchasing	Copier Management	Municipal Garage	Self Insurance	Total Internal Service Funds
Operating revenues:					
Charges for services	$ 779,040	$ 38,391	$ 1,076,606	$ 501	$ 1,894,538
Other revenue	91	-	-	-	91
Total operating revenues	779,131	38,391	1,076,606	501	1,894,629
Operating expenses:					
Personal services	-	-	752,422	67,494	819,916
Travel and education	-	-	630	106	736
Contractual services	23,994	43,805	231,519	905,915	1,205,233
Material and supplies	672,906	-	69,381	950	743,237
Total operating expenses	696,900	43,805	1,053,952	974,465	2,769,122
Operating income (loss) before transfers	82,231	(5,414)	22,654	(973,964)	(874,493)
Transfers – in	-	-	-	626,000	626,000
Change in net assets	82,231	(5,414)	22,654	(347,964)	(248,493)
Net assets (deficit) at beginning of year	93,090	28,993	(37,322)	1,008,502	1,093,263
Net assets (deficit) at end of year	$ 175,321	$ 23,579	$ (14,668)	$ 660,538	$ 844,770

City of Shaker Heights, Ohio

Combining Statements of Cash Flows
Non-Major Internal Services Funds

For The Year Ended December 31, 2011

	Central Purchasing	Copier Management	Municipal Garage	Self Insurance	Total Internal Service Funds
Increase (decrease) in cash and cash equivalents:					
Cash flows from operating activities:					
Cash received from internal services	$ 779,131	$ 38,391	$ 1,076,606	$ 501	$ 1,894,629
Cash payments to suppliers	(784,624)	-	(68,624)	(950)	(854,198)
Cash payments for goods and services	(33,896)	(38,391)	(236,675)	(672,295)	(981,257)
Cash payments to employees	-	-	(771,307)	(67,494)	(838,801)
Net cash used for operating activities	(39,389)	-	-	(740,238)	(779,627)
Cash flows from non-capital financing activities:					
Transfers – in	-	-	-	626,000	626,000
Advances – in	14,958	-	-	-	14,958
Net cash provided by non-capital financing activities	14,958	-	-	626,000	640,958
Net change in cash and cash equivalents	(24,431)	-	-	(114,238)	(138,669)
Cash and cash equivalents at beginning of year	24,431	30,632	63,817	1,605,298	1,724,178
Cash and cash equivalents at end of year	$ -	$ 30,632	$ 63,817	$ 1,491,060	$ 1,585,509
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 82,231	$ (5,414)	$ 22,654	$ (973,964)	$ (874,493)
Adjustments:					
Changes in assets/liabilities:					
Decrease in accounts receivable	-	-	-	2,653	2,653
Increase in material and supplies inventory	(86,958)	-	-	-	(86,958)
Increase (decrease) in accounts payable	(34,662)	5,414	(3,769)	(20,495)	(53,512)
Increase in accrued wages and benefits	-	-	713	-	713
Decrease in compensated absences	-	-	(19,598)	-	(19,598)
Increase in self-insurance claims payable	-	-	-	251,568	251,568
Total adjustments	(121,620)	5,414	(22,654)	233,726	94,866
Net cash used for operating activities	$ (39,389)	$ -	$ -	$ (740,238)	$ (779,627)

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, 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.

For The Year Ended December 31, 2011

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).

Council to Protect Ohio Communities
To act as fiscal agent for the Council to Protect Ohio's Communities (CPOC) regional council of governments. This is established pursuant to Chapter 167 of the Ohio Revised Code. The purpose of this council of governments is to preserve Ohio's communities by maintaining revenue sources and amounts that support services and expenditures that benefit citizens of local communities throughout the State of Ohio.

Cleveland Waterline Projects
In 2007 the City transferred ownership and replacement responsibilities of its waterlines to the City of Cleveland. The City also entered into an agreement with the Cleveland Division of Water under which the City of Shaker Heights would manage and design the projects of which the Division of Water would pay for. This fund is to account for funds received by the Division of Water to be expensed for the design and construction of such projects.

Shaker Heights Development Corporation
To account for the purposes of the Community Improvement Corporation, also known as the Shaker Heights Development Corporation which includes seeking corporate and other private sponsorships and contributions and foundation, federal and state grants to be used for economic development in the City.

City of Shaker Heights, Ohio

Combining Statements of Changes in Assets and Liabilities
Agency Funds

December 31, 2011

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
Public Art Deposit Fund				
Assets:				
Equity in pooled cash and cash equivalents	$ 2,531	$ -	$ -	$ 2,531
Liabilities:				
Deposits held and due to others	$ 2,531	$ -	$ -	$ 2,531
Obstruction Permit Deposit Fund				
Assets:				
Equity in pooled cash and cash equivalents	$ 48,580	$ -	$ 2,280	$ 46,300
Liabilities:				
Deposits held and due to others	$ 48,580	$ -	$ 2,280	$ 46,300
Excavating Permit Deposit Fund				
Assets:				
Equity in pooled cash and cash equivalents	$ 12,475	$ 740	$ -	$ 13,215
Liabilities:				
Deposits held and due to others	$ 12,475	$ 740	$ -	$ 13,215
Unclaimed Monies Fund				
Assets:				
Equity in pooled cash and cash equivalents	$ 249,405	$ 10,995	$ 154,900	$ 105,500
Liabilities:				
Accounts payable	$ 33,710	$ 4,637	$ 33,710	$ 4,637
Deposits held and due to others	215,695	6,358	121,190	100,863
Total Liabilities	$ 249,405	$ 10,995	$ 154,900	$ 105,500
Fund for the Future of Shaker Heights Fund				
Assets:				
Equity in pooled cash and cash equivalents	$ 384,625	$ 40,711	$ 95,343	$ 329,993
Mortgage loans receivable	197,298	30,500	25,646	202,152
Total Assets	$ 581,923	$ 71,211	$ 120,989	$ 532,145
Liabilities:				
Deposits held and due to others	$ 581,923	$ 71,211	$ 120,989	$ 532,145

(Continued)

City of Shaker Heights, Ohio

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

December 31, 2011

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
Municipal Court Fund				
Assets:				
Cash and cash equivalents in segregated accounts	$ 478,544	$ 4,122,294	$ 4,074,596	$ 526,242
Liabilities:				
Intergovernmental payable	$ 245,907	$ 3,543,185	$ 3,498,458	$ 290,634
Deposits held and due to others	232,637	579,109	576,138	235,608
Total Liabilities	$ 478,544	$ 4,122,294	$ 4,074,596	$ 526,242
Contractor Deposit Fund				
Assets:				
Equity in pooled cash and cash equivalents	$ 142,220	$ -	$ -	$ 142,220
Liabilities:				
Deposits held and due to others	$ 142,220	$ -	$ -	$ 142,220
Recreation Scholarship Fund				
Assets:				
Equity in pooled cash and cash equivalents	$ 37,441	$ 4,720	$ 8,577	$ 33,584
Liabilities:				
Deposits held and due to others	$ 37,441	$ 4,720	$ 8,577	$ 33,584
Shaker Family Resource Center				
Assets:				
Equity in pooled cash and cash equivalents	$ -	$ 836,276	$ 836,276	$ -
Liabilities:				
Deposits held and due to others	$ -	$ 836,276	$ 836,276	$ -
Board of Building Standards Fund				
Assets:				
Equity in pooled cash and cash equivalents	$ 752	$ 2,386	$ 1,578	$ 1,560
Liabilities:				
Intergovernmental payable	$ 752	$ 2,386	$ 1,578	$ 1,560

(Continued)

City of Shaker Heights, Ohio

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

December 31, 2011

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
Heights Area Special Rescue Team Fund				
Assets:				
Equity in pooled cash and cash equivalents	$ 160,919	$ 40,619	$ 5,948	$ 195,590
Liabilities:				
Intergovernmental payable	$ 160,730	$ 40,619	$ 5,759	$ 195,590
Accrued wages and benefits	189	-	189	-
Total liabilities	$ 160,919	$ 40,619	$ 5,948	$ 195,590
Council to Protect Ohio Communities				
Assets:				
Equity in pooled cash and cash equivalents	$ -	$ 140,000	$ 140,000	$ -
Liabilities:				
Intergovernmental payable	$ -	$ 140,000	$ 140,000	$ -
Cleveland Waterline Projects				
Assets:				
Equity in pooled cash and cash equivalents	$ -	$ 1,003,252	$ 483,208	$ 520,044
Liabilities:				
Accounts payable	$ -	$ 299,689	$ -	$ 299,689
Intergovernmental payable	-	703,563	483,208	220,355
Total liabilities	$ -	$ 1,003,252	$ 483,208	$ 520,044
Shaker Heights Development Corporation				
Assets:				
Equity in pooled cash and cash equivalents	$ -	$ 2,500	$ 2,500	$ -
Liabilities:				
Intergovernmental payable	$ -	$ 2,500	$ 2,500	$ -
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	$ 1,038,948	$ 2,082,199	$ 1,730,610	$ 1,390,537
Cash and cash equivalents in segregated accounts	478,544	4,122,294	4,074,596	526,242
Mortgage loan receivable	197,298	30,500	25,646	202,152
Total assets	$ 1,714,790	$ 6,234,993	$ 5,830,852	$ 2,118,931
Liabilities:				
Accounts payable	$ 33,710	$ 304,326	$ 33,710	$ 304,326
Intergovernmental payable	407,389	4,432,253	4,131,503	708,139
Deposits held and due to others	1,273,502	1,498,414	1,665,450	1,106,466
Accrued wages and benefits	189	-	189	-
Total liabilities	$ 1,714,790	$ 6,234,993	$ 5,830,852	$ 2,118,931

STATISTICAL SECTION

Statistical Section

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

Contents **Page(s)**

Financial Trends S3 - S9

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity S10 - S17

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity S18 - S23

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.

Economic and Demographic Information S25 - S27

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information S29 - S33

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.

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 Eight Years

(Accrual Basis of Accounting)

	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities								
Invested in Capital Assets,								
Net of Related Debt	$ 63,654,963	$ 61,134,899	$ 61,712,406	$ 58,708,166	$ 44,729,593	$ 39,706,310	$ 28,686,344	$ 32,387,135
Restricted:								
Capital Projects	12,883,372	16,187,786	18,947,218	25,606,578	31,339,125	38,040,586	32,600,572	29,667,802
Debt Service	561,689	1,838,464	1,237,432	915,681	-	-	-	-
Streets	611,464	690,153	724,281	906,871	-	-	-	-
Public Safety	2,125,142	1,492,645	1,724,661	1,342,216	-	-	-	-
Judicial Services	641,793	710,352	637,338	555,708	-	-	-	-
Other	58,137	-	-	-	193,610	665,036	7,998,216	2,781,854
Unrestricted	24,708,622	20,655,757	19,904,961	15,311,338	26,003,445	23,169,111	15,936,739	18,128,161
Total Governmental Activities Net Assets	$ 105,245,182	$ 102,710,056	$ 104,888,297	$ 103,346,558	$ 102,265,773	$ 101,581,043	$ 85,221,871	$ 82,964,952

Source: City Financial Records

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City of Shaker Heights, Ohio

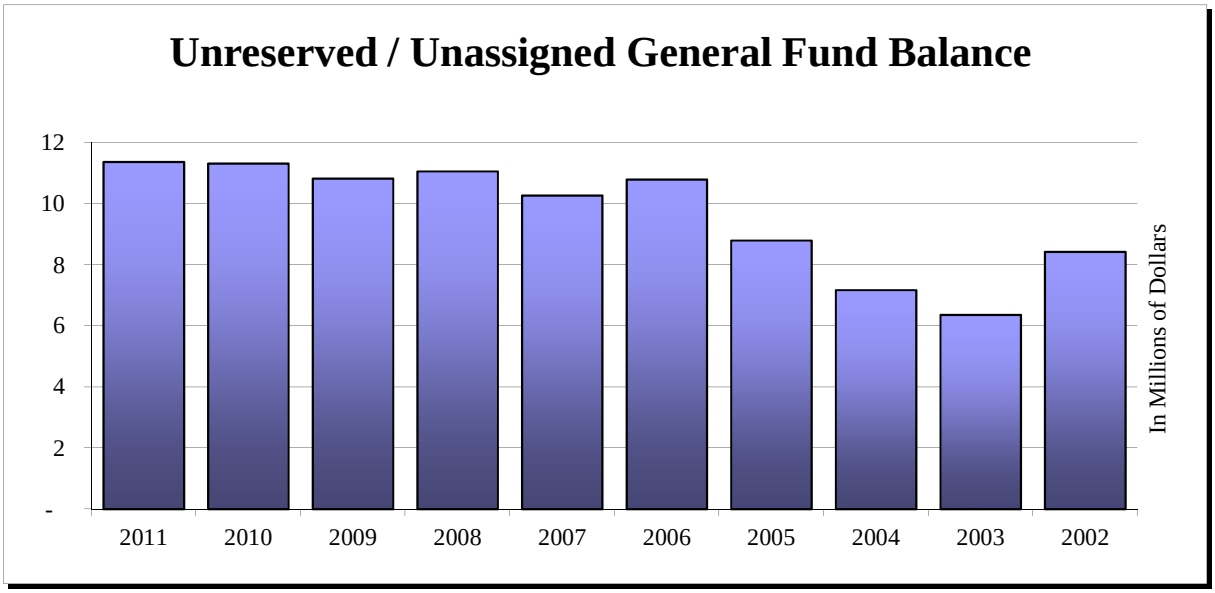
Changes in Net Assets
Last Eight Years
(Accrual Basis of Accounting)

	2011	2010	2009	2008	2007	2006	2005	2004
Program Revenues								
Governmental Activities:								
Charges for Services:								
Security of Persons and Property	$ 1,410,277	$ 1,228,766	$ 1,013,943	$ 1,340,465	$ 860,784	$ 908,354	$ 797,872	$ 832,026
Public Health Services	70,806	88,852	70,133	80,210	82,688	80,425	84,582	73,237
Leisure Time Activities	1,843,213	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	2,199,232	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	1,093,240	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	1,480	2,322	8,231	8,238	219,668	205,733	410,546	45,106
Public Works - Other	627,503	671,940	707,206	711,143	545,830	538,584	427,956	1,221,186
General Government	3,047,272	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	3,689,869	3,670,356	4,293,912	4,895,746	2,218,326	3,671,222	3,262,043	2,867,495
Public Health Services	43,876	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	207,980	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	45,202	15,294	13,000	40,987	75	140	-	1,407,545
Capital Grants and Contributions:								
Security of Persons and Property	3,950	6,169	4,000	5,000	-	-	37,722	84,316
Public Health Services	-	-	-	-	-	-	-	23,712
Housing and Community Development	559,951	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
General Government	145,468	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	14,989,319	14,719,063	15,244,685	18,900,285	12,220,971	21,126,509	16,752,676	14,060,037
Expenses								
Governmental Activities:								
General Government	7,476,927	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	22,250,251	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	572,027	590,758	692,906	448,703	563,495	558,169	538,756	632,970
Leisure Time Activities	4,036,350	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	5,377,610	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	4,433,164	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	2,983,859	2,923,298	2,388,186	2,817,752	2,181,766	2,181,740	1,513,229	2,962,286
Public Works - Other	2,502,961	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	902,508	919,281	928,950	1,001,492	1,048,868	1,076,682	773,737	491,535
Total Governmental Activities Expenses	50,535,657	51,401,636	53,206,065	54,605,148	50,137,373	49,858,842	50,467,977	52,932,040
Net (Expense)/Revenue								
Governmental Actvities	(35,546,338)	(36,682,573)	(37,961,380)	(35,704,863)	(37,916,402)	(28,732,333)	(33,715,301)	(38,872,003)
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Property Taxes	6,811,309	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	21,442,300	19,777,714	19,523,078	20,819,652	23,244,676	18,002,688	22,653,723	18,530,905
Grants and Entitlements	8,459,326	6,721,784	7,372,760	5,670,500	7,752,673	17,249,741	4,903,785	7,615,993
Interest Earnings	345,261	528,639	289,963	629,378	1,963,517	2,411,188	1,024,160	399,676
Miscellaneous Income	185,553	485,557	451,678	232,203	218,240	47,621	6,393	-
Special Item	-	-	-	-	(1,731,108)	-	-	-
Total Governmental Activites	37,243,749	34,504,332	36,216,669	35,576,273	40,414,262	45,091,505	35,972,221	33,810,893
Change in Net Assets								
Governmental Activities	$ 1,697,411	$ (2,178,241)	$ (1,744,711)	$ (128,590)	$ 2,497,860	$ 16,359,172	$ 2,256,920	$ (5,061,110)

Source: City Financial Records

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

	2011	2010	2009	2008
General Fund				
Nonspendable	$ 150,924	$ -	$ -	$ -
Committed	443,724	-	-	-
Assigned	6,729,633	-	-	-
Unassigned	11,378,591	-	-	-
Reserved	-	635,380	672,271	658,094
Unreserved	-	11,325,272	10,832,936	11,068,444
Total General Fund	18,702,872	11,960,652	11,505,207	11,726,538
All Other Governmental Funds				
Restricted	3,623,543	-	-	-
Committed	15,805,315	-	-	-
Unassigned	(411,512)	-	-	-
Reserved	-	5,385,836	5,917,500	8,286,921
Unreserved, Undesignated, Reported in:				
Special Revenue funds	-	7,617,822	8,165,918	5,830,175
Debt Service funds	-	1,657,429	1,043,472	793,110
Capital Projects funds	-	11,679,020	13,653,858	17,703,298
Total All Other Governmental Funds	19,017,346	26,340,107	28,780,748	32,613,504
Total Governmental Funds	$ 37,720,218	$ 38,300,759	$ 40,285,955	$ 44,340,042

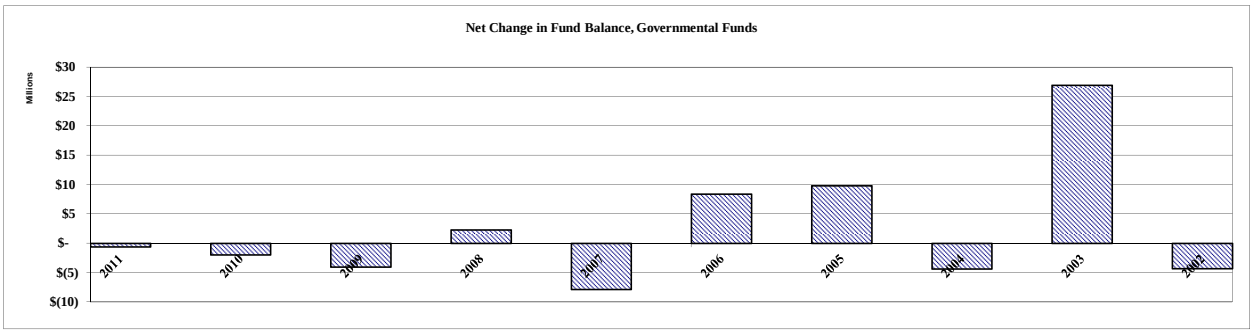


2007	2006	2005	2004	2003	2002
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
737,765	645,010	618,498	620,813	493,249	546,667
10,277,756	10,800,682	8,803,020	7,177,276	6,368,592	8,431,718
11,015,521	11,445,692	9,421,518	7,798,089	6,861,841	8,978,385
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21,462,206	25,400,516	20,831,407	18,534,385	9,577,630	10,279,656
3,638,148	4,625,921	4,227,083	5,485,075	6,147,351	5,614,309
(6,320,440)	(6,444,691)	642,972	461,017	325,971	-
10,321,345	12,940,408	12,377,248	5,384,372	19,118,859	(9,843,621)
29,101,259	36,522,154	38,078,710	29,864,849	35,169,811	6,050,344
$ 40,116,780	$ 47,967,846	$ 47,500,228	$ 37,662,938	$ 42,031,652	$ 15,028,729

City of Shaker Heights, Ohio

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

	2011	2010	2009	2008	2007
Revenues					
Property taxes	$ 6,768,107	$ 6,992,558	$ 8,399,301	$ 8,256,559	$ 8,889,841
Municipal Income Taxes	21,185,654	19,562,027	20,144,932	20,840,303	20,246,324
Other Local Taxes	63,867	46,219	53,478	55,599	68,772
Intergovernmental	13,177,336	11,158,151	12,338,984	14,936,366	10,218,683
Charges for Services	6,949,653	7,042,983	6,538,429	6,591,980	6,508,530
Fees, Licenses and Permits	352,822	674,820	577,437	764,096	746,352
Fines and Forfeitures	639,272	740,453	1,069,127	995,703	1,007,083
Special Assessments	940,688	1,805,098	1,830,121	1,767,705	1,437,429
Interest Earnings	1,559,342	514,234	254,263	585,912	1,851,297
Other Revenue	321,243	694,612	669,754	490,070	633,891
Total Revenues	51,957,984	49,231,155	51,875,826	55,284,293	51,608,202
Expenditures					
Current:					
Security of Persons and Property	21,747,850	22,096,210	23,577,387	24,202,081	23,574,673
Public Health and Welfare	596,372	584,712	572,755	529,080	558,251
Leisure Time Activities	3,513,027	4,155,613	3,634,079	3,750,314	7,555,496
Housing and Community Development	5,935,701	6,748,290	7,555,641	8,985,556	7,347,631
Sanitation and Sewer Services	4,023,249	4,697,166	5,031,160	7,498,220	4,242,460
Street Maintenance and Repair	3,552,894	3,598,187	3,345,052	3,280,365	4,300,875
Public Works - Other	2,515,800	2,428,497	2,692,495	2,611,414	3,454,788
General Government	7,510,586	6,952,171	6,400,685	7,113,939	6,645,189
Debt Service:					
Principal Retirement	3,983,104	1,993,420	9,239,281	2,407,571	2,960,142
Interest and Fiscal Charges	903,912	903,720	990,355	966,611	1,084,763
Debt Issuance Costs	-	-	107,854	-	-
Total Expenditures	54,282,495	54,157,986	63,146,744	61,345,151	61,724,268
Excess of Revenues Over (Under) Expenditures	(2,324,511)	(4,926,831)	(11,270,918)	(6,060,858)	(10,116,066)
Other Financing Sources (Uses)					
Issuance of Debt	2,250,000	2,902,697	7,775,852	8,660,000	2,265,000
Sale of Capital Assets	119,970	38,938	64,482	-	-
Transfers In	5,149,498	4,249,037	9,351,044	3,993,546	3,748,042
Transfers Out	(5,775,498)	(4,249,037)	(10,151,044)	(4,293,546)	(3,748,042)
Premium on Bonds	-	-	176,497	-	-
Total Other Financing Sources (Uses)	1,743,970	2,941,635	7,216,831	8,360,000	2,265,000
Net Change in Fund Balances	$ (580,541)	$ (1,985,196)	$ (4,054,087)	$ 2,299,142	$ (7,851,066)
Debt Service as a Percentage of Noncapital Expenditures	9.60%	3.97%	17.77%	6.30%	7.36%



2006	2005	2004	2003	2002
$ 7,428,674	$ 7,331,189	$ 7,269,251	$ 6,384,628	$ 6,423,446
19,886,483	21,861,847	18,783,048	22,649,166	18,648,908
72,795	82,208	7,406,893	17,135,868	4,580,163
29,295,902	12,452,589	4,721,227	3,624,484	3,805,168
6,843,816	6,630,592	6,607,922	5,959,401	3,812,324
848,307	509,945	449,452	487,677	409,093
1,007,772	884,476	799,324	1,028,445	737,865
1,551,355	1,421,099	1,529,226	1,347,023	1,348,169
2,310,585	949,769	339,094	490,633	940,869
879,638	982,334	1,339,428	1,082,301	1,918,912
70,125,327	53,106,048	49,244,865	60,189,626	42,624,917
22,052,139	22,975,164	21,581,448	22,718,906	17,442,316
556,927	547,922	624,730	629,242	509,328
4,832,651	3,721,751	4,039,570	3,702,571	501,136
8,487,286	7,053,154	6,049,968	5,648,055	4,838,231
4,719,322	4,682,615	8,710,562	4,073,814	3,563,023
2,520,981	3,080,371	4,676,644	2,588,086	1,361,726
3,980,129	4,969,107	3,506,111	2,501,287	10,076,546
5,732,134	6,058,532	7,212,530	6,545,599	7,412,559
10,520,233	182,850	145,375	40,375	40,375
1,101,485	565,169	664,604	304,627	219,082
-	-	-	-	-
64,503,287	53,836,635	57,211,542	48,752,562	45,964,322
5,622,040	(730,587)	(7,966,677)	11,437,064	(3,339,405)
2,800,000	10,567,878	3,597,963	15,543,069	-
-	-	-	-	-
4,495,644	4,269,619	6,516,731	9,337,294	2,843,725
(4,495,644)	(4,269,619)	(6,516,731)	(9,337,294)	(3,826,348)
-	-	-	-	-
2,800,000	10,567,878	3,597,963	15,543,069	(982,623)
$ 8,422,040	$ 9,837,291	$ (4,368,714)	$ 26,980,133	$ (4,322,028)
19.35%	1.68%	1.64%	0.79%	0.64%

City of Shaker Heights, Ohio

Assessed Valuation and Estimated Actual Values of Taxable Property

Last Ten Years

Tax Year/ Collection Year	Real Property: Assessed Value: Residential/ Agricultural	Real Property: Assessed Value: Commercial Industrial/PU	Real Property: Estimated Actual Value	Tangible Personal Property: Public Utility: Assessed Value	Tangible Personal Property: Public Utility: Estimated Actual Value
2011/2012	$ 732,444,900	$ 68,203,140	$ 2,287,565,829	$ 10,219,200	$ 12,022,588
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

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

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

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

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

Source: Cuyahoga County Auditor

Tangible Personal Property					
General Business			Total		
Assessed Value	Estimated Actual Value	Total Direct Rate (1)	Assessed Value	Estimated Actual Value	Ratio
$ -	-	$ 9.90	$ 810,867,240	$ 2,299,588,417	35.26%
-	-	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%

City of Shaker Heights, Ohio

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

	2011	2010	2009	2008	2007
Unvoted Millage					
Operating	$ 3.80	$ 3.80	$ 3.80	$ 3.80	$ 3.80
Fire Pension	0.30	0.30	0.30	0.30	0.30
Police Pension	0.30	0.30	0.30	0.30	0.30
Total Unvoted Millage	4.40	4.40	4.40	4.40	4.40
Charter Millage					
1948 Charter/Current Expense	2.50	2.50	2.50	2.50	2.50
1966 Charter/Current expense	3.00	3.00	3.00	3.00	3.00
Total Charter Millage	5.50	5.50	5.50	5.50	5.50
Total Millage	$ 9.90	$ 9.90	$ 9.90	$ 9.90	$ 9.90
Overlapping Rates by Taxing District					
Shaker Heights City School District Voted Millage					
Effective Millage Rates					
Residential/Agricultural Real	$ 86.45	$ 85.74	$ 76.10	$ 71.00	$ 70.47
Commercial/Industrial and Public Utility	114.08	113.05	100.74	98.68	96.61
Tangible/Public Utility Personal	180.13	180.13	170.60	170.60	170.30
Cuyahoga County Voted Millage	18.30	18.40	18.10	18.10	18.20
Effective Millage Rates					
Residential/Agricultural Real	18.12	18.18	17.69	16.82	16.03
Commercial/Industrial and Public Utility	17.65	17.69	17.26	17.21	16.83
Tangible/Public Utility Personal	18.30	18.40	18.10	18.10	18.20
Shaker Heights Public Library Voted Millage	4.00	4.00	4.00	4.00	4.00
Effective Millage Rates					
Residential/Agricultural Real	4.00	4.00	4.00	4.00	3.18
Commercial/Industrial and Public Utility	4.00	4.00	4.00	4.00	3.83
Tangible/Public Utility Personal	4.00	4.00	4.00	4.00	4.00

Source: Cuyahoga County Auditor

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

Charter millage is consistently applied to all types of property.

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

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

2006	2005	2004	2003	2002
$ 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
$ 70.36	$ 67.34	$ 65.93	$ 65.08	$ 64.90
95.58	90.65	86.12	85.87	79.58
170.30	160.50	159.20	158.90	150.00
18.30	18.30	18.00	16.20	16.20
16.02	15.27	14.61	13.74	12.66
17.13	16.50	16.05	14.22	13.34
18.30	18.30	18.00	16.20	16.20
4.00	4.00	4.00	4.00	4.00
3.52	3.52	3.48	4.00	3.29
4.00	4.00	3.87	4.00	3.26
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
2011	$ 9,891,562	$ 8,736,283	88.32%	$ 340,098	$ 9,076,381
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

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.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
91.76%	$ 1,029,675	10.41%
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%

City of Shaker Heights, Ohio

Principal Taxpayers - Real Estate Tax

2011 and 2002

	2011	
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	$ 7,998,260	1.00%
EIG Shaker Towne Center	4,581,940	0.57%
University Hospitals	3,185,810	0.40%
Oliver Family LTD	2,296,110	0.29%
Tower East Operating Assoc.	2,275,000	0.28%
Residences at Avalon Station	1,816,060	0.23%
East Ohio Gas Company	1,642,890	0.21%
Shaker Plaza LTD	1,504,760	0.19%
Deborah Salzberg Tr.	1,400,000	0.17%
Gator Shaker Heights, LLC	1,358,950	0.17%
Total	$ 28,059,780	3.50%
Total Assessed Valuation	$ 800,648,040	

	2002	
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
OfficeMax Incorporated	$ 8,371,670	1.18%
Ohio Bell Telephone Company	6,185,500	0.87%
The Cleveland Electric Illuminating Company	6,059,580	0.86%
Tower East Operating Assn.	4,278,930	0.61%
Shaker Town Centre E&A	3,675,000	0.52%
East End School Assn.	3,085,210	0.44%
Community Links Limited Partnership	2,964,540	0.42%
Somerset Point LTD Partnership	2,496,380	0.35%
Deborah Salzberg, Tr.	1,876,280	0.27%
East Ohio Gas Company	1,487,830	0.21%
Total	$ 40,480,920	5.73%
Total Assessed Valuation	$ 706,996,220	

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
2011	1.75%	$ 20,634,059	$ 6,191,093	30.00%	$ 559,062	2.71%	$ 13,883,904	67.29%
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%

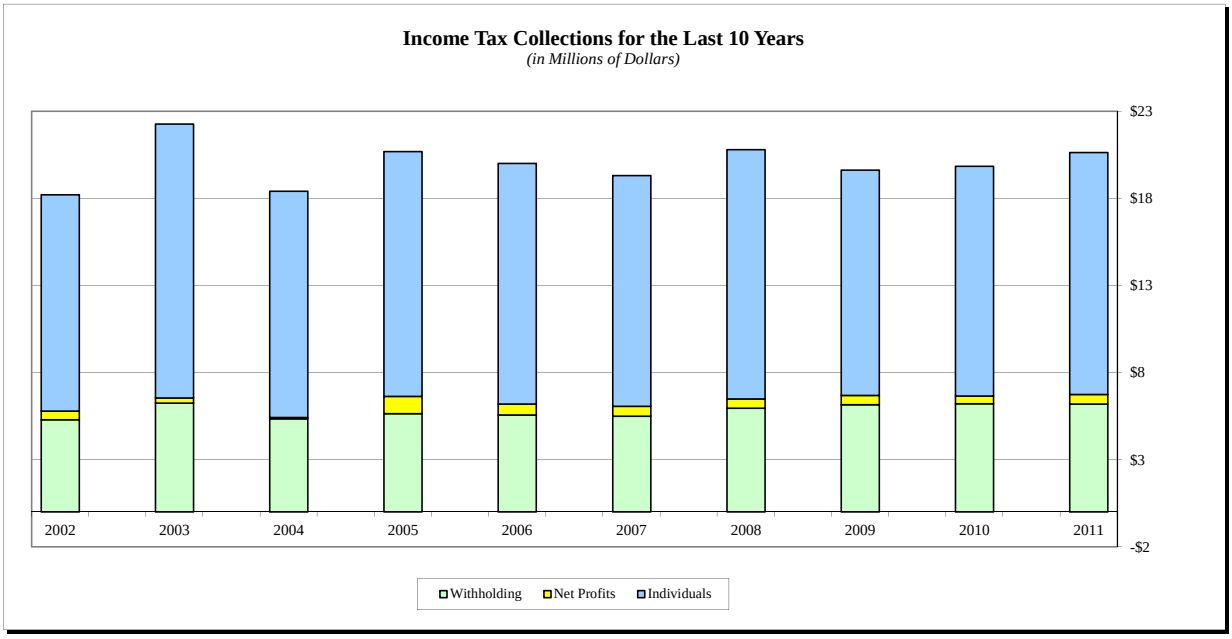
Source: Regional Income Tax Agency

(1) 2002 through 2011 are on a Cash Basis

(2) Effective April 1, 1981 .

(3) Does not include electrical utility municipal income tax coillected by state

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

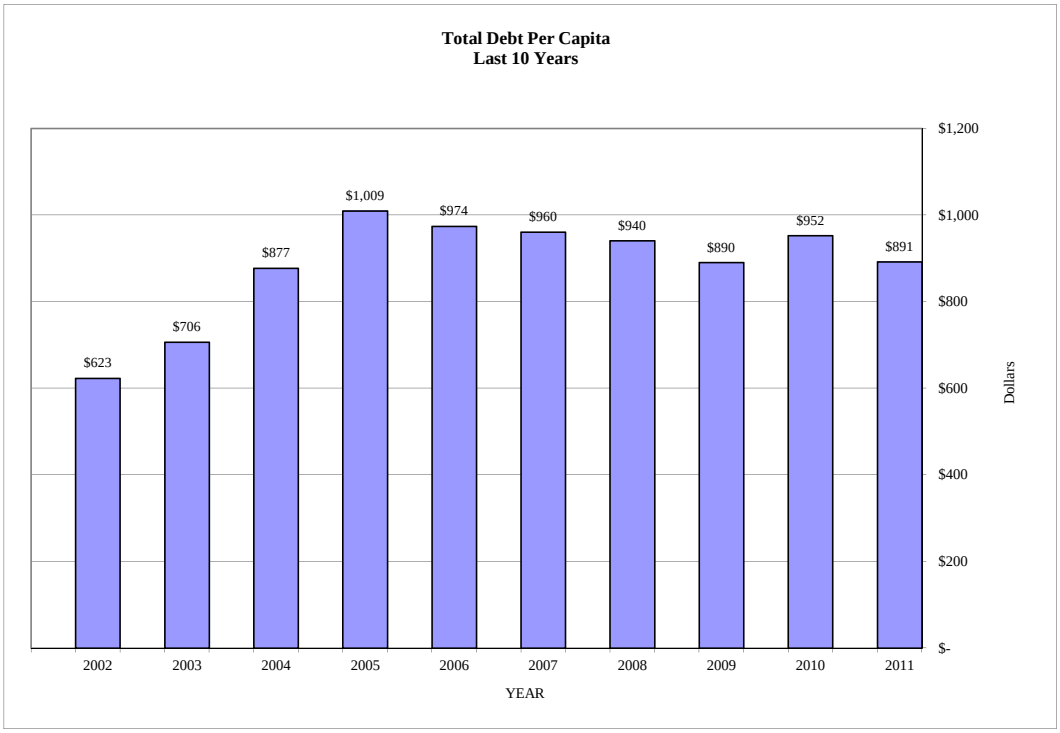


City of Shaker Heights, Ohio

Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years

	Governmental Activities							
Year	General Obligation Bonds	Urban Renewal Temporary Bonds	Bond Anticipation Notes	OPWC Loans	Taxable Special Obligation Housing Notes	Total Debt	Percentage of Personal Income	Per Capita
2011	$ 17,785,000	$ -	$ 2,250,000	$ 5,076,223	$ 250,000	$ 25,361,223	1.88%	$ 891
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

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
2011	28,448	a	$ 810,867,240	$ 20,035,000	2.47%	$ 704
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

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, 2011

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of			
City of Shaker Heights General Obligation Bonds & Anticipation Notes	$20,035,000	100.00%	$ 20,035,000
Total Direct Debt	20,035,000		20,035,000
Overlapping			
Shaker Heights City School District			
General Obligation Bonds	22,040,581	94.53%	20,834,672
Cuyahoga County			
General Obligation Bonds	288,808,842	2.81%	8,112,678
Regional Transit Authority	142,080,000	2.72%	3,866,474
Total Overlapping Debt	452,929,423		32,813,824
Total	$472,964,423		$ 52,848,824

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

	2011	2010	2009	2008
Total Assessed Property Value	$ 810,867,240	$ 821,284,520	$ 825,442,570	$ 889,478,997
Overall Legal Debt Limit				
(10 ½ % of Assessed Valuation)	$ 85,141,060	$ 86,234,875	$ 86,671,470	$ 93,395,295
Debt Outstanding:				
General Obligation Bonds	17,785,000	18,350,000	18,895,000	14,585,000
Bond Anticipation Notes	2,250,000	2,625,000	865,000	8,160,000
OPWC Loans	5,076,224	5,372,489	5,675,050	3,903,479
Total Gross Indebtedness	25,111,224	26,347,489	25,435,050	26,648,479
Less:				
Bond Anticipation Notes	-	-	-	-
OPWC Loans	(5,076,224)	(5,372,489)	(5,675,050)	(3,903,479)
TIF Urban Renewal Bonds	(4,315,000)	(4,460,000)	(4,600,000)	(6,845,000)
Permanent Urban Renewal Bonds	(13,470,000)	(13,890,000)	(14,295,000)	(14,585,000)
Debt Service Fund Balance	(2,447,321)	(1,537,883)	(209,581)	(178,239)
Total Net Debt Applicable to Debt Limit	(236,153)	1,087,117	655,419	1,136,761
Legal Debt Margin Within 10 ½ % Limitations	$ 85,377,213	$ 85,147,758	$ 86,016,051	$ 92,258,534
Legal Debt Margin as a Percentage of the Debt Limit	100.28%	98.74%	99.24%	98.78%
Unvoted Debt Limitation	$ 44,597,698	$ 45,170,649	$ 45,399,341	$ 48,921,345
(5 ½ % of Assessed Valuation)				
Total Gross Indebtedness	25,111,224	26,347,489	25,435,050	26,648,479
Less:				
Bond Anticipation Notes	-	-	-	-
OPWC Loans	(5,076,224)	(5,372,489)	(5,675,050)	(3,903,479)
TIF Urban Renewal Bonds	(4,315,000)	(4,460,000)	(4,600,000)	(6,845,000)
Permanent Urban Renewal Bonds	(13,470,000)	(13,890,000)	(14,295,000)	(14,585,000)
Debt Service Fund Balance	(2,447,321)	(1,537,883)	(209,581)	(178,239)
Net Debt Within 5 ½ % Limitations	(236,153)	1,087,117	655,419	1,136,761
Unvoted Legal Debt Margin Within 5 ½ % Limitations	$ 44,833,851	$ 44,083,532	$ 44,743,922	$ 47,784,584
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.53%	97.59%	98.56%	97.68%

Source: City Financial Records

2007	2006	2005	2004	2003	2002
$ 890,818,271	$ 904,812,492	$ 826,657,130	$ 832,257,715	$ 835,324,251	$ 739,166,460
$ 93,535,918	$ 95,005,312	$ 86,798,999	$ 87,387,060	$ 87,709,046	$ 77,612,478
14,855,000	15,020,000	15,155,000	15,265,000	15,370,000	17,800,000
8,610,000	9,095,000	10,210,000	6,495,000	4,925,000	-
4,026,050	4,271,192	4,306,928	4,021,900	464,312	504,687
27,491,050	28,386,192	29,671,928	25,781,900	20,759,312	18,304,687
-	-	-	-	-	-
(4,026,050)	(4,271,192)	(4,306,928)	(4,021,900)	(464,312)	(504,687)
(6,845,000)	(6,845,000)	(6,845,000)	(2,215,000)	(2,215,000)	(12,825,000)
(14,855,000)	(15,020,000)	(15,155,000)	(15,265,000)	(15,370,000)	-
(53,177)	(325,715)	(642,972)	(461,017)	(325,971)	(324,434)
1,711,823	1,924,285	2,722,028	3,818,983	2,384,029	4,650,566
$ 91,824,095	$ 93,081,027	$ 84,076,971	$ 83,568,077	$ 85,325,017	$ 72,961,912
98.17%	97.97%	96.86%	95.63%	97.28%	94.01%
$ 48,995,005	$ 49,764,687	$ 45,466,142	$ 45,774,174	$ 45,942,834	$ 40,654,155
27,491,050	28,386,192	29,671,928	25,781,900	20,759,312	18,304,687
-	-	-	-	-	-
(4,026,050)	(4,271,192)	(4,306,928)	(4,021,900)	(464,312)	(504,687)
(6,845,000)	(6,845,000)	(6,845,000)	(2,215,000)	(2,215,000)	(12,825,000)
(14,855,000)	(15,020,000)	(15,155,000)	(15,265,000)	(15,370,000)	-
(53,177)	(325,715)	(642,972)	(461,017)	(325,971)	(324,434)
1,711,823	1,924,285	2,722,028	3,818,983	2,384,029	4,650,566
$ 47,283,182	$ 47,840,402	$ 42,744,114	$ 41,955,191	$ 43,558,805	$ 36,003,589
96.51%	96.13%	94.01%	91.66%	94.81%	88.56%

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City of Shaker Heights, Ohio

Principal Employers

2011 & 2006 (1)

2011

Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,451	34%
University Hospital Health System	Non Profit Organization	1,214	29%
City of Shaker Heights	Government Entity	514	12%
Hathaway Brown School	Private School	424	10%
Laurel School	Private School	270	6%
Center for Dialysis Care	Medical Facility	171	4%
University School (Shaker Heights Campus)	Private School	148	3%
Equity Rngineering Group	Engineering	55	1%
Total		4,247	100%
Total Employment within the City of Shaker Heights, Ohio		n/a	

2006

Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,446	46%
City of Shaker Heights	Government Entity	784	25%
Laurel School	Private School	360	11%
Hathaway Brown School	Private School	280	9%
University School (Shaker Heights Campus)	Private School	192	6%
Center for Dialysis Care	Medical Facility	105	3%
Total		3,167	100%
Total Employment within the City of Shaker Heights, Ohio		n/a	

Source: Regional Income Tax Agency (RITA)

(1) Information prior to 2006 is not available

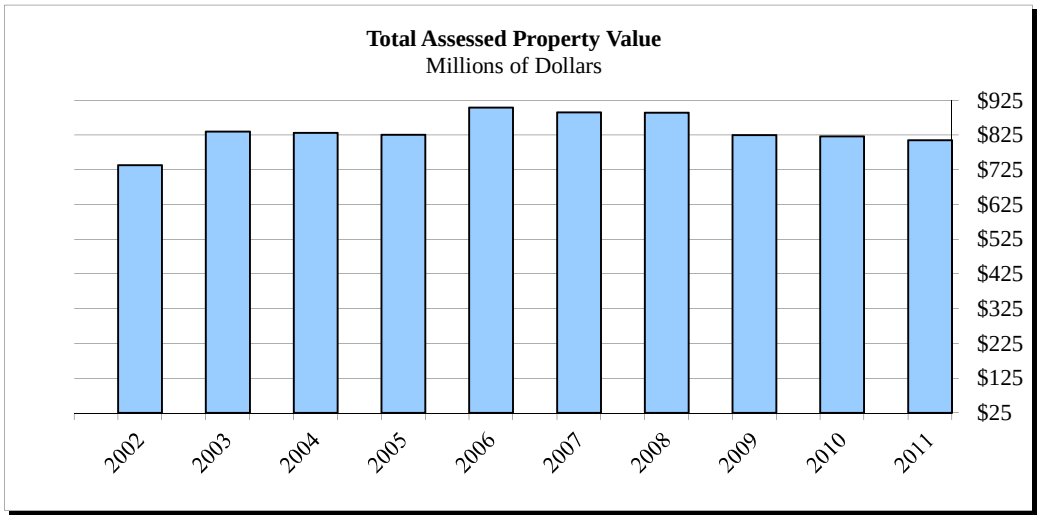
n/a - Information not available

City of Shaker Heights, Ohio

Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Family Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)
2011	28,448	$ 1,347,297,280	$ 47,360	$ 105,063	40.9	21.88%
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%

(1) Source: U. S. Census
(a) Years 2010-2011 population and median age- 2010 Federal Census
(b) Years 2002 through 2009 population - 2000 Federal Census
(c) Year 2010 Personal Income, Median Family Income, Educational Attainment - 2000 Federal Census
(d) Years 2002-2011 Cuyahoga County Unemployment Rate - Ohio Labor Market Information website
(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)
5,490	8.00%	$ 248,486	$ 810,867,240
5,484	9.00%	260,227	821,284,520
5,469	9.00%	211,955	825,442,570
5,482	7.00%	262,941	889,478,997
5,577	6.30%	262,941	890,818,271
5,628	5.70%	256,128	904,812,492
5,734	6.00%	272,875	826,657,130
5,623	6.20%	258,529	832,257,715
5,608	6.20%	257,319	835,324,251
5,619	5.60%	276,404	739,166,460

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City of Shaker Heights, Ohio

Full-Time Equivalent City Government Employees by Function/Program

Last Five Years

Function/Program	2011	2010	2009	2008	2007
General Government					
Council	3.5	3.5	3.5	3.5	3.0
Finance	7.5	7.5	7.5	9.5	6.0
Mayor	2.0	2.0	2.0	2.0	2.0
Law	4.5	4.5	4.5	6.5	6.5
Chief Administrative Officer	2.0	2.0	2.0	2.0	2.0
Service Administration - Public Works	10.0	11.0	11.0	13.0	12.0
Municipal Court	44.5	44.5	44.0	43.0	41.5
Human Resources	4.5	4.5	4.5	5.5	5.5
Information Technology	4.0	2.0	2.0	3.0	3.0
Security of Persons and Property:					
Police	64.0	64.0	65.0	71.0	68.0
Police - Crossing Guards	10.5	11.0	11.5	11.0	10.5
Police - Dispatch/Records/Watch Officer	15.0	17.5	16.5	15.0	14.0
Police - Jailers	3.0	3.0	3.0	4.5	4.5
Police - Administrative	7.0	11.5	11.0	14.5	14.5
Police - HIDTA	9.5	12.0	12.0	11.0	12.0
Fire	54.0	58.0	58.0	67.0	67.0
Fire - Other	2.5	2.5	2.5	4.0	4.5
Security of Persons/Property - Other	1.0	1.5	1.0	0.0	0.0
Public Health Services	12.0	14.0	19.5	10.0	11.0
Leisure Time Activities:					
Recreation	60.5	62.0	59.5	63.0	71.0
Park and Public Land Maintenance	10.0	10.0	9.0	13.0	14.5
Community Development:					
Building	4.0	5.0	5.0	5.0	6.0
Housing	10.0	10.0	10.0	9.0	9.0
Planning	9.0	9.0	9.5	11.5	12.5
Community Development - Other*	20.0	22.0	22.5	28.0	26.5
Street Maintenance and Repair	10.0	8.0	11.0	12.0	5.0
Sanitation and Sewer Services:					
Refuse and Brush Collection	20.0	23.0	23.0	26.0	25.5
Sewer Maintenance	8.0	7.0	8.0	7.5	6.5
Public Works - Other:	20.0	22.0	20.0	22.0	24.0
Totals:	432.5	454.5	458.5	493.0	488.0

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 Chief of Police and Command Staff Personnel

* 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	2011	2010	2009	2008	2007
General Government					
Council and Clerk					
Number of Ordinances Passed	126	142	135	115	132
Number of Resolutions Passed	8	12	13	16	10
Number of Planning Commission docket items	7	20	15	8	11
Zoning Board of Appeals docket items	23	23	21	21	20
Finance Department					
Number of checks/vouchers issued	6,946	7,113	7,281	7,293	7,197
Amount of checks written	$ 30,690,164	$ 28,808,562	$ 29,286,008	$ 32,229,682	$ 41,908,141
Interest earnings for fiscal year (cash basis)	$ 339,749	$ 343,297	$ 261,123	$ 918,229	$ 2,279,750
Number of Receipts issued	7,799	9,323	10,662	11,995	1,748
Number of Journal Entries issued	781	984	1,230	1,102	322
Agency Ratings - Standard & Poors	AA+	Aa1	Aa1	Aa1	Aa1
General Fund Receipts (cash basis)	$ 39,401,358	$ 39,746,140	$ 42,276,620	$ 38,875,699	$ 39,696,013
General Fund Expenditures (cash basis)	$ 38,651,093	$ 39,191,995	$ 43,085,953	$ 39,073,922	$ 40,622,949
General Fund Cash Balances	$ 8,336,820	$ 8,406,133	$ 7,809,636	$ 8,293,218	$ 9,400,503
Municipal Court					
Number of Civil Cases	1,669	1,850	2,005	2,443	1,463
Number of Criminal cases	10,948	11,493	11,802	10,477	12,242
Vital Statistics					
Certificates Filed	71	63	71	99	137
Number of Births	0	0	0	0	0
Number of Deaths	71	63	71	99	137
Certificates Issued	461	375	470	448	448
Number of Births	0	1	3	1	1
Number of Deaths	461	374	467	447	447
Burial Permits Issued	259	237	185	262	262
Civil Service					
Number of police entry tests administered	0	1	0	1	1
Number of fire entry tests administered	0	0	0	1	1
Number of police promotional tests administered	1	0	0	0	0
Number of fire promotional tests administered	0	1	0	0	0
Number of hires of Police Officers from certified lists	4	0	0	3	3
Number of hires of Fire/Medics from certified lists	0	0	0	1	1
Number of promotions from police certified lists	0	0	0	1	1
Number of promotions from fire certified lists	4	0	0	1	1

City of Shaker Heights, Ohio

Operating Indicators by Function/Program (continued)

Last Five Years

Function/Program	2011	2010	2009	2008	2007
Security of Persons & Property					
Police					
Total Calls for Services	29,981	31,099	32,255	33,303	33,303
Number of traffic citations issued	10,622	10,820	10,804	10,923	10,923
Number of parking citations issued	2,541	2,601	3,438	4,349	4,349
Number of criminal arrests	827	1,268	1,687	896	896
Part 1 Offenses (major offenses)	697	655	596	807	807
Police Dept. Auxiliary hours worked	N/A	N/A	N/A	N/A	N/A
DUI Arrests	172	286	433	94	94
Prisoners	875	1,141	1,340	1,254	1,254
Motor Vehicle Accidents	952	834	739	958	958
Property damage accidents	643	725	641	(879)	(879)
Community Diversion Program Youths	28	36	59	35	35
Community Diversion Program - community service hours	80	111	187	170	170
Fire					
EMS Calls	2,548	2,500	2,403	2,369	2,369
Ambulance Billing Collections (net)	$ 566,130	$ 522,429	$ 574,525	$ 466,505	$ 466,505
Fire Calls	1,240	66	71	93	93
Fires with Loss	18	23	38	32	32
Fires with Losses exceeding $10K	8	10	8	10	10
Fire Losses $	$ 636,600	$ 923,159	$ 244,235	$ 1,289,500	$ 1,289,500
Fire Safety Inspections	2,263	2,195	2,560	2,645	2,645
Number of times Mutual Aid given to Fire and EMS	81	52	45	41	41
Number of times Mutual Aid received for Fire and EMS	82	84	58	87	87
Leisure Time Activities					
Recreation					
Recreation Swimming pool receipts	$ 215,024	$ 209,410	$ 223,917	$ 223,067	$ 223,067
Recreation Mens & Womens Leagues receipts	350	450	2,800	3,400	3,400
Recreation Children's Leagues receipts	32,839	33,780	22,879	27,742	27,742
Senior Van Fees (2)	0	0	795	1,583	1,583
Facilities rentals	136,970	129,849	145,394	150,354	150,354
Total Recreation Department receipts	$ 385,183	$ 373,489	$ 395,785	$ 406,146	$ 406,146

Source: City Records

City of Shaker Heights, Ohio

Capital Assets Statistics by Function/Program

Last Ten Years

Function/Program	2011	2010	2009	2008
General Government				
Square Footage of City Hall	40,000	40,000	40,000	40,000
Administrative Vehicles	1	1	1	1
Inspection Vehicles	12	12	12	12
Municipal Court Vehicles	0	0	0	0
Police				
Stations	1	1	1	1
Square Footage of Building	29,425	29,425	29,425	29,425
Vehicles	48	48	48	48
Fire				
Stations	2	2	2	2
Square Footage of Building #1	21,000	21,000	21,000	21,000
Square Footage of Building #2	15,000	15,000	15,000	15,000
Vehicles	17	17	17	17
Recreation				
Number of Parks	4	4	4	4
Number of Pools	1	1	1	1
Number of Ice Rinks	1	1	1	1
Number of Tennis Courts	10	10	10	10
Number of Skateboarding Areas	1	1	1	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

2007	2006	2005	2004	2003	2002
40,000	40,000	40,000	40,000	40,000	40,000
1	1	1	1	1	1
12	12	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	21,000	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
1	0	0	0	0	0
5	5	5	5	5	5
5	5	5	5	5	5
3	3	3	3	3	3
6	6	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 10, 2012

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