



# SHAKER HEIGHTS

Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2012  
City of Shaker Heights, Ohio





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Shaker Heights, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

September 5, 2013

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**INTRODUCTORY  
SECTION**

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# **City of Shaker Heights, Ohio**

**Comprehensive Annual Financial Report  
For the Year Ended December 31, 2012**

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

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# City of Shaker Heights, Ohio

## Comprehensive Annual Financial Report For the Year Ended December 31, 2012

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## SHAKER HEIGHTS

June 27, 2013

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 2012 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 2012 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, 2012. 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 Ciuni & Panichi, Inc., a firm of licensed certified public accountants. 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, 2012, 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 unmodified opinion that the City's financial statements for the year ended December 31, 2012 are fairly presented in conformity with GAAP. The independent auditor's 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 an 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 auditor’s report.

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

The City of Shaker Heights, covering approximately 6.3 square miles and a population of 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.

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

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

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

The appropriated budget is prepared by fund, department, and category (personal services and all other expenditures). Council must authorize transfers between departments and between categories within departments and transfers or advances of moneys between funds. Operating budgets expire on December 31<sup>st</sup>. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

### **Economic Condition and Outlook**

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

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

While downtown Cleveland is only twenty minutes by car from the heart of the City, the rapid transit, a light rail public transit system, provides even more accessibility to downtown Cleveland's business community and attractions, including a new casino and a new medical mart and convention center. The Greater Cleveland Regional Transit Authority (GCRTA) has extended the original rapid transit rail line to serve not only downtown Cleveland and Cleveland Hopkins International Airport but also the Cleveland waterfront area including the recreational/entertainment area known as the "Flats", the Rock & Roll Hall of Fame and Museum, the Great Lakes Science Museum, Quicken Loans Arena (home of the NBA Cleveland Cavaliers), Progressive Field (home of the MLB Cleveland Indians) and First Energy Stadium (home of the NFL Cleveland Browns). Another contributor to the City's economic strength is its proximity to the University Circle area of Cleveland. University Circle is the focus of employment growth in the area and 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 2012, four of the top seven 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 74% 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 2012 tax year was \$739,144,150. For the 2003 tax year the total real property assessed valuation was \$806,459,520. This was a decrease during the ten year period from 2003 to 2012 of 8.35% as a result of the reappraisal in 2012 reflecting the recent reduction in real estate values.

On the cash basis, City income tax revenue grew 15.35% during the ten year period from 2003 to 2012, not counting extraordinary income tax collections of \$5,893,146 in 2003. While there was a 5.40% decline in income tax revenue in 2009 compared to 2008 as a result of the recession, income tax revenue increased 4.41% in 2011 compared to 2010 and 2.17% in 2012 compared to 2011. 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 2012 offset declines in other revenue sources so that from continuing revenue sources, not counting the estate tax, 2012 revenue exceeded 2011 revenues by \$91,691 in the general fund.

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 for all deaths occurring on and after January 1, 2013. These state actions will have a significant impact on the City. In response to these actions by the State of Ohio, Shaker voters approved a .5% municipal income tax increase at an August 2012 special election by a 64% to 36% plurality. It is hoped that this tax increase will provide revenues that will make up for the losses in state aid and the repeal of the estate tax.

## **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 downturn in the housing market, slightly over 60% of the units were sold or leased by December 31, 2012. The project has a new owner who is investing \$1 million in improvements to the building. 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 2014 and right of way acquisition began in 2012. The \$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 in Phase 1 of the development could accommodate 100,000 square feet of new retail space, 30,000 square feet of new class A office space and 160 new housing units. A Phase 2 would bring in additional office space.

The Lee Road corridor was clearly identified as one of two areas most in need of improvement in the City's Strategic Investment Plan which recommended improvements to the corridor, particularly between Chagrin Boulevard and Scottsdale Road. To accomplish, the City applied for and received a \$60,000 Transportation for Livable Communities grant. The completed Lee Road Traffic Study & Corridor Plan examined options for, and feasibility of, reconfiguring the Lee Road corridor, including traffic and pedestrian improvements, streetscape renovations and the addition of bike lanes. The goal is to improve transportation access and circulation for all modes – cars, bikes and people – in the Lee Road corridor. The City is currently seeking funding for design and construction of these improvements.

**Economic Development Strategy** – In November 2010, City Council adopted an Economic Development Strategy to generate income tax to support the City's long-term economic strength. The plan focuses on business attraction in specific industry segments (ambulatory care, professional services, technology and information service, and design and engineering); business retention/expansion, such as retail businesses, home-based businesses; financial incentives to commercial property owners and businesses seeking to expand or locate in the City; and aggressive marketing, branding, and business recruitment effort.

Since adoption of the plan, the City has accomplished the following: i) created the Shaker Vision forgivable loan program in the amount of \$300,000 to attract businesses in the specific industry segments; ii) created the Shaker Ignition microfinance loan program in the amount of \$100,000 to attract local restaurants and retailers to commercial areas in Shaker; iii) revitalized the City's long-dormant Community Improvement Corporation, obtained 501(c)(3) status and renamed it the Shaker Heights Development Corporation; and iv) hired a marketing firm which developed the strategies, tactics and branding to communicate the City's economic development efforts. Some of the additional businesses brought into the City by these efforts include: a bakery; yoga studio; running apparel store; State of Ohio driver's license bureau; new dental offices; new adult day care; wallpaper store; law firm and educational software firm.

One of the initial projects of the Economic Development Strategy is the Shaker LaunchHouse which is an innovative new public-private partnership that 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 LaunchHouse facility opened in mid-2011 and both the facility and the programming are operated by Shaker LaunchHouse, a private entity. Shaker LaunchHouse 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 LaunchHouse member companies are made up of portfolio companies, regional startups, entrepreneurs, creative groups, nonprofits, service providers, investors and mentors.

In 2012, Shaker LaunchHouse became the first business accelerator in Northeast Ohio under the Third Frontier ONEFund program. LaunchHouse allocated \$250,000 from the State of Ohio to 10 entrepreneurial teams of web-based tech industries that participated in the formalized LaunchHouse Institute accelerator program. The LaunchHouse Institute used a collaborative approach to develop hands-on, pertinent, experiences and funding to quickly take entrepreneurs from idea to validation to proof of concept within twelve weeks. LaunchHouse has invested \$380,000 in Cleveland startups who have received \$6 million in follow on funding. More than 9,000 individuals, businesses and entrepreneurs have been to Shaker LaunchHouse in the last year. The team has provided the following services: 4,000 open office hours; 30 high school and college internships; hosted more than 400 speaker and workshop events for individuals, businesses and entrepreneurs in the community; hosted five entrepreneurial showcases attracting more than 1,250 attendees; and more than 30 non-LaunchHouse organizations have used the Shaker LaunchHouse space to host events and educational experiences.

**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 are particularly notable. The City encourages reinvestment in the City's housing stock through vigorous point-of-sale inspections and a point-of-sale escrow requirement. In 2012, the point-of-sale escrow program resulted in an additional \$1.7 million of private investment in housing. The City 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.

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 up to community standards. Nuisance abatement orders were issued on 54 properties in 2012 for items such as removal of boarded windows, replacement of broken windows, removal of litter and debris, holes in roofs, including demolition of 29 blighted dwelling structures.

In 2012, the City assisted 111 property owners with housing improvement projects through technical and housing financial assistance programs. Landlords were offered tenant screening services.

As part of its land banking program in 2012, the City acquired 46 vacant and deteriorated properties and demolished 18 houses. A total of 13 properties have been both attractively landscaped and fenced while six other properties were either landscaped or 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. The City also received \$100,000 of Delinquent Tax Assessment Collection (DTAC) funds and \$100,000 from the Ohio Attorney General's fund for demolition of blighted residential properties.

Three new infill homes were constructed in the City's Moreland neighborhood. A \$250,000 Neighborhood Stabilization Program (NSP) grant to the City enabled two donated residential homes to be rehabbed for rental housing for entrepreneurs associated with the Shaker LaunchHouse program. Three homes were renovated with NSP funds awarded by Cuyahoga County. Five City-owned vacant lots were sold to neighbors for use as side lots or a community garden. Through the Shaker Renovator program, three high quality renovations by private developers were carried out.

**Attract and Retain Strategy** – The City's Communications and Marketing Department leads the City's efforts to attract and retain residents and businesses 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;
- Marketing to prospective residents and area employers;
- Publishing bi-monthly issues of Shaker Life magazine; and
- E-mailing messages and "e-news" to a list of 6,700 subscribers.
- Maintaining an active social media presence.

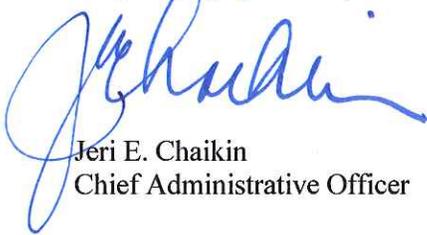
### **Awards and Acknowledgements**

**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 for its Comprehensive Annual Financial Report (CAFR) 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, 2012 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 who became the Director of Finance for Bay Village, Ohio in 2013 and Cheryl Arslanian, CPA, who became the new Assistant Director of Finance, Accountants Paul Beckwith, CPA (inactive), and Lorraine Miller, CPA, Accounting Specialist 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

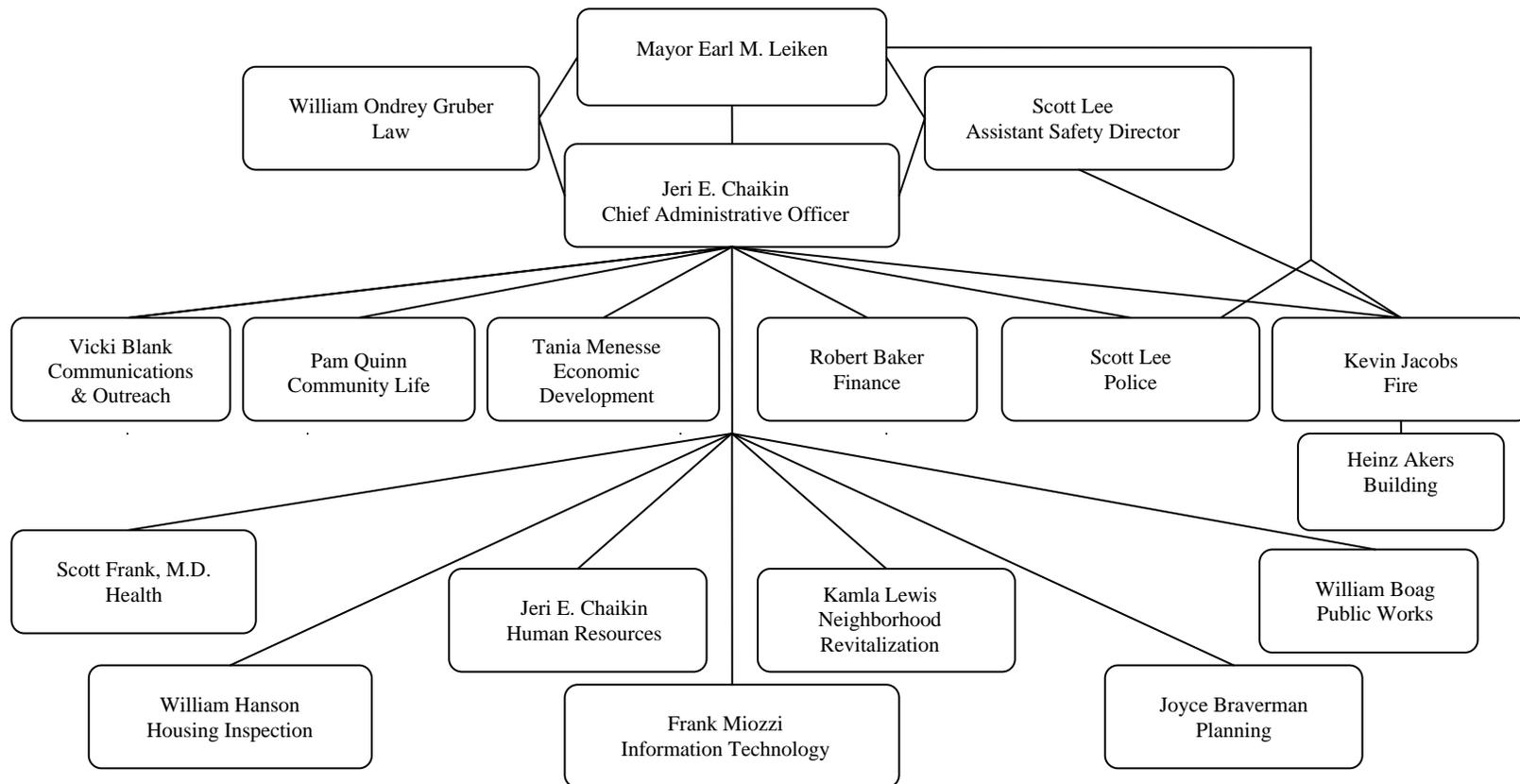


Robert H. Baker  
Director of Finance

# City of Shaker Heights, Ohio

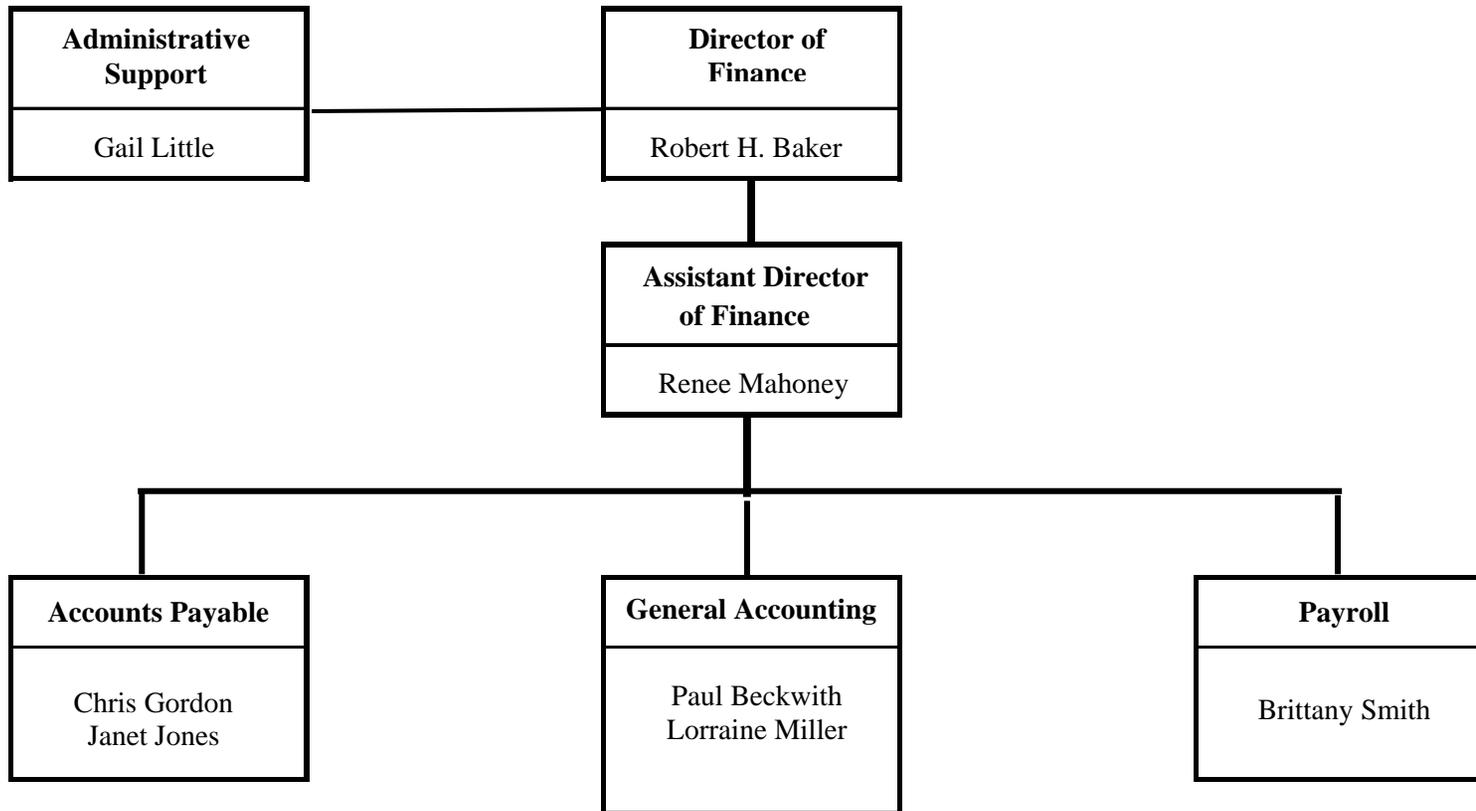
## Administrative Organizational Chart

### December 31, 2012



**City of Shaker Heights, Ohio**  
**Finance Department Organizational Chart**  
**December 31, 2012**

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# City of Shaker Heights, Ohio

## Listing of Principal City Officials

**December 31, 2012**

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Mayor.....	Earl M. Leiken
Council Member/Vice Mayor.....	Lynn Ruffner
Council Member .....	James Brady
Council Member .....	Allen Foster
Council Member .....	Brian S. Gleisser
Council Member .....	Nancy R. Moore
Council Member .....	Earl Williams, Jr.
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.....	William Ondrey Gruber
Director of Planning and Development .....	Joyce G. Braverman
Chief of Police .....	Scott Lee
Director of Public Works .....	William W. Boag
Director of Neighborhood Revitalization .....	Kamla Lewis
Director of Communications and Outreach .....	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, 2011

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



*Christopher P. Moynell*

President

*Jeffrey R. Emer*

Executive Director

**FINANCIAL  
SECTION**

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## Independent Auditor's Report

Members of the City Council  
City of Shaker Heights, Ohio

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights, Ohio (the "City"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Members of the City Council  
Shaker Heights, Ohio

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Members of the City Council  
Shaker Heights, Ohio

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Cini & Parichi, Inc.*

Cleveland, Ohio  
June 27, 2013

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# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2012**

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The Management's 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, 2012. 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 2012 are as follows:

- ◆ The assets of the City of Shaker Heights exceeded its liabilities at the close of the most recent fiscal year by \$103,293,928. Of this amount, \$22,894,998 may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ Total assets decreased by \$2,195,362, which represents a decrease of 1.49 percent from 2011. The biggest changes were a \$2.5 million decrease in cash and cash equivalents resulting from a drawdown of cash balances in several funds, not including the General fund, and a \$1.8 million decrease in special assessments receivable. These decreases were offset by a \$1.3 million increase in taxes receivable.
- ◆ Total liabilities decreased by \$244,108 which represents a decrease of 0.6 percent from 2011. The main factors contributing to this change include an \$879,829 decrease in long-term debt offset by increases of \$336,451 and \$220,208 in accounts payable and accrued wages and benefits, respectively.
- ◆ In total, net position in governmental activities decreased by \$1,951,254 during 2012. This represents a 1.85 percent decrease from 2011.

#### **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 Position and the Statement of Activities*

The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 Position and the Statement of Activities use the *accrual basis of accounting* similar to the accounting used by most private-sector companies.

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2012**

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

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

##### *Fund Financial Statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City of Shaker Heights, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City 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 Position and the Statement of Activities) and governmental funds.

The City of Shaker Heights maintains 29 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.

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2012**

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

The basic proprietary fund financial statements can be found starting on page 23 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 27 of this report.

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

As noted earlier, the Statement of Net Position 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 Position and the Statement of Activities are divided into the following categories:

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

Table 1 provides a summary of the City's net position for 2012 as compared to 2011:

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### For the Year Ended December 31, 2012

Table 1  
Net Position

	Governmental Activities	
	2012	2011
<b>Assets</b>		
Current and Other Asset	\$ 59,315,740	\$ 61,383,615
Capital Assets, Net	<u>85,894,978</u>	<u>86,022,465</u>
<i>Total Assets</i>	<u>145,210,718</u>	<u>147,406,080</u>
<b>Liabilities</b>		
Current Liabilities and Other Liabilities	10,397,051	9,761,330
Long-term Liabilities:		
Due Within One Year	4,127,028	2,863,339
Due In More Than One Year	<u>27,392,711</u>	<u>29,536,229</u>
<i>Total Liabilities</i>	<u>41,916,790</u>	<u>42,160,898</u>
<b>Net Position</b>		
Net Investments in Capital Assets	64,688,653	63,654,963
Restricted for:		
Capital Projects	11,050,910	12,883,372
Debt Service	1,049,459	561,689
Streets	613,312	611,464
Public Safety	2,247,417	2,125,142
Judicial Services	724,055	641,793
Other purposes	25,124	58,137
Unrestricted	<u>22,894,998</u>	<u>24,708,622</u>
<i>Total Net Position</i>	\$ <u>103,293,928</u>	\$ <u>105,245,182</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets exceed liabilities by \$103,293,928 as of December 31, 2012. The largest portion of the City's net position (62.6%) reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently the net position is 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 \$2,195,362 from 2011 to 2012 and total liabilities decreased by \$244,108. The most significant changes to the assets were found in cash and cash equivalents, special assessments receivable and taxes receivable. Cash and cash equivalents decreased \$2.5 million and special assessments receivable decreased \$1.8 million from the previous year. Taxes receivable increased \$1,348,684 during the fiscal year as a result of a 0.5% increase in the municipal income tax effective October 1, 2012. This helped offset the decrease in cash and cash equivalents and special assessments. 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 16 for the Statement of Net Position, a detailed version of the above summary of the City's net position.

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### For the Year Ended December 31, 2012

In order to further understand what makes up the changes in net position 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 position for 2012 as compared to 2011:

Table 2  
Changes in Net Position

	<u>2012</u>	<u>2011</u>
<b>Program Revenues</b>		
Charges for Services	\$ 8,140,865	\$ 10,293,023
Operating Grants and Contributions	4,013,179	3,986,927
Capital Grants and Contributions	<u>436,279</u>	<u>709,369</u>
Total Program Revenues	<u>12,590,323</u>	<u>14,989,319</u>
<b>General Revenues</b>		
Property Taxes	6,760,102	6,811,309
Income and Other Local Taxes	23,274,622	21,442,300
Grants, Entitlements and Estate Taxes	6,711,782	8,459,326
Investment Income	39,437	345,261
Miscellaneous Income	<u>220,238</u>	<u>185,553</u>
Total General Revenues	<u>37,006,181</u>	<u>37,243,749</u>
Total Revenues	<u>49,596,504</u>	<u>52,233,068</u>
<b>Program Expenses</b>		
General Government	7,362,601	7,476,927
Security of Persons and Property	22,958,313	22,250,251
Public Health Services	579,141	572,027
Leisure Time Activities	3,980,612	4,036,350
Housing and Community		
Development	5,947,226	5,377,610
Sanitation and Sewer Services	4,781,961	4,433,164
Street Maintenance and Repair	2,896,453	2,983,859
Public Works – Other	2,496,087	2,502,961
Interest and Fiscal Charges	<u>545,364</u>	<u>902,508</u>
Total Program Expenses	<u>51,547,758</u>	<u>50,535,657</u>
Change in Net Position	(1,951,254)	1,697,411
Net Position at Beginning of Year	<u>105,245,182</u>	<u>103,547,771</u>
Net Position at End of Year	\$ <u>103,293,928</u>	\$ <u>105,245,182</u>

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2012**

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#### *Governmental Activities*

Comparing 2012 to 2011, the City's net position for governmental activities decreased \$1,951,254. The 2012 revenues decreased due to a decrease in special assessment revenue and a decrease in estate tax collections. In spite of the governmental activities net position decreasing, the City's General Fund revenues did exceed General Fund expenses in 2012.

Several revenue sources serve as the primary funding sources for the City's governmental activities, with the income tax being the biggest contributor followed by revenue from charges for services, property taxes and grants, entitlements and estate taxes. The City's income tax rate was 1.75% through September 31, 2012. Voters approved an increase of the income tax rate to 2.25% at a special election in August 2012 effective October 1, 2012 by a 64% to 36% plurality. Prior to that, 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. The City proposed the increase to its municipal income tax rate as a result of the State legislature reducing state Local Government Fund support of cities by 50% and the elimination of the estate tax on estates of people who die on or after January 1, 2013.

Income and other tax revenue for 2012 was \$23,274,622, accounting for 46.9% of the City's total 2012 revenue of \$49,596,504. Charges for Services of \$8,140,865 account for 16.4% of total revenues. Property taxes of \$6,760,102 account for 13.6% of total revenues. Unrestricted Grants, Entitlements, and Estate Taxes of \$6,711,782 account for 13.5% of total revenue, of which \$2,783,584 relates to estate taxes. Capital grants of \$436,279 account for 1% of total revenues. All other revenue of \$4,272,854 accounts for the remaining 8.6% of the City's 2012 revenue. The City monitors its sources of revenue very closely for fluctuations throughout the year, especially income tax.

A significant decrease in investment earnings occurred between 2011 and 2012 which was primarily due to the application of generally accepted accounting principles. On the cash basis the City's investment earnings for 2012 were \$248,318. The City attempts to manage cash and cash equivalents to obtain the highest possible returns available in the marketplace while staying within the parameters of the City's investment policy.

During 2012, City expenses continued to be dominated by its three largest departments, Police, Fire and Public Works. These three departments account for approximately 64.3% of the City's total 2012 program expenses of \$51,547,758. Expenses for Security of Persons and Property (primarily the City's Police and Fire Departments) accounted for 44.5% of the City's 2012 expense total. Expenses for Sanitation and Sewer Services (9.3%), Street Maintenance (5.6%) and other Public Works activities (4.9%) accounted for 19.8% of the City's 2012 expense total. The next largest expense category was General Government, which accounted for 14.3% of the City's expense total. 11.5% 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) accounted for 7.7% of total expenses. Public Health and Interest and Fiscal Charges account for the remaining 2.2% of the City's total expenses for 2012.

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2012**

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City employees did not have a wage increase in 2012. Costs were further controlled by not filling a number of vacant positions. The cost of health insurance was controlled by the City self-insuring the medical, dental and prescription portions of its healthcare benefits. While the City has lowered the rate of health care cost increases, the trend of health care cost increases is expected to continue into the future. Despite the \$685,966 of operating cost reductions, between 2011 and 2012, 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 18. 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, 2012, the City's governmental funds reported a combined ending fund balance of \$36,977,379, of which \$36,781,814 constitutes fund balances available for the City to spend, subject to contractual or legal constraints. The City's unassigned fund balance of \$6,462,289 is available for spending at the City's discretion. The remainder of the spendable fund balance of \$30,319,525 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, 2012, all governmental funds had total revenues and other financing sources of \$71,469,608 and expenditures and other financing uses totaling \$72,212,447 resulting in a decrease in fund balance of \$742,839.

The General Fund is the primary operating fund of the City. As of December 31, 2012, the total fund balance of the General Fund on a GAAP basis was \$19,776,693, of which \$195,565 (1%) was in nonspendable form and \$12,744,469 (64.4%) is restricted, committed or assigned to a specific purpose by external or internal sources. The remaining fund balance of \$6,836,659 (34.6%) 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, 2012, the City's unassigned fund balance was equal to 17.2% of its total operating 2012 expenditures of \$35,398,242 plus its transfers to other funds of \$4,404,192.

During 2012, the fund balance of the General Fund on a GAAP basis increased by \$1,073,821. Included in this amount are net other financing uses of \$4,355,401. Excluding these net other financing uses, the General Fund revenues would exceed General Fund expenditures in 2012 by \$5,429,222. The excess of revenues over expenditures is due to the City attempting to keep costs low and the increase in the municipal income tax rate during 2012.

During 2012, the fund balance of the Capital Projects Fund decreased by \$1,682,457. The decrease can be attributed to the City's decision to use the beginning fund balance to fund some of the costs of 2012 projects as the revenues remained significantly lower than expenditures. As a result, the cash balance of the Capital Projects Fund decreased approximately \$1.6 million during the year.

# City of Shaker Heights, Ohio

Management's Discussion and Analysis (Unaudited)

## **For the Year Ended December 31, 2012**

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### *General Fund Budgeting Highlights*

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

The most significant budgeted fund is the General Fund, which includes the Recreation Fund and Economic Development and Housing Fund. During the course of 2012, the City used this process to amend its General Fund budget on several 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 budget amendments was to increase General Fund appropriations by \$622,560, or 1.5%, from the original budgeted appropriations. At the end of 2012 the actual expenditures were \$2,290,432 less than those authorized by the final budget. The decrease in actual expenditures was due to a decrease in personnel, unfilled vacancies and overtime. While the final budget had assumed a decrease in the combined General Fund's budgetary fund balance of \$2,520,995, the actual combined General Fund's budgetary fund balance decreased by only \$310,549 in 2012.

The original and final budgeted revenues for the General Fund were \$39,289,375 and \$39,258,459, respectively. The City's ending unencumbered fund balance, computed on a budgetary basis of accounting, was \$14,503,679 which was \$3,609,754 more than the final budgeted fund balance of \$10,893,925. 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 36.7% of 2012 General Fund expenditures and other financing uses. Pursuant to the requirements of the Governmental Accounting Standards Board Statement No. 54, the Recreation Fund, the Economic Development and Housing Fund, the Preservation Services Fund and the Central Services Operation Fund are included in the General Fund for financial reporting purposes, which causes an increase in the General Fund balance.

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

#### *Capital Assets*

At the end of 2012, the City of Shaker Heights had \$85,894,978 million invested in land, buildings, land improvements, equipment and infrastructure.

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2012**

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Table 3 shows the December 31, 2012 balances of Capital Assets as compared to December 31, 2011:

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

	Governmental Activities	
	2012	2011
Land	\$ 18,349,141	\$ 18,285,310
Buildings and Improvements	10,006,696	10,407,932
Land Improvements	6,376,530	6,146,812
Machinery and Equipment	5,848,448	6,267,191
Infrastructure		
Street	20,962,999	19,342,949
Sanitary and Storm Sewer System	10,836,074	10,994,135
Traffic Signals System	10,684,412	10,978,683
Bridges	71,620	77,556
Culverts	49,963	50,710
Construction in Progress	<u>2,709,095</u>	<u>3,471,187</u>
Total Capital Assets	\$ <u>85,894,978</u>	\$ <u>86,022,465</u>

Total net capital assets of the City as of December 31, 2012 were \$127,487 lower than 2011. The most significant decrease in the City's capital assets came in Construction in Progress due to the completion of a large infrastructure project that was placed into service during the year ended December 31, 2012. This only caused the total value of capital assets to be shifted from nondepreciable capital assets to depreciable capital assets and did not cause the overall decrease. The main cause of the decrease was the disposal of assets in the current year that were not fully depreciated. 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.

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

### ***Debt***

At December 31, 2012, the City of Shaker Heights had \$31,519,739 in debt, compensated absences, and claims outstanding, of which \$4,127,028 is due within one year.

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### For the Year Ended December 31, 2012

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Table 4 summarizes the City's debt outstanding as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
General Obligation Bonds	\$ 17,281,576	\$ 17,945,451
Bond Anticipation Notes	1,910,000	2,250,000
Housing Nuisance Notes	150,000	250,000
OPWC Loans	4,714,154	5,076,223
Compensated Absences	6,129,734	6,046,712
Claims Payable	<u>1,334,275</u>	<u>831,182</u>
Total	\$ <u>31,519,739</u>	\$ <u>32,399,568</u>

In 2008, the City became self-insured for workers' compensation liability and in 2012, the City became fully self-insured for employee medical, dental and prescription claims. The claims payable at December 31, 2012 represent expected future payments for workers' compensation claims and employee medical, dental and prescription claims incurred from the inception dates of the plans through December 31, 2012.

State statutes limit the total amount of general obligation debt that a city may issue to 10½ percent of total assessed valuation and limits the total amount of general obligation debt that a city may issue without voter approval to 5½ percent of total assessed valuation. At December 31, 2012, the City's overall legal debt margin was \$77,907,975 and its unvoted debt margin was \$40,399,158.

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 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. 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. After December 2013, only the Series 2009 and the 2012 Refunding Bonds will be outstanding. While it was originally expected that tax increment payments would be the source of debt service for this debt, it will be necessary to pay a portion of the debt service by transfers from the General Fund for the next several years or more. The Shaker Towne Centre project included the construction of a new firehouse to replace the fire station located at City Hall. While the debt for the firehouse project will in part be retired by using tax increment payments by certain property owners, the debt for the fire station may also require transfers from the General Fund.

The City began 2012 with \$2,250,000 in one-year notes qualifying for display as a long-term liability. These were issued to partially refinance earlier notes issued to finance the 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 \$340,000 of these notes and issued a new note in the aggregate amount of \$1,910,000 to refinance the balance of the 2011 notes.

# City of Shaker Heights, Ohio

## Management's Discussion and Analysis (Unaudited)

### **For the Year Ended December 31, 2012**

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With the exception of the notes for the 2010 street resurfacing program, the City plans to retire the portion of the notes related to the other projects over the next two years with City funds with final payment in 2014. The 2010 street resurfacing notes will be retired with the City's funds over the next eight years with final payment in 2020.

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, 2012, the unpaid balance of these loans was \$4,714,154.

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 approved a 0.5% income tax increase for submission to the voters at an August 2012 special election. This increase was approved by the voters by a 64% to 36% plurality and the increased rate became effective on October 1, 2012.

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 Position

**December 31, 2012**

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	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 34,024,048
Accounts receivable	1,499,636
Accrued interest receivable	62,550
Intergovernmental receivable	3,462,430
Inventory of supplies	443,230
Prepaid items	39,419
Special assessments receivable	2,037,077
Lease receivable	702,209
Taxes receivable	16,784,356
Unamortized bond issuance costs	260,785
Nondepreciable capital assets	21,058,236
Depreciable capital assets, net	<u>64,836,742</u>
Total assets	<u>145,210,718</u>
Liabilities:	
Accounts payable	1,567,140
Accrued wages and benefits	1,491,591
Deferred revenue	7,109,857
Matured compensated absences	169,918
Notes and bonds interest payable	58,545
Long-term liabilities:	
Due within one year	4,127,028
Due in more than one year	<u>27,392,711</u>
Total liabilities	<u>41,916,790</u>
Net position:	
Net investments in capital assets	64,688,653
Restricted for:	
Capital projects	11,050,910
Debt service	1,049,459
Streets	613,312
Public safety	2,247,417
Judicial services	724,055
Other purposes	25,124
Unrestricted	<u>22,894,998</u>
Total net position	<u>\$ 103,293,928</u>

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

# City of Shaker Heights, Ohio

## Statement of Activities

### For the Year Ended December 31, 2012

	Program Revenues				Total Governmental Funds
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Security of persons and property:					
Police	\$ 14,277,987	\$ 249,152	\$ 3,744,393	\$ -	\$ (10,284,442)
Fire	7,893,283	628,193	-	2,489	(7,262,601)
Other	787,043	535,079	-	-	(251,964)
Public health services	579,141	77,494	35,562	-	(466,085)
Leisure time activities:					
Culture and recreation	2,899,085	1,803,900	-	-	(1,095,185)
Parks and public land maintenance	1,081,527	25	-	-	(1,081,502)
Housing and community development	5,947,226	733,415	161,430	283,790	(4,768,591)
Sanitation and sewer services	4,781,961	1,144,334	-	-	(3,637,627)
Street maintenance and repair	2,896,453	1,804	-	-	(2,894,649)
Public works – other	2,496,087	567,532	45,000	-	(1,883,555)
General government:					
Legislative and executive	5,046,116	48,510	26,794	150,000	(4,820,812)
Judicial system	2,316,485	2,351,427	-	-	34,942
Interest and fiscal charges	<u>545,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(545,364)</u>
Total governmental activities	\$ <u>51,547,758</u>	\$ <u>8,140,865</u>	\$ <u>4,013,179</u>	\$ <u>436,279</u>	<u>(38,957,435)</u>

#### General revenues:

##### Property taxes used for:

    General purposes 6,350,396  
    Police and fire pension 409,706

##### Municipal income taxes levied for:

    General purposes 23,211,637

##### Other local taxes levied for:

    General purposes 62,985

Grants, entitlements and estate tax not restricted to specific programs 6,711,782

Investment income 39,437

Miscellaneous income 220,238

    Total general revenues 37,006,181

Change in net position (1,951,254)

Net position at beginning of year 105,245,182

Net position at end of year \$ 103,293,928

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, 2012**

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 15,057,952	\$ 11,443,785	\$ 6,713,277	\$ 33,215,014
Taxes receivable	16,381,228	-	403,128	16,784,356
Accounts receivable	911,405	7,500	580,731	1,499,636
Special assessments receivable	230,049	-	1,807,028	2,037,077
Lease receivable	552,205	150,004	-	702,209
Interfund receivable	27,667	-	99,986	127,653
Accrued interest receivable	62,550	-	-	62,550
Intergovernmental receivable	2,092,778	-	1,369,652	3,462,430
Inventory of supplies	195,565	-	-	195,565
Total assets	<u>\$ 35,511,399</u>	<u>\$ 11,601,289</u>	<u>\$ 10,973,802</u>	<u>\$ 58,086,490</u>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 371,715	\$ 400,375	\$ 664,745	\$ 1,436,835
Accrued wages and benefits	1,002,258	-	469,425	1,471,683
Interfund payable	-	-	127,653	127,653
Matured compensated absences	169,918	-	-	169,918
Deferred revenue	14,190,815	150,004	3,562,203	17,903,022
Total liabilities	<u>15,734,706</u>	<u>550,379</u>	<u>4,824,026</u>	<u>21,109,111</u>
<b>Fund balances:</b>				
Nonspendable	195,565	-	-	195,565
Restricted	-	562,828	3,220,242	3,783,070
Committed	292,726	10,488,082	3,303,904	14,084,712
Assigned	12,451,743	-	-	12,451,743
Unassigned (deficit)	6,836,659	-	(374,370)	6,462,289
Total fund balances	<u>19,776,693</u>	<u>11,050,910</u>	<u>6,149,776</u>	<u>36,977,379</u>
Total liabilities and fund balances	<u>\$ 35,511,399</u>	<u>\$ 11,601,289</u>	<u>\$ 10,973,802</u>	<u>\$ 58,086,490</u>

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

# City of Shaker Heights, Ohio

## Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

**December 31, 2012**

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Total Governmental Funds balances \$ 36,977,379

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

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

Nondepreciable capital assets	\$	21,058,236	
Depreciable capital assets		<u>64,836,742</u>	
Total			85,894,978

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

Delinquent property taxes		734,939	
Municipal income taxes		5,506,400	
Special Assessments		2,037,077	
Intergovernmental		1,580,220	
Investment income		20,128	
Charges for services		<u>914,401</u>	
Total			10,793,165

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 Position. (501,791)

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. 260,785

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		(593,592)	
Loss on refunding		1,097,016	
OPWC loans		(4,714,154)	
Notes payable		(2,060,000)	
Interest payable		(58,545)	
Compensated absences		<u>(6,016,313)</u>	
Total			<u>(30,130,588)</u>

*Net Position of Governmental Activities* \$ 103,293,928

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, 2012

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 6,345,352	\$ -	\$ 409,378	\$ 6,754,730
Municipal income taxes	22,230,968	-	-	22,230,968
Other local taxes	48,432	-	-	48,432
Intergovernmental and estate tax	4,755,039	405,132	6,188,617	11,348,788
Charges for services	5,883,731	-	1,222,448	7,106,179
Investment income	41,651	-	20,202	61,853
Fees, licenses and permits	684,178	-	-	684,178
Fines and forfeitures	501,018	-	413,157	914,175
Special assessments	110,410	-	1,365,670	1,476,080
Other revenue	226,685	19,574	40,519	286,778
Total revenues	<u>40,827,464</u>	<u>424,706</u>	<u>9,659,991</u>	<u>50,912,161</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property:				
Police	8,577,183	221,064	4,840,705	13,638,952
Fire	6,299,771	79,522	1,120,220	7,499,513
Other	76,314	-	685,120	761,434
Public health services	475,323	-	84,089	559,412
Leisure time activities:				
Culture and recreation	2,448,145	92,237	-	2,540,382
Park and public land maintenance	860,427	107,548	-	967,975
Housing and community development	4,679,225	314,887	1,112,263	6,106,375
Sanitation and sewer services	2,952,959	168,422	1,237,767	4,359,148
Street maintenance and repair	560,434	1,980,446	1,068,476	3,609,356
Public works – other	2,516,223	41,131	-	2,557,354
General government:				
Legislative and executive	3,791,856	763,719	51,076	4,606,651
Judicial system	2,160,382	-	128,702	2,289,084
Debt service:				
Principal retirement	-	-	3,582,069	3,582,069
Interest and fiscal charges	-	-	542,033	542,033
Bond issuance costs	-	-	176,460	176,460
Total expenditures	<u>35,398,242</u>	<u>3,768,976</u>	<u>14,628,980</u>	<u>53,796,198</u>
Excess of revenues over (under) expenditures	<u>5,429,222</u>	<u>(3,344,270)</u>	<u>(4,968,989)</u>	<u>(2,884,037)</u>
Other financing sources (uses):				
Transfers – in	-	1,659,035	3,012,460	4,671,495
Transfers – out	(4,404,192)	-	(267,303)	(4,671,495)
Issuance of debt	-	-	15,370,000	15,370,000
Premium on issuance of debt	-	-	464,383	464,383
Payment to refunded bond escrow agent	-	-	(13,744,754)	(13,744,754)
Sale of capital assets	48,791	2,778	-	51,569
Total other financing sources (uses)	<u>(4,355,401)</u>	<u>1,661,813</u>	<u>4,834,786</u>	<u>2,141,198</u>
Net change in fund balances	1,073,821	(1,682,457)	(134,203)	(742,839)
Fund balances at beginning of year	<u>18,702,872</u>	<u>12,733,367</u>	<u>6,283,979</u>	<u>37,720,218</u>
Fund balances at end of year	\$ <u>19,776,693</u>	\$ <u>11,050,910</u>	\$ <u>6,149,776</u>	\$ <u>36,977,379</u>

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

# City of Shaker Heights, Ohio

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

### For the Year Ended December 31, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (742,839)

*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	\$ 2,822,050	
Depreciation	<u>(2,769,966)</u>	52,084

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 position differs from the change in fund balance by the cost of the property and equipment. (179,571)

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	19,925	
Municipal income taxes	980,669	
Special assessments	(1,766,972)	
Intergovernmental	(188,462)	
Investment income	(22,416)	
Charges for services	<u>(338,401)</u>	(1,315,657)

Other financing sources in the Governmental Funds that increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of long-term bonds and notes. (15,834,383)

Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 17,326,823

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	36,890	
Compensated absences	(84,279)	
Amortization of premium	31,242	
Amortization of issuance costs	(13,725)	
Amortization of deferred charge on refunding	<u>(57,738)</u>	(87,610)

In the Statement of Activities, bond issuance costs are amortized over the term of the bonds, whereas, in the Governmental Funds, a bond issuance expenditure is reported when the bonds are issued. 176,460

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. (1,346,561)

*Change in Net Position of Governmental Activities* \$ (1,951,254)

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 7,234,822	\$ 7,234,822	\$ 7,308,085	\$ 73,263
Municipal Income Taxes	20,744,058	20,644,058	21,099,130	455,072
Other Local Taxes	52,000	52,000	53,100	1,100
Intergovernmental and estate tax	4,139,173	4,191,223	3,404,441	(786,782)
Charges for Services	5,226,172	5,226,172	5,099,605	(126,567)
Fees, Licenses and Permits	640,390	640,390	685,029	44,639
Investment Earnings	175,000	175,000	224,178	49,178
Fines and Forfeitures	595,150	595,150	539,590	(55,560)
Other Revenues	<u>478,610</u>	<u>495,644</u>	<u>652,579</u>	<u>156,935</u>
Total Revenues	<u>39,285,375</u>	<u>39,254,459</u>	<u>39,065,737</u>	<u>(188,722)</u>
Expenditures:				
Current:				
Security of Persons and Property	15,549,343	15,561,303	14,946,504	614,799
Public Health Services	425,420	475,667	449,675	25,992
Leisure Time Activities:				
Culture and Recreation	2,646,554	2,646,554	2,482,995	163,559
Parks and Public Lands Maintenance	937,227	922,227	873,196	49,031
Housing and Community Development	4,708,256	5,114,086	4,736,895	377,191
Sanitation and Sewer Services	2,876,954	3,037,054	3,057,634	(20,580)
Street Maintenance and Repair	758,591	604,338	540,687	63,651
Public Works – Other	2,282,378	2,282,378	1,879,147	403,231
General Government:				
Legislative and Executive	4,118,317	4,164,456	3,886,045	278,411
Judicial System	<u>2,249,436</u>	<u>2,249,436</u>	<u>2,114,515</u>	<u>134,921</u>
Total Expenditures	<u>36,552,476</u>	<u>37,057,499</u>	<u>34,967,293</u>	<u>2,090,206</u>
Excess of Revenues Over (Under) Expenditures	<u>2,732,899</u>	<u>2,196,960</u>	<u>4,098,444</u>	<u>1,901,484</u>
Other Financing Sources (Uses):				
Transfers – in	4,000	4,000	31,828	27,828
Transfers – out	(4,604,418)	(4,604,418)	(4,404,192)	200,226
Advances – in	-	-	80,908	80,908
Advances – out	<u>-</u>	<u>(117,537)</u>	<u>(117,537)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(4,600,418)</u>	<u>(4,717,955)</u>	<u>(4,408,993)</u>	<u>308,962</u>
Net Change in Fund Balance	(1,867,519)	(2,520,995)	(310,549)	2,210,446
Beginning Cash Fund Balance	14,188,596	14,188,596	14,188,596	-
Prior year's reserve for encumbrances outstanding at December 31	(129,838)	(129,838)	(129,838)	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrances	<u>(643,838)</u>	<u>(643,838)</u>	<u>(643,838)</u>	<u>-</u>
Ending Cash Fund Balance	\$ <u>11,547,401</u>	\$ <u>10,893,925</u>	13,104,371	\$ <u>2,210,446</u>
Reserved for Encumbrances – All Budget Years			<u>1,399,308</u>	
Total cash fund balance – December 31			\$ <u>14,503,679</u>	

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

# City of Shaker Heights, Ohio

## Statement of Fund Net Position Proprietary Funds

**December 31, 2012**

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	Governmental Activities Internal Service Funds
	<u>Funds</u>
Assets:	
Equity in cash and cash equivalents	\$ 809,034
Inventory of supplies	247,665
Prepaid items	<u>39,419</u>
Total assets	<u>1,096,118</u>
Liabilities:	
Current liabilities:	
Accounts payable	130,305
Accrued wages and benefits	19,908
Claims payable	562,150
Accrued compensated absences	<u>36,769</u>
Total current liabilities	<u>749,132</u>
Long-term liabilities (net of current portion)	
Claims payable	772,125
Accrued compensated absences	<u>76,652</u>
Total long-term liabilities	<u>848,777</u>
Total liabilities	<u>1,597,909</u>
Net position:	
Unrestricted	\$ <u><u>(501,791)</u></u>

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

# City of Shaker Heights, Ohio

## Statement of Revenues, Expenses, and Changes In Fund Net Position Proprietary Funds

**For the Year Ended December 31, 2012**

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	Governmental Activities Internal Service Funds
Operating revenues:	
Charges for services	\$ 6,109,805
Other revenue	<u>2,112</u>
Total operating revenues	<u>6,111,917</u>
Operating expenses:	
Personal services	865,840
Travel and education	1,209
Contractual services	5,806,227
Materials and supplies	<u>785,202</u>
Total operating expenses	<u>7,458,478</u>
Change in net position	(1,346,561)
Net position at beginning of year	<u>844,770</u>
Net position at end of year	\$ <u><u>(501,791)</u></u>

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

# City of Shaker Heights, Ohio

## Statement of Cash Flows Proprietary Funds

**For the Year Ended December 31, 2012**

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	Governmental Activities Internal Service Funds
	<u>Funds</u>
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from internal services	\$ 6,111,917
Cash payments to suppliers	(766,619)
Cash payment for goods and services	(5,297,261)
Cash payments to employees	<u>(868,320)</u>
Net cash used for operating activities	<u>(820,283)</u>
Cash flows from non-capital financing activities:	
Advances – in	89,658
Advances – out	<u>(45,850)</u>
Net cash provided by non-capital financing activities:	<u>43,808</u>
Net change in cash and cash equivalents	(776,475)
Cash and cash equivalents at beginning of year	<u>1,585,509</u>
Cash and cash equivalents at end of year	\$ <u><u>809,034</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (1,346,561)
Adjustments:	
Changes in assets/liabilities	
Decrease in materials and supplies inventory	8,240
Decrease in prepaid items	11,913
Increase in accounts payable	5,522
Decrease in accrued wages and benefits	(1,233)
Decrease in accrued compensated absences	(1,257)
Increase in self-insurance claims payable	<u>503,093</u>
Total adjustments	<u>526,278</u>
Net cash used for operating activities	\$ <u><u>(820,283)</u></u>

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

# City of Shaker Heights, Ohio

## Statement of Fiduciary Net Position Fiduciary Funds

**December 31, 2012**

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	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 907,809
Cash and cash equivalents in segregated accounts	529,108
Mortgage loan receivable	<u>159,793</u>
Total assets	<u>\$ 1,596,710</u>
Liabilities:	
Accounts payable	\$ 600
Intergovernmental payable	878,254
Deposits held and due to others	<u>717,856</u>
Total liabilities	<u>\$ 1,596,710</u>

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

# City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

## **For the Year Ended December 31, 2012**

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

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

#### **Reporting Entity**

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

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

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

The City participates in jointly governed organizations and a related organization. These jointly governed organizations are the Northeast Ohio Public Energy Council and the First Suburbs Consortium of Northeast Ohio Council of Governments, while the Shaker Heights Development Corporation is a related organization. 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 Position 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 Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds are eliminated to avoid doubling up revenues and expenses.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For the Year Ended December 31, 2012**

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

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

The Statement of Net Position 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. Within the general fund group are the economic development and housing fund and the recreation fund.

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

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

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For the Year Ended December 31, 2012**

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

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

*Proprietary Funds* – Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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 position and changes in net position. 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 Cleveland waterline project, the Shaker Heights Development Corporation, the municipal court as agent or custodian related to civil or criminal court matters, 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 Position, except for fiduciary funds. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

###### *Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For the Year Ended December 31, 2012**

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

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 are prepared using the accrual basis of accounting. Proprietary funds and fiduciary 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, 2012, but which were levied to finance year 2013 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

# City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

## **For the Year Ended December 31, 2012**

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

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

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

#### ***Expense/Expenditure Recognition***

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

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

#### ***E. Cash and Cash Equivalents***

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

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

During fiscal year 2012, investments were limited to U.S. Treasury Notes and Bonds, securities guaranteed by the United States, State of Ohio bonds, 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 2012 amounted to \$41,651, of which, \$25,646 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, 2012, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid item at the time of the purchase and the expenditure/expense in the year in which the services are consumed.

# City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

## **For the Year Ended December 31, 2012**

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

#### ***G. Inventory***

Inventory is stated at weighted average cost and is expensed/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 Position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	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, 2012, interfund amounts receivable or payable have been recorded as Interfund Payables and Interfund Receivables. Interfund balance amounts are eliminated in the Statement of Net Position and the Statement of Activities.

#### ***J. Compensated Absences***

The City has accrued a liability for compensated absences (vacation and sick leave) at December 31, 2012 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.

# City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

**For the Year Ended December 31, 2012**

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## 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current 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) 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) 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.

# City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

**For the Year Ended December 31, 2012**

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## 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. The finance director is authorized to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

The 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 Position*

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is 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 position is available.

### *N. Interfund Activity*

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

# City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

## **For the Year Ended December 31, 2012**

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

#### ***O. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither item occurred in 2012.

#### ***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.

# City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

## **For the Year Ended December 31, 2012**

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

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

##### *Appropriations*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. For all operating funds except capital projects and trust and agency funds, an annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. For 2012, the annual appropriation measure was passed by City Council on December 19, 2011. 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 2012 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, 2012.

##### *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**

For 2012, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For the Year Ended December 31, 2012**

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#### **Note 3 – Change in Accounting Principles (continued)**

GASB Statement No. 62 incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which do not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the City. The implementation of this statement has no impact on the City’s financial statements or disclosures.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the City. The implementation of this statement has no material impact on the City’s financial statements or disclosures.

#### **Note 4 – Budgetary Basis of Accounting**

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

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

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

#### **Net Change in Fund Balance**

GAAP Basis	\$	1,073,821
Net Adjustment for Revenue Accruals		(1,109,746)
Fair Value Adjustment for Investments 2011		212,583
Fair Value Adjustment for Investments 2012		(16,084)
Net Adjustment for Expenditure Accruals		913,472
Encumbrances		(1,399,308)
To reclassify the net change in fund balance for funds combined with the general fund for GASB 54		<u>14,713</u>
Budget Basis	\$	<u><u>(310,549)</u></u>

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

#### Note 5 – 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:

<u>Fund Balances</u>	<u>General</u>	<u>Capital Projects</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental</u>
Nonspendable:				
Inventory	\$ <u>195,565</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>195,565</u>
Restricted for:				
Street maintenance and repair	-	-	410,278	410,278
State highway	-	-	77,895	77,895
Police and fire pensions	-	-	806,533	806,533
Indigent driver alcohol treatment	-	-	90,504	90,504
Court computer legal research	-	-	136,937	136,937
Clerk's computerization	-	-	416,117	416,117
Fair housing grant	-	-	25,124	25,124
Law enforcement grant	-	-	2,830	2,830
Court alternate dispute resolution	-	-	54,686	54,686
Ohio court security project	-	-	26,272	26,272
Indigent driver interlock fund	-	-	2,691	2,691
Tree maintenance special assessment	-	-	266,864	266,864
Law enforcement trust	-	-	903,511	903,511
Capital projects	-	<u>562,828</u>	-	<u>562,828</u>
Total restricted	<u>-</u>	<u>562,828</u>	<u>3,220,242</u>	<u>3,783,070</u>
Committed to:				
Sewer maintenance	-	-	800,751	800,751
Housing and nuisance abatement	-	-	84,240	84,240
Capital projects	-	10,488,082	-	10,488,082
Debt service payments	-	-	2,418,913	2,418,913
Preservation services	279,254	-	-	279,254
Recreation	7,081	-	-	7,081
Other purposes	<u>6,391</u>	<u>-</u>	<u>-</u>	<u>6,391</u>
Total committed	<u>292,726</u>	<u>10,488,082</u>	<u>3,303,904</u>	<u>14,084,712</u>
Assigned to:				
Economic development	6,236,931	-	-	6,236,931
Recreation	296,184	-	-	296,184
Central services	369,961	-	-	369,961
Subsequent year's budget: appropriations of fund balance	4,646,798	-	-	4,646,798
Other purposes	<u>901,869</u>	<u>-</u>	<u>-</u>	<u>901,869</u>
Total assigned	<u>12,451,743</u>	<u>-</u>	<u>-</u>	<u>12,451,743</u>
Unassigned (deficit)	<u>6,836,659</u>	<u>-</u>	<u>(374,370)</u>	<u>6,462,289</u>
Total fund balance	\$ <u>19,776,693</u>	\$ <u>11,050,910</u>	\$ <u>6,149,776</u>	\$ <u>36,977,379</u>

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For the Year Ended December 31, 2012**

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#### **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.

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 30 days.

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

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

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#### Note 6 – Deposits and Investments (continued)

##### *Deposits*

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

At year-end, the carrying amount of the City's deposits was \$3,011,221 (including \$22,463 of petty cash) and the bank balance was \$3,251,499. Of the bank balance, the entire balance was covered by Federal depository insurance.

##### *Investments*

Investments are reported at fair value. As of December 31, 2012, the City had the following investments:

	<u>Fair Value</u>	<u>Maturities (in years)</u>	
		<u>Less than 1</u>	<u>1-2</u>
US Treasury Notes	\$ 5,062,770	\$ 3,011,830	\$ 2,050,940
Ohio State Municipal Bonds	2,157,959	-	2,157,959
Repurchase Agreements	<u>25,229,015</u>	<u>25,229,015</u>	-
Total Portfolio	\$ <u>32,449,744</u>	\$ <u>28,240,845</u>	\$ <u>4,208,899</u>

*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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

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#### **Note 6 – Deposits and Investments (continued)**

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

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
US Treasury Notes	15.60 %
Ohio State Municipal Bonds	6.65 %
Repurchase Agreements	77.75 %

#### **Note 7 – Receivables**

Receivables at December 31, 2012, consisted primarily of municipal income taxes, property and other taxes, accounts, special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full. Special assessments are expected to be collected within one year.

##### **A. Property Taxes**

Property taxes include amounts levied against all real property and public utility tangible personal property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections for 2011 taxes. Property tax payments received during 2012 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 reappraisal was completed for tax year 2012 affecting collections beginning in 2013.

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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

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#### Note 7 – Receivables (continued)

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

The assessed values per category applicable to the 2012 and 2011 tax years are as follows:

	<u>Tax Year/Collection Year</u>	
	<u>2012/2013</u>	<u>2011/2012</u>
Real Estate (other than public utility)	\$ 739,144,150	\$ 800,648,040
Public Utilities Real and Tangible Personal Property	<u>11,032,190</u>	<u>10,219,200</u>
Total Valuation	\$ <u>750,176,340</u>	\$ <u>810,867,240</u>

The tax rate levied to finance the City's services for the years ended December 31, 2012 and December 31, 2011 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 \$1,052,370 that the City expects to receive in 2013 from the State of Ohio to finance 2013 operations. These entitlements are based upon 2012 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. The tax also applies to the net income of businesses operating within the City. The tax rate was 1.75% of earnings for 2011. In August 2012, voters approved an increase of the City income tax rate to 2.25% effective October 1, 2012. Both residents of the City and non-residents working 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 up to one-half of one percent of the tax rate of the resident's workplace community's income tax rate. A receivable totaling \$10,113,478 has been recorded in the General Fund. This total includes \$4,607,078 for the portion of taxes that is due prior to December 31, 2012, but is not received until January and February of the following year, and \$5,506,400 which has been billed, but is not available in the current period.

##### C. Intergovernmental Receivable

A summary of intergovernmental receivables at December 31, 2012, include the following:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government Contracts	\$ 197,741
Auto Registration Fees	10,120
Homestead & Rollback	478,255
Gas Tax	372,353
Estate Tax	970,432
TIF Receivable	482,590
Local Government	465,513
Federal Grants	449,775
Permissive Tax	12,271
Other	<u>23,380</u>
Total	\$ <u>3,462,430</u>

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

#### Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

<b>Governmental Activities:</b>	<u>Balances</u> 12/31/11	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 12/31/12
Capital Assets not being depreciated:				
Land	\$ 18,285,310	\$ 84,248	\$ (20,417)	\$ 18,349,141
Construction in Progress	<u>3,471,187</u>	<u>1,889,152</u>	<u>(2,651,244)</u>	<u>2,709,095</u>
Total Capital Assets not being depreciated	<u>21,756,497</u>	<u>1,973,400</u>	<u>(2,671,661)</u>	<u>21,058,236</u>
Capital Assets being depreciated:				
Buildings and Improvements	17,175,778	75,944	(121,486)	17,130,236
Land Improvements	8,703,917	554,481	-	9,258,398
Machinery and Equipment	16,804,949	624,219	(474,533)	16,954,635
Infrastructure:				
Streets	24,888,974	2,211,353	-	27,100,327
Storm and Sanitary Sewers	11,854,580	-	-	11,854,580
Bridges	148,389	-	-	148,389
Culverts	56,000	-	-	56,000
Traffic Signals	<u>13,109,731</u>	<u>33,897</u>	<u>-</u>	<u>13,143,628</u>
Total Capital Assets being depreciated	<u>92,742,318</u>	<u>3,499,894</u>	<u>(596,019)</u>	<u>95,646,193</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,767,846)	(360,050)	4,356	(7,123,540)
Land Improvements	(2,557,105)	(324,763)	-	(2,881,868)
Machinery and Equipment	(10,537,758)	(1,000,938)	432,509	(11,106,187)
Infrastructure:				
Streets	(5,546,025)	(591,303)	-	(6,137,328)
Storm and Sanitary Sewers	(860,445)	(158,061)	-	(1,018,506)
Bridges	(70,833)	(5,936)	-	(76,769)
Culverts	(5,290)	(747)	-	(6,037)
Traffic Signals	<u>(2,131,048)</u>	<u>(328,168)</u>	<u>-</u>	<u>(2,459,216)</u>
Total Accumulated Depreciation	<u>(28,476,350)</u>	<u>(2,769,966)</u>	<u>436,865</u>	<u>(30,809,451)</u>
Net Capital Assets being depreciated	<u>64,265,968</u>	<u>729,928</u>	<u>(159,154)</u>	<u>64,836,742</u>
Governmental Activities Capital Assets, Net	\$ <u>86,022,465</u>	\$ <u>2,703,328</u>	\$ <u>(2,830,815)</u>	\$ <u>85,894,978</u>

Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	\$ 555,301
Public Health Services	424
Leisure Time Activities	431,471
Housing and Community Development	73,198
Sanitation and Sewer Services	335,981
Street Maintenance and Repair	661,004
Public Works – Other	403,916
General Government – Legislative and Executive	274,595
General Government – Judicial System	<u>34,076</u>
Total	\$ <u>2,769,966</u>

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

#### Note 9 – Long Term Obligations

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

	Balance <u>12/31/2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2012</u>	Amounts Due <u>in One Year</u>
<b>Bonds Payable</b>					
Firehouse No. 1 Construction Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	\$ 4,075,000	\$ -	\$ (3,940,000)	\$ 135,000	\$ 135,000
Sussex Area Revitalization District Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	2,380,000	-	(2,300,000)	80,000	80,000
Shaker Town Centre Revitalization Permanent Urban Renewal Bond, 4.57%, due 12/1/2031	7,015,000	-	(6,780,000)	235,000	235,000
Urban Renewal Bonds, Series 2009, 4.30%, due 12/1/2031	4,315,000	-	(145,000)	4,170,000	150,000
Premium on Urban Renewal Bonds, Series 2009	160,451	-	(8,023)	152,428	-
Urban Renewal Refunding Bonds, Series 2012, 3.58%, due 12/1/2031	-	13,460,000	(295,000)	13,165,000	125,000
Premium on Urban Renewal Refunding Bonds, series 2012	-	464,383	(23,219)	441,164	-
Deferred Charge – Loss on Refunding on Urban Renewal Refunding Bonds, Series 2012	-	<u>(1,154,754)</u>	<u>57,738</u>	<u>(1,097,016)</u>	<u>-</u>
<b>Total Bonds Payable</b>	<u>17,945,451</u>	<u>12,769,629</u>	<u>(13,433,504)</u>	<u>17,281,576</u>	<u>725,000</u>
<b>Loans Payable</b>					
OPWC - CA611 - Shelburne Road Sanitary Sewer Replacement, 0%, maturing 7/1/2015	141,311	-	(40,374)	100,937	20,187
OPWC - CA08F - Water System Improvements, 0%, maturing 7/1/2025	2,027,346	-	(139,817)	1,887,529	69,909
OPWC - CA17E - City Water Line Improvements, 0%, maturing 7/1/2025	876,826	-	(64,950)	811,876	32,475
OPWC – CA17K – South Woodland Area Infrastructure Improvements, 0%, maturing 1/1/2029	1,500,715	-	(88,278)	1,412,437	44,139
OPWC – CA18M – Hildana-Ludgate Sanitary Sewer Improvements, 0%, maturing 7/1/2030	<u>530,025</u>	<u>-</u>	<u>(28,650)</u>	<u>501,375</u>	<u>14,325</u>
<b>Total Loans Payable</b>	<u>5,076,223</u>	<u>-</u>	<u>(362,069)</u>	<u>4,714,154</u>	<u>181,035</u>
<b>Long-term Notes Payable</b>					
Various Purpose Improvement Notes	2,250,000	1,910,000	(2,250,000)	1,910,000	340,000
Taxable Special Obligation Housing Notes	<u>250,000</u>	<u>-</u>	<u>(100,000)</u>	<u>150,000</u>	<u>150,000</u>
<b>Total Long-term Notes Payable</b>	<u>2,500,000</u>	<u>1,910,000</u>	<u>(2,350,000)</u>	<u>2,060,000</u>	<u>490,000</u>
Compensated Absences	6,046,712	2,572,361	(2,489,339)	6,129,734	2,168,843
Claims Payable	<u>831,182</u>	<u>4,350,016</u>	<u>(3,846,923)</u>	<u>1,334,275</u>	<u>562,150</u>
<b>Total Long-term Obligations</b>	\$ <u>32,399,568</u>	\$ <u>21,602,006</u>	\$ <u>(22,481,835)</u>	\$ <u>31,519,739</u>	\$ <u>4,127,028</u>

As of December 31, 2012, the City's future debt service requirements consisted of bonds and notes payable at various interest rates, five non-interest bearing Ohio Public Works Commission Loans numbered CA611, CA08F, CA17E, CA17K and CA18M, compensated absences and claims payable. For governmental activities, compensated absences are generally liquidated by the General Fund and claims payable are generally liquidated from the Self-Insurance Internal Service Fund.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

#### Note 9 – Long Term Obligations (continued)

In 2007, the City transferred ownership of its waterlines to the City of Cleveland, but retained its obligation to pay the Ohio Public Works Commission Loans CA08F and CA17E.

Notes payable at December 31, 2012, 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 were dated May 3, 2012, and were due May 3, 2013, at an interest rate of 0.425%. The Series 2009, Taxable Special Obligation Housing Notes were dated July 15, 2009, and are due July 15, 2013 at an interest rate of 2.00%. Subsequent to year-end, the Various Purpose Improvement Notes, due May 3, 2013, were refinanced; therefore, these notes payable are recorded as long-term obligations.

On April 11, 2012, the City issued \$13,460,000 in general obligation bonds for the purpose of advance refunding general obligation bonds outstanding in order to take advantage of lower interest rates. The interest rates ranged from 1.0% to 4.0%. An analysis of the information follows:

	<u>Urban Renewal Refunding Bonds</u>
Outstanding at December 31, 2011	\$ 13,470,000
Amount refunded	(12,590,000)
Principal payment on non-refunded portion	<u>(430,000)</u>
Outstanding at December 31, 2012	\$ <u><u>450,000</u></u>

The bonds were sold at a premium of \$464,383. Proceeds of \$13,744,754 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the general obligation bonds. As a result, \$12,590,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

The City decreased its total debt service payments by \$1,332,007 as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$1,021,201.

The annual debt service requirements are as follows:

Year	Bonds Payable		Loans Payable Principal				
	Principal	Interest	CA611	CA08F	CA17E	CA17K	CA18M
2013	\$ 725,000	\$ 622,288	\$ 20,187	\$ 69,909	\$ 32,475	\$ 44,139	\$ 14,325
2014	750,000	601,088	40,375	139,817	64,950	88,277	28,650
2015	760,000	587,900	40,375	139,817	64,950	88,277	28,650
2016	780,000	573,700		139,817	64,950	88,277	28,650
2017	790,000	558,700	-	139,817	64,950	88,277	28,650
2018-2022	4,225,000	2,481,925	-	699,085	324,750	441,387	143,250
2023-2027	4,965,000	1,667,300	-	559,267	194,851	441,387	143,250
2028-2031	<u>4,790,000</u>	<u>520,650</u>	-	-	-	<u>132,416</u>	<u>85,950</u>
Total	\$ <u><u>17,785,000</u></u>	\$ <u><u>7,613,551</u></u>	\$ <u><u>100,937</u></u>	\$ <u><u>1,887,529</u></u>	\$ <u><u>811,876</u></u>	\$ <u><u>1,412,437</u></u>	\$ <u><u>501,375</u></u>

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For the Year Ended December 31, 2012**

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#### **Note 9 – Long Term Obligations (continued)**

**Legal Debt Margin** Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2012, the City's overall debt limitation is \$78,768,516 (10.5% of the City's total assessed property valuation of \$750,176,340) of which \$77,907,975 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 \$41,259,699 (5.5% of the City's total assessed property valuation) at December 31, 2012, of which \$40,399,158 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 Pension 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 Pension 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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For the Year Ended December 31, 2012**

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#### **Note 11 – Pension and Retirement Plans (continued)**

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

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 2012, 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, 2012, 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 11.5 percent and 12.1 percent, respectively, but the City's uniformed police and fire officers are all members of the Ohio Police and Fire Pension Fund. The employer contribution rate for state and local employers for 2012 was 14.0 percent of covered payroll. The law enforcement and public safety division employer contribution rate was 18.1 percent of covered payroll, but the City's uniformed police and fire officers are all members of the Ohio Police and Fire Pension Fund.

The City's required contributions to OPERS for the years ended December 31, 2012, 2011, and 2010 were \$1,879,254, \$1,962,857, and \$1,992,058, respectively, of which \$1,342,351, \$1,402,069, and \$1,268,808, respectively, was allocated to the pension. The full amount has been contributed for 2011 and 2010. For 2012, 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 2012 were \$57,650 made by the City and \$41,179 made by plan members.

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

The City of Shaker Heights contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan for its uniformed police and fire officers. OP&F provides retirement and disability pension 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. Beginning July 2013, employee members of OP&F will have their employee contribution rates increase 0.75% a year for three years. Contributions are authorized by state statute. The City's required contributions to OP&F for the years ended December 31, 2012, 2011, and 2010 were \$2,104,541, \$2,191,789, and \$2,205,664, respectively, of which \$1,447,978, \$1,507,305, and \$1,517,593, respectively, was allocated to the pension. The full amount has been contributed for 2011 and 2010. For 2012, 88.5 percent for police and 88.3 percent for firefighters 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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For the Year Ended December 31, 2012**

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#### **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 Pension 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-employment 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. In 2012, the Ohio General Assembly amended the OPERS post-employment health care plan to require that for retirees with an effective retirement date of January 1, 2015 or later, the employee must have 20 or more years of Ohio service credit to receive post-employment health care coverage. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. 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 2012, state and local employers contributed at a rate of 14.0 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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered 1.0 percent for both plans, as recommended by the OPERS Actuary. 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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For the Year Ended December 31, 2012**

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#### **Note 12 – Postemployment Benefits (continued)**

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

The City's contributions to OPERS for the years ended December 31, 2012, 2011, and 2010 were \$1,879,254, \$1,962,857, and \$1,992,058, respectively, of which \$536,903, \$560,788, and \$723,250, respectively, was allocated to the health care plan. The full amount has been contributed for 2011 and 2010. For 2012, 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.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined post-employment 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 statutory survivor benefit 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. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

The Ohio Revised Code provides for contribution requirements of the participating employers and of 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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

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#### Note 12 – Postemployment Benefits (continued)

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

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, 2012, 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.

The City's contributions to OP&F for the years ended December 31, 2012, 2011, and 2010 were \$2,104,541, \$2,191,789, and \$2,205,664, respectively, of which \$656,563, \$684,484, and \$688,071, respectively, was allocated to the health care plan. The full amount has been contributed for 2011 and 2010. For 2012, 88.5 percent for police and 88.3 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, 2012 consisted of the following:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>
	Non-major Governmental Funds
General	\$ 27,667
Nonmajor Governmental Funds	99,986
Total	\$ <u>127,653</u>

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

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

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#### Note 13 – Interfund Activity (continued)

B. Interfund transfers for the year ended December 31, 2012, consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>		<u>Total</u>
	<u>General</u>	<u>Non Major Funds</u>	
Capital Projects	\$ 1,659,035	\$ -	\$ 1,659,035
Nonmajor Governmental Funds	<u>2,745,157</u>	<u>267,303</u>	<u>3,012,460</u>
Total	\$ <u>4,404,192</u>	\$ <u>267,303</u>	\$ <u>4,671,495</u>

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

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

#### Note 14 – Lease Receivable

As of December 31, 2012, the City has leased multiple pieces of real property. All of the leases are accounted for as operating leases. The value of the City's investment in the operating leases is reflected as a lease receivable and deferred revenue in the General Fund and Capital Projects Fund.

**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 expired in 2013 and was renewed for a ten year period. The leased provides three additional 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 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.

**Former Sussex School Building:** The City leases the former Sussex School Building, which the City now owns, to the "Shaker Family Center at Sussex" for the operation of an early learning and day care center for children. The initial term was for two years, with rent being \$1.00 per year. The lease is renewed on an annual basis. The lease terms covering calendar year 2012 were September 1, 2011 through August 31, 2012; and September 1, 2012 through August 31, 2013.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

#### Note 14 – Lease Receivable (continued)

**2558 Lee Road:** This lease, entered into with “Shaker Launchhouse” and Todd Goldsetein, Dar Caldwell and Sam Krichevsky on March 16, 2011, and amended in June 2012, provides for the rental of the city-owned building at 3558 Lee Road for the operation of an entrepreneurial business incubator and headquarters for Launchhouse. The lease is for a 5-year, renewable term. The lessee pays no rent during the first initial 5 year term, expiring December 1, 2015. Under the terms of a development agreement between the parties, the City also paid for various improvements to the property.

**Former Malvern School Building:** The City purchased this property in 1992 from the Shaker Heights Municipal School District. The building was then sold to Hannah Perkins School, but the City retained the land. Hannah Perkins School and the City then signed a ground lease on the land for a period of 50 years with the, with an annual base rent of \$100 per lease year. This ground lease is recorded with the Cuyahoga County Recorder’s office.

**Cell Phone Tower:** The City entered into a Site Lease Agreement for the rental of the cell phone tower in the Shaker Heights City Hall parking lot with New Cingular Wireless PCS, LLC and this agreement calls for 5-year terms that renew automatically, through 2028. After that, the lease can be renewed annually. The lease was amended on September 17, 2012 to reflect an increase in rent effective as of April 1, 2012. The rent for the first quarter in 2012 was \$12,696; as of April 1 the rent increased to \$26,406. That increased rent is effective from April 1, 2012 – September 29, 2013.

**Duck Creek Energy:** The City entered into an Oil and Gas Lease with Duck Creek Energy in April 2010 for a one year term that may be extended so long as oil or gas continue to be produced, but the contract shall not be extended beyond 2030. Prior to drilling, Lessee paid the City a spud fee of \$20,000. Other compensation includes royalties in the amount of 12.5% of the gross proceeds of all oil and gas produced. In-kind benefits to the City per the lease include a certain amount of free gas to Thornton Park per year. No receivable is recorded as the amount to be received in the future cannot be determined as of December 31, 2012. In 2012, the City received \$10,667 in the General Fund related to the oil and gas produced.

The following lists the components of the net investment in operating leases as of December 31, 2012:

<u>Year Ending December 31,</u>	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
2013	\$ 87,751	\$ 3,851	\$ 91,602
2014	29,301	3,851	33,152
2015	29,301	3,851	33,152
2016	29,301	3,851	33,152
2017	29,301	13,850	43,151
2018-2022	168,405	155,400	323,805
2023-2027	<u>193,195</u>	<u>-</u>	<u>193,195</u>
Total minimum lease receivable	566,555	184,654	751,209
Less: Amounts representing executory costs	<u>(14,350)</u>	<u>(34,650)</u>	<u>(49,000)</u>
Net investment in direct financing leases	\$ <u><u>552,205</u></u>	\$ <u><u>150,004</u></u>	\$ <u><u>702,209</u></u>

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### **For the Year Ended December 31, 2012**

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#### **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 2012, 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 \$53,823,884 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). At December 31, 2012, 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 2012 when compared to the prior year.

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.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

#### Note 15 – Risk Management (continued)

On January 1, 2012 the City began providing medical, dental and vision insurance to its employees through a self-insurance plan. The City pays a monthly administrative premium, including a stop-loss fee, for the self-insurance plan. The City contracts with a third party administrator to direct this program. During 2012, self-insurance was in effect for claims up to \$110,000 per covered individual. Any claims exceeding this threshold are covered by stop-loss insurance.

At December 31, 2012, \$ 1,334,275 has been accrued for Self Insurance claims. The claims liability reported in the Self-Insurance Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This represents estimates to be paid for Property and Casualty, Workers' Compensation, and Hospitalization 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 2012 and 2011 were as follows:

	<u>Property and Casualty</u>		<u>Workers' Compensation</u>		<u>Hospitalization</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Beginning of the Year Liability	\$ -	\$ -	\$ 831,182	\$ 579,614	\$ -	\$ -
Current Year Claims and Changes in Estimates	35,000	16,098	302,287	388,300	4,047,729	-
Claim Payments	<u>(35,000)</u>	<u>(16,098)</u>	<u>(171,254)</u>	<u>(136,732)</u>	<u>(3,675,669)</u>	<u>-</u>
Balance at End of Year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>962,215</u>	\$ <u>831,182</u>	\$ <u>372,060</u>	\$ <u>-</u>

#### Note 16 – Subsequent Event

On January 29, 2013, the City financed the purchase of street sweeper with a 5 year lease, of \$239,750. The lease calls for five annual payments made in advance with a final balloon payment due December 31, 2017.

On May 2, 2013, the City issued Various Purpose Improvement Notes in the amount of \$1,570,000 with a coupon interest rate of 1.0% and a net interest cost of 0.3622%, maturing on May 1, 2014, 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.

On May 8, 2013, the City issued Van Aken Sewer Line Improvement Bonds, Series 2013, in the amount of \$385,000 with an interest rate of 2.9% maturing on June 1, 2028.

On May 31, 2013, the City financed the purchase of a rescue squad for the Fire Department, costing \$248,639, with a 5 year lease. The lease calls for ten semiannual payments in arrears with a final payment May 31, 2018.

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

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#### **Note 17 – Construction and Other Significant Commitments**

The City has active construction projects as of December 31, 2012. As of December 31, 2012, the City's construction commitments with contractors were as follows:

<u>Project</u>	<u>Project Expenditures as of 12/31/2012</u>	<u>Remaining Commitment</u>
Street Improvements:		
Warrensville/Van Aken Intersection	\$ 730,238	\$ 1,508,505
2011 Street Repair Program	741,527	258,473
2012 Street Repair Program	<u>798,750</u>	<u>106,262</u>
Total All Projects	\$ <u>2,270,515</u>	\$ <u>1,873,240</u>

Other significant commitments include the encumbrances outstanding at year end. The amount of the encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

	<u>Encumbrances</u>
General	\$ 1,228,609
Capital Projects	570,255
Non-Major Governmental	<u>528,791</u>
Total other significant commitments	\$ <u>2,327,655</u>

#### **Note 18 – Claims and Judgments**

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

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

# City of Shaker Heights, Ohio

## Notes To The Basic Financial Statements

### For the Year Ended December 31, 2012

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#### **Note 19 – Fund Deficits**

Fund balances at December 31, 2012 included the following individual fund deficits:

<u>Funds</u>	<u>Deficit Fund Balance</u>
Nonmajor Special Revenue Funds:	
Housing Grant Fund	\$ 120,887
High Intensity Drug Trafficking Area Fund	219,036
Drug Free Community Grant Fund	9,344
Street Lighting Special Assessment Fund	25,103
Nonmajor Internal Service Fund:	
Copier Management Fund	599
Municipal Garage Fund	9,528
Self Insurance Fund	693,556

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 170 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 2012.

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 ten-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.

# City of Shaker Heights, Ohio

Notes To The Basic Financial Statements

**For the Year Ended December 31, 2012**

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

### ***A. Jointly Governed Organizations (continued)***

#### **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 19 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 2012, 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.

### ***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. The City acts as fiscal agent for the CIC.

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# City of Shaker Heights, Ohio

Combining Statements  
Non-Major Governmental Funds

**For the Year Ended December 31, 2012**

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## **Non-Major Special Revenue Funds**

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

### *Street Maintenance and Repair*

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

### *State Highway Fund*

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

### *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 in connection with driving under the influence offenses. Section 4511.191(L) provides that payments are to be made only upon order of the Municipal Court Judge for alcohol and other drug treatment costs for indigent drivers.

### *Court Computer Legal Research*

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

# City of Shaker Heights, Ohio

Combining Statements  
Non-Major Governmental Funds

**For the Year Ended December 31, 2012**

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## **Non-Major Special Revenue Funds (Continued)**

### *Clerk's Computerization*

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

### *Housing Grant (Neighborhood Revitalization)*

To account for monies received from grants from various sources to be used to provide funding for housing within the City.

### *Fair Housing Grant*

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

### *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 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.

### *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.

# City of Shaker Heights, Ohio

Combining Statements  
Non-Major Governmental Funds

## **For the Year Ended December 31, 2012**

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### **Non-Major Special Revenue Funds (Continued)**

#### *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 repair, 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, 2012**

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Assets:			
Cash and cash equivalents	\$ 4,294,364	\$ 2,418,913	\$ 6,713,277
Taxes receivable	403,128	-	403,128
Accounts receivable	580,731	-	580,731
Special assessments receivable	1,807,028	-	1,807,028
Interfund receivable	99,986	-	99,986
Intergovernmental receivable	<u>887,062</u>	<u>482,590</u>	<u>1,369,652</u>
 Total assets	 \$ <u>8,072,299</u>	 \$ <u>2,901,503</u>	 \$ <u>10,973,802</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 664,745	\$ -	\$ 664,745
Accrued wages and benefits	469,425	-	469,425
Interfund payable	127,653	-	127,653
Deferred revenue	<u>3,079,613</u>	<u>482,590</u>	<u>3,562,203</u>
 Total liabilities	 <u>4,341,436</u>	 <u>482,590</u>	 <u>4,824,026</u>
Fund balances:			
Restricted	3,220,242	-	3,220,242
Committed	884,991	2,418,913	3,303,904
Unassigned (deficit)	<u>(374,370)</u>	<u>-</u>	<u>(374,370)</u>
 Total fund balances	 <u>3,730,863</u>	 <u>2,418,913</u>	 <u>6,149,776</u>
 Total liabilities and fund balances	 \$ <u>8,072,299</u>	 \$ <u>2,901,503</u>	 \$ <u>10,973,802</u>

# City of Shaker Heights, Ohio

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

**For the Year Ended December 31, 2012**

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
<b>Revenues:</b>			
Property taxes	\$ 409,378	\$ -	\$ 409,378
Intergovernmental	5,190,500	998,117	6,188,617
Charges for services	1,222,448	-	1,222,448
Investment income	20,202	-	20,202
Fines and forfeitures	413,157	-	413,157
Special assessments	1,365,670	-	1,365,670
Other revenue	40,519	-	40,519
<b>Total revenues</b>	<b><u>8,661,874</u></b>	<b><u>998,117</u></b>	<b><u>9,659,991</u></b>
<b>Expenditures:</b>			
<b>Current operations and maintenance:</b>			
<b>Security of persons and property:</b>			
Police	4,840,705	-	4,840,705
Fire	1,120,220	-	1,120,220
Other	685,120	-	685,120
Public health service	84,089	-	84,089
Housing and community development	1,112,263	-	1,112,263
Sanitation and sewer service	1,237,767	-	1,237,767
Street maintenance and repair	1,068,476	-	1,068,476
<b>General government:</b>			
Legislative and executive	37,816	13,260	51,076
Judicial system	128,702	-	128,702
<b>Debt service:</b>			
Principal retirement	-	3,582,069	3,582,069
Interest and fiscal charges	-	542,033	542,033
Debt issuance costs	-	176,460	176,460
<b>Total expenditures</b>	<b><u>10,315,158</u></b>	<b><u>4,313,822</u></b>	<b><u>14,628,980</u></b>
Excess of revenues over (under) expenditures	<u>(1,653,284)</u>	<u>(3,315,705)</u>	<u>(4,968,989)</u>
<b>Other financing sources (uses):</b>			
Transfers – in	1,814,792	1,197,668	3,012,460
Transfers – out	(267,303)	-	(267,303)
Issuance of debt	-	15,370,000	15,370,000
Premium on issuance of debt	-	464,383	464,383
Payment to refunded bond escrow agent	-	(13,744,754)	(13,744,754)
<b>Total other financing sources (uses)</b>	<b><u>1,547,489</u></b>	<b><u>3,287,297</u></b>	<b><u>4,834,786</u></b>
Net change in fund balances	(105,795)	(28,408)	(134,203)
Fund balances at beginning of year	<u>3,836,658</u>	<u>2,447,321</u>	<u>6,283,979</u>
Fund balances at end of year	\$ <u><u>3,730,863</u></u>	\$ <u><u>2,418,913</u></u>	\$ <u><u>6,149,776</u></u>

# City of Shaker Heights, Ohio

## Combining Balance Sheet Non-Major Special Revenue Funds

**December 31, 2012**

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	Street Maintenance and Repair	State Highway	Sewer Maintenance	Police Pension	Fire Pension
Assets:					
Cash and cash equivalents	\$ 286,655	\$ 67,874	\$ 832,413	\$ 679,943	\$ 575,237
Taxes receivable	-	-	-	201,564	201,564
Accounts receivable	-	-	477,784	-	-
Special assessments receivable	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Intergovernmental receivable	<u>366,059</u>	<u>28,685</u>	<u>-</u>	<u>14,628</u>	<u>14,628</u>
Total assets	<u>\$ 652,714</u>	<u>\$ 96,559</u>	<u>\$ 1,310,197</u>	<u>\$ 896,135</u>	<u>\$ 791,429</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 3,993	\$ -	\$ 141,375	\$ -	\$ -
Accrued wages and benefits	8,251	-	3,785	226,227	222,420
Interfund payable	-	-	-	-	-
Deferred revenue	<u>230,192</u>	<u>18,664</u>	<u>364,286</u>	<u>216,192</u>	<u>216,192</u>
Total liabilities	<u>242,436</u>	<u>18,664</u>	<u>509,446</u>	<u>442,419</u>	<u>438,612</u>
Fund balances:					
Restricted	410,278	77,895	-	453,716	352,817
Committed	-	-	800,751	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>410,278</u>	<u>77,895</u>	<u>800,751</u>	<u>453,716</u>	<u>352,817</u>
Total liabilities and fund balances	<u>\$ 652,714</u>	<u>\$ 96,559</u>	<u>\$ 1,310,197</u>	<u>\$ 896,135</u>	<u>\$ 791,429</u>

<u>Indigent Driver / Alcohol Treatment</u>	<u>Court Computer Legal Research</u>	<u>Clerk's Computerization</u>	<u>Housing Grant</u>	<u>Fair Housing Grant</u>	<u>Law Enforcement Grant</u>
\$ 91,664	\$ 135,389	\$ 412,957	\$ -	\$ 25,124	\$ 2,830
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,110</u>	<u>2,083</u>	<u>6,516</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 92,774</u>	<u>\$ 137,472</u>	<u>\$ 419,473</u>	<u>\$ -</u>	<u>\$ 25,124</u>	<u>\$ 2,830</u>
\$ 2,270	\$ 535	\$ 3,356	\$ 102,565	\$ -	\$ -
-	-	-	-	-	-
-	-	-	18,322	-	-
-	-	-	-	-	-
<u>2,270</u>	<u>535</u>	<u>3,356</u>	<u>120,887</u>	<u>-</u>	<u>-</u>
90,504	136,937	416,117	-	25,124	2,830
-	-	-	-	-	-
-	-	-	(120,887)	-	-
<u>90,504</u>	<u>136,937</u>	<u>416,117</u>	<u>(120,887)</u>	<u>25,124</u>	<u>2,830</u>
<u>\$ 92,774</u>	<u>\$ 137,472</u>	<u>\$ 419,473</u>	<u>\$ -</u>	<u>\$ 25,124</u>	<u>\$ 2,830</u>

(Continued)

# City of Shaker Heights, Ohio

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

**December 31, 2012**

	Court Alternate Dispute Resolution	Ohio Court Security Project Fund	H.I.D.T.A. Grant	Drug Free Community Grant
<b>Assets:</b>				
Cash and cash equivalents	\$ 52,689	\$ 25,859	\$ 6,220	\$ 1
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Special assessments receivable	-	-	-	-
Interfund receivable	-	-	-	-
Intergovernmental receivable	<u>1,997</u>	<u>603</u>	<u>440,430</u>	<u>9,345</u>
<b>Total assets</b>	<b>\$ <u>54,686</u></b>	<b>\$ <u>26,462</u></b>	<b>\$ <u>446,650</u></b>	<b>\$ <u>9,346</u></b>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 190	\$ 346,664	\$ -
Accrued wages and benefits	-	-	3,838	-
Interfund payable	-	-	99,986	9,345
Deferred revenue	<u>-</u>	<u>-</u>	<u>215,198</u>	<u>9,345</u>
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>190</u></b>	<b><u>665,686</u></b>	<b><u>18,690</u></b>
<b>Fund balances:</b>				
Restricted	54,686	26,272	-	-
Committed	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(219,036)</u>	<u>(9,344)</u>
<b>Total fund balances (deficits)</b>	<b><u>54,686</u></b>	<b><u>26,272</u></b>	<b><u>(219,036)</u></b>	<b><u>(9,344)</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>54,686</u></b>	<b>\$ <u>26,462</u></b>	<b>\$ <u>446,650</u></b>	<b>\$ <u>9,346</u></b>

<u>Housing and Nuisance Abatement</u>	<u>Indigent Driver Interlock Device</u>	<u>Street Lighting Assessment</u>	<u>Tree Maintenance Assessment</u>	<u>Law Enforcement Trust Fund</u>	<u>Total</u>
\$ 84,240	\$ 3,381	\$ 31,493	\$ 275,986	\$ 704,409	\$ 4,294,364
-	-	-	-	-	403,128
2,516	-	-	-	100,431	580,731
342,671	-	629,046	835,311	-	1,807,028
-	-	-	-	99,986	99,986
<u>-</u>	<u>978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>887,062</u>
\$ <u>429,427</u>	\$ <u>4,359</u>	\$ <u>660,539</u>	\$ <u>1,111,297</u>	\$ <u>904,826</u>	\$ <u>8,072,299</u>
\$ -	\$ 1,668	\$ 56,596	\$ 4,218	\$ 1,315	\$ 664,745
-	-	-	4,904	-	469,425
-	-	-	-	-	127,653
<u>345,187</u>	<u>-</u>	<u>629,046</u>	<u>835,311</u>	<u>-</u>	<u>3,079,613</u>
<u>345,187</u>	<u>1,668</u>	<u>685,642</u>	<u>844,433</u>	<u>1,315</u>	<u>4,341,436</u>
-	2,691	-	266,864	903,511	3,220,242
84,240	-	-	-	-	884,991
<u>-</u>	<u>-</u>	<u>(25,103)</u>	<u>-</u>	<u>-</u>	<u>(374,370)</u>
<u>84,240</u>	<u>2,691</u>	<u>(25,103)</u>	<u>266,864</u>	<u>903,511</u>	<u>3,730,863</u>
\$ <u>429,427</u>	\$ <u>4,359</u>	\$ <u>660,539</u>	\$ <u>1,111,297</u>	\$ <u>904,826</u>	\$ <u>8,072,299</u>

# City of Shaker Heights, Ohio

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

**For the Year Ended December 31, 2012**

	Street Maintenance and Repair	State Highway	Sewer Maintenance	Police Pension	Fire Pension
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 204,689	\$ 204,689
Intergovernmental	991,020	67,546	-	33,662	33,661
Charges for services	1,804	-	1,218,030	-	-
Investment income	1,268	332	8,182	-	-
Fines and forfeitures	-	-	-	-	-
Special assessments	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>994,092</u>	<u>67,878</u>	<u>1,226,212</u>	<u>238,351</u>	<u>238,350</u>
<b>Expenditures:</b>					
Current:					
Security of persons and property:					
Police	-	-	-	1,002,659	-
Fire	-	-	-	-	1,120,220
Other	-	-	-	-	-
Public health services	-	-	-	-	-
Housing and community development	-	-	-	-	-
Sanitation and sewer services	-	-	1,237,767	-	-
Street maintenance and repair	1,005,188	63,288	-	-	-
General government:					
Legislative and executive	-	-	-	-	-
Judicial system	-	-	-	-	-
Total expenditures	<u>1,005,188</u>	<u>63,288</u>	<u>1,237,767</u>	<u>1,002,659</u>	<u>1,120,220</u>
Excess of revenues over (under) expenditures	<u>(11,096)</u>	<u>4,590</u>	<u>(11,555)</u>	<u>(764,308)</u>	<u>(881,870)</u>
<b>Other financing sources (uses):</b>					
Transfers – in	-	-	-	806,361	896,331
Transfers – out	-	-	(157,303)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(157,303)</u>	<u>806,361</u>	<u>896,331</u>
Net change in fund balances	(11,096)	4,590	(168,858)	42,053	14,461
Fund balances (deficit) at beginning of year	<u>421,374</u>	<u>73,305</u>	<u>969,609</u>	<u>411,663</u>	<u>338,356</u>
Fund balances (deficit) at end of year	\$ <u>410,278</u>	\$ <u>77,895</u>	\$ <u>800,751</u>	\$ <u>453,716</u>	\$ <u>352,817</u>

<u>Indigent Driver / Alcohol Treatment</u>	<u>Court Computer Legal Research</u>	<u>Clerk's Computerization</u>	<u>Housing Grant</u>	<u>Fair Housing Grant</u>	<u>Law Enforcement Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	70,173	26,794	4,000
-	-	-	-	-	2,420
508	839	2,547	578	205	27
34,237	30,251	95,555	-	-	-
-	-	-	-	-	-
-	-	-	34,002	-	-
<u>34,745</u>	<u>31,090</u>	<u>98,102</u>	<u>104,753</u>	<u>26,999</u>	<u>6,447</u>
-	-	-	-	-	9,908
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	247,836	-	-
-	-	-	-	-	-
-	-	-	-	37,816	-
<u>10,280</u>	<u>23,120</u>	<u>60,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>10,280</u>	<u>23,120</u>	<u>60,684</u>	<u>247,836</u>	<u>37,816</u>	<u>9,908</u>
<u>24,465</u>	<u>7,970</u>	<u>37,418</u>	<u>(143,083)</u>	<u>(10,817)</u>	<u>(3,461)</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
24,465	7,970	37,418	(143,083)	(10,817)	(3,461)
<u>66,039</u>	<u>128,967</u>	<u>378,699</u>	<u>22,196</u>	<u>35,941</u>	<u>6,291</u>
\$ <u><u>90,504</u></u>	\$ <u><u>136,937</u></u>	\$ <u><u>416,117</u></u>	\$ <u><u>(120,887)</u></u>	\$ <u><u>25,124</u></u>	\$ <u><u>2,830</u></u>

(Continued)

# City of Shaker Heights, Ohio

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

### For the Year Ended December 31, 2012

	<u>Court Alternate Dispute Resolution</u>	<u>Ohio Court Security Project Fund</u>	<u>H.I.D.T.A. Grant</u>	<u>Drug Free Community Grant</u>
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	3,889,488	72,394
Charges for services	-	-	-	-
Investment income	312	143	-	-
Fines and forfeitures	28,855	8,922	-	-
Special assessments	-	-	-	-
Other revenue	-	-	-	1,415
Total revenues	<u>29,167</u>	<u>9,065</u>	<u>3,889,488</u>	<u>73,809</u>
Expenditures:				
Current:				
Security of persons and property:				
Police	-	-	3,731,908	-
Fire	-	-	-	-
Other	-	-	-	-
Public health services	-	-	-	84,089
Housing and community development	-	-	-	-
Sanitation and sewer services	-	-	-	-
Street maintenance and repair	-	-	-	-
General government:				
Legislative and executive	-	-	-	-
Judicial system	22,535	2,067	-	-
Total expenditures	<u>22,535</u>	<u>2,067</u>	<u>3,731,908</u>	<u>84,089</u>
Excess of revenues over (under) expenditures	<u>6,632</u>	<u>6,998</u>	<u>157,580</u>	<u>(10,280)</u>
Other financing sources (uses):				
Transfers – in	-	-	-	-
Transfers – out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,632	6,998	157,580	(10,280)
Fund balances (deficit) at beginning of year	<u>48,054</u>	<u>19,274</u>	<u>(376,616)</u>	<u>936</u>
Fund balances (deficit) at end of year	\$ <u>54,686</u>	\$ <u>26,272</u>	\$ <u>(219,036)</u>	\$ <u>(9,344)</u>

<u>Housing and Nuisance Abatement</u>	<u>Indigent Driver Interlock Device</u>	<u>Street Lighting Assessment</u>	<u>Tree Maintenance Assessment</u>	<u>Law Enforcement Trust Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 409,378
-	-	-	-	1,762	5,190,500
194	-	-	-	-	1,222,448
940	8	-	-	4,313	20,202
-	10,342	-	-	204,995	413,157
27,784	-	582,813	755,073	-	1,365,670
-	-	-	-	5,102	40,519
<u>28,918</u>	<u>10,350</u>	<u>582,813</u>	<u>755,073</u>	<u>216,172</u>	<u>8,661,874</u>
-	-	-	-	96,230	4,840,705
-	-	-	-	-	1,120,220
-	-	685,120	-	-	685,120
-	-	-	-	-	84,089
52,524	-	-	811,903	-	1,112,263
-	-	-	-	-	1,237,767
-	-	-	-	-	1,068,476
-	-	-	-	-	37,816
-	10,016	-	-	-	128,702
<u>52,524</u>	<u>10,016</u>	<u>685,120</u>	<u>811,903</u>	<u>96,230</u>	<u>10,315,158</u>
<u>(23,606)</u>	<u>334</u>	<u>(102,307)</u>	<u>(56,830)</u>	<u>119,942</u>	<u>(1,653,284)</u>
-	-	112,100	-	-	1,814,792
<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267,303)</u>
<u>(110,000)</u>	<u>-</u>	<u>112,100</u>	<u>-</u>	<u>-</u>	<u>1,547,489</u>
(133,606)	334	9,793	(56,830)	119,942	(105,795)
<u>217,846</u>	<u>2,357</u>	<u>(34,896)</u>	<u>323,694</u>	<u>783,569</u>	<u>3,836,658</u>
\$ <u>84,240</u>	\$ <u>2,691</u>	\$ <u>(25,103)</u>	\$ <u>266,864</u>	\$ <u>903,511</u>	\$ <u>3,730,863</u>

# City of Shaker Heights, Ohio

## Combining Balance Sheet Non-Major Debt Service Funds

**December 31, 2012**

---

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Total
Assets:			
Equity in city treasury cash	\$ 1,577,032	\$ 841,881	\$ 2,418,913
Intergovernmental receivable	<u>-</u>	<u>482,590</u>	<u>482,590</u>
Total assets	\$ <u><u>1,577,032</u></u>	\$ <u><u>1,324,471</u></u>	\$ <u><u>2,901,503</u></u>
Liabilities and fund balances:			
Liabilities:			
Deferred revenue	\$ -	\$ 482,590	\$ 482,590
Fund balances:			
Committed	<u>1,577,032</u>	<u>841,881</u>	<u>2,418,913</u>
Total liabilities and fund balances	\$ <u><u>1,577,032</u></u>	\$ <u><u>1,324,471</u></u>	\$ <u><u>2,901,503</u></u>

# City of Shaker Heights, Ohio

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

**For the Year Ended December 31, 2012**

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	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Total
Revenues:			
Intergovernmental	\$ <u>          -</u>	\$ <u>      998,117</u>	\$ <u>      998,117</u>
Expenditures:			
Current operations and maintenance:			
General government:			
Legislative and executive	2,550	10,710	13,260
Debt service:			
Principal retirement	2,712,069	870,000	3,582,069
Interest and fiscal charges	50,000	492,033	542,033
Debt issuance costs	<u>          -</u>	<u>      176,460</u>	<u>      176,460</u>
Total expenditures	<u>      2,764,619</u>	<u>      1,549,203</u>	<u>      4,313,822</u>
Excess of revenues over (under) expenditures	<u>      (2,764,619)</u>	<u>      (551,086)</u>	<u>      (3,315,705)</u>
Other financing sources (uses):			
Transfers – in	513,815	683,853	1,197,668
Issuance of debt	1,910,000	13,460,000	15,370,000
Premium on issuance of debt	-	464,383	464,383
Payment to refunded bond escrow agent	<u>          -</u>	<u>    (13,744,754)</u>	<u>    (13,744,754)</u>
Total other financing sources (uses)	<u>      2,423,815</u>	<u>          863,482</u>	<u>      3,287,297</u>
Net change in fund balances	(340,804)	312,396	(28,408)
Fund balances at beginning of year	<u>      1,917,836</u>	<u>          529,485</u>	<u>      2,447,321</u>
Fund balances at end of year	\$ <u>      1,577,032</u>	\$ <u>          841,881</u>	\$ <u>      2,418,913</u>

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

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# 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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 7,234,822	\$ 7,234,822	\$ 7,308,085	\$ 73,263
Municipal income taxes	20,744,058	20,644,058	21,099,130	455,072
Other local taxes	52,000	52,000	53,100	1,100
Intergovernmental and estate tax	4,139,173	4,191,223	3,404,441	(786,782)
Charges for services	5,226,172	5,226,172	5,099,605	(126,567)
Fees, licenses, and permits	640,390	640,390	685,029	44,639
Investment earnings	175,000	175,000	224,178	49,178
Fines and forfeitures	595,150	595,150	539,590	(55,560)
Other revenues	478,610	495,644	652,579	156,935
<b>Total revenues</b>	<b>39,285,375</b>	<b>39,254,459</b>	<b>39,065,737</b>	<b>(188,722)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Security of persons and property:</b>				
<b>Police</b>				
Personal services	8,219,600	8,221,060	7,943,889	277,171
Other	837,781	832,781	699,137	133,644
<b>Total police</b>	<b>9,057,381</b>	<b>9,053,841</b>	<b>8,643,026</b>	<b>410,815</b>
<b>Fire</b>				
Personal services	5,843,441	5,838,441	5,682,632	155,809
Other	586,902	607,402	559,548	47,854
<b>Total fire</b>	<b>6,430,343</b>	<b>6,445,843</b>	<b>6,242,180</b>	<b>203,663</b>
<b>Other</b>				
Other	61,619	61,619	61,298	321
<b>Total security of persons and property</b>	<b>15,549,343</b>	<b>15,561,303</b>	<b>14,946,504</b>	<b>614,799</b>
<b>Public health services:</b>				
Personal services	369,800	417,559	392,403	25,156
Other	55,620	58,108	57,272	836
<b>Total public health services</b>	<b>425,420</b>	<b>475,667</b>	<b>449,675</b>	<b>25,992</b>
<b>Leisure time activities:</b>				
<b>Culture and recreation</b>				
Personal services	1,829,321	1,829,320	1,721,151	108,169
Other	817,233	817,234	761,844	55,390
<b>Total culture and recreation</b>	<b>2,646,554</b>	<b>2,646,554</b>	<b>2,482,995</b>	<b>163,559</b>
<b>Parks and public lands maintenance</b>				
Personal services	583,440	583,440	526,752	56,688
Other	353,787	338,787	346,444	(7,657)
<b>Total parks and public lands maintenance</b>	<b>937,227</b>	<b>922,227</b>	<b>873,196</b>	<b>49,031</b>
<b>Total leisure time activities</b>	<b>3,583,781</b>	<b>3,568,781</b>	<b>3,356,191</b>	<b>212,590</b>

(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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Housing and community development:				
Housing inspection				
Personal services	826,000	826,000	822,572	3,428
Other	38,700	38,700	41,425	(2,725)
Total housing inspection	864,700	864,700	863,997	703
Building inspection				
Personal services	342,300	342,300	330,413	11,887
Other	72,173	62,173	44,570	17,603
Total building inspection	414,473	404,473	374,983	29,490
Planning and development				
Personal services	426,200	483,915	472,683	11,232
Other	75,887	80,512	45,341	35,171
Total planning and development	502,087	564,427	518,024	46,403
Neighborhood revitalization				
Personal services	338,600	222,800	184,677	38,123
Other	13,050	13,050	5,434	7,616
Total neighborhood revitalization	351,650	235,850	190,111	45,739
Economic development				
Personal services	127,400	127,400	127,372	28
Other	697,752	1,076,139	859,975	216,164
Total economic development	825,152	1,203,539	987,347	216,192
Community life				
Personal services	332,500	371,500	366,050	5,450
Other	203,725	203,725	204,788	(1,063)
Total community life	536,225	575,225	570,838	4,387
Communications and outreach				
Personal services	357,210	357,210	343,974	13,236
Other	439,383	460,186	440,707	19,479
Total communications and outreach	796,593	817,396	784,681	32,715
Tree maintenance and leaf collection				
Personal services	258,800	258,800	243,792	15,008
Other	158,576	189,676	203,122	(13,446)
Total tree maintenance and leaf collection	417,376	448,476	446,914	1,562
Total housing and community development	4,708,256	5,114,086	4,736,895	377,191
Sanitation and sewer services:				
Sewer maintenance				
Other	37,370	37,870	37,842	28

(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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Refuse collection and disposal				
Personal services	1,165,010	1,165,010	1,147,961	17,049
Other	998,975	1,016,425	1,054,118	(37,693)
Total refuse collection and disposal	2,163,985	2,181,435	2,202,079	(20,644)
Solid waste recycling				
Personal services	82,300	102,300	102,201	99
Other	15,202	18,702	13,267	5,435
Total solid waste recycling	97,502	121,002	115,468	5,534
Brush collection and disposal				
Personal services	358,890	468,890	467,406	1,484
Other	219,207	227,857	234,839	(6,982)
Total brush collection and disposal	578,097	696,747	702,245	(5,498)
Total sanitation and sewer services	2,876,954	3,037,054	3,057,634	(20,580)
Street maintenance and repair:				
Personal services	333,500	203,500	150,480	53,020
Other	425,091	400,838	390,207	10,631
Total street maintenance and repair	758,591	604,338	540,687	63,651
Public works – other:				
Public works administration				
Personal services	652,360	653,062	575,733	77,329
Other	80,271	79,569	45,149	34,420
Total public works administration	732,631	732,631	620,882	111,749
Public building maintenance				
Personal services	616,610	616,610	540,585	76,025
Other	933,137	933,137	717,680	215,457
Total public building maintenance	1,549,747	1,549,747	1,258,265	291,482
Total public works – other	2,282,378	2,282,378	1,879,147	403,231
General government:				
Legislative and executive:				
Mayor’s Office				
Personal services	191,900	191,900	191,085	815
Other	33,187	33,187	23,990	9,197
Total Mayor’s office	225,087	225,087	215,075	10,012
Council				
Personal services	127,800	134,600	134,285	315
Other	14,951	14,951	9,943	5,008
Total council	142,751	149,551	144,228	5,323

(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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Chief Administrative Officer				
Personal services	220,400	220,400	219,823	577
Other	<u>74,600</u>	<u>74,600</u>	<u>55,768</u>	<u>18,832</u>
Total Chief Administrative Officer	<u>295,000</u>	<u>295,000</u>	<u>275,591</u>	<u>19,409</u>
Information technology				
Personal services	384,700	385,700	385,335	365
Other	<u>131,050</u>	<u>142,389</u>	<u>110,890</u>	<u>31,499</u>
Total information technology	<u>515,750</u>	<u>528,089</u>	<u>496,225</u>	<u>31,864</u>
Contract charges and statutory expenses				
Personal services	35,500	35,500	32,907	2,593
Other	<u>1,105,431</u>	<u>1,115,431</u>	<u>1,066,244</u>	<u>49,187</u>
Total contract charges and statutory expenses	<u>1,140,931</u>	<u>1,150,931</u>	<u>1,099,151</u>	<u>51,780</u>
Legal administration				
Personal services	492,800	509,800	500,613	9,187
Other	<u>245,184</u>	<u>245,184</u>	<u>169,482</u>	<u>75,702</u>
Total legal administration	<u>737,984</u>	<u>754,984</u>	<u>670,095</u>	<u>84,889</u>
Finance				
Personal services	590,600	590,600	589,740	860
Other	<u>135,865</u>	<u>135,865</u>	<u>119,049</u>	<u>16,816</u>
Total finance	<u>726,465</u>	<u>726,465</u>	<u>708,789</u>	<u>17,676</u>
Human resources				
Personal services	255,090	255,090	227,823	27,267
Other	<u>79,259</u>	<u>79,259</u>	<u>49,068</u>	<u>30,191</u>
Total human resources	<u>334,349</u>	<u>334,349</u>	<u>276,891</u>	<u>57,458</u>
Total legislative and executive	<u>4,118,317</u>	<u>4,164,456</u>	<u>3,886,045</u>	<u>278,411</u>
Judicial system				
Personal services	2,146,650	2,146,650	2,032,077	114,573
Other	<u>102,786</u>	<u>102,786</u>	<u>82,438</u>	<u>20,348</u>
Total judicial system	<u>2,249,436</u>	<u>2,249,436</u>	<u>2,114,515</u>	<u>134,921</u>
Total general government	<u>6,367,753</u>	<u>6,413,892</u>	<u>6,000,560</u>	<u>413,332</u>
Total expenditures	<u>36,552,476</u>	<u>37,057,499</u>	<u>34,967,293</u>	<u>2,090,206</u>

(continued)

## City of Shaker Heights, Ohio

### Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual General Fund (Continued)

#### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over (under) expenditures	<u>2,732,899</u>	<u>2,196,960</u>	<u>4,098,444</u>	<u>1,901,484</u>
Other financing sources (uses):				
Transfers – in	4,000	4,000	31,828	27,828
Transfers – out	(4,604,418)	(4,604,418)	(4,404,192)	200,226
Advances – in	-	-	80,908	80,908
Advances – out	-	(117,537)	(117,537)	-
Total other financing sources (uses)	<u>(4,600,418)</u>	<u>(4,717,955)</u>	<u>(4,408,993)</u>	<u>308,962</u>
Net change in fund balance	(1,867,519)	(2,520,995)	(310,549)	2,210,446
Beginning cash fund balance	14,188,596	14,188,596	14,188,596	-
Prior year's reserve for encumbrances outstanding at December 31	(129,838)	(129,838)	(129,838)	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(643,838)</u>	<u>(643,838)</u>	<u>(643,838)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>11,547,401</u>	\$ <u>10,893,925</u>	13,104,371	\$ <u>2,210,446</u>
Reserved for encumbrances – all budget years			<u>1,399,308</u>	
Total cash fund balance – December 31			\$ <u>14,503,679</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Preservation Services Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other Revenue	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Housing and Community Development	<u>300,000</u>	<u>295,800</u>	<u>64,375</u>	<u>231,425</u>
Excess of revenues over (under) expenditures	(297,000)	(295,800)	(64,375)	231,425
Other financing sources (uses):				
Transfers – in	<u>-</u>	<u>-</u>	<u>34,002</u>	<u>34,002</u>
Net change in fund balance	(297,000)	(295,800)	(30,373)	265,427
Beginning cash fund balance	298,872	298,872	298,872	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(1,485)</u>	<u>(1,485)</u>	<u>(1,485)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>387</u>	\$ <u>1,587</u>	267,014	\$ <u>265,427</u>
Reserved for encumbrances – all budget years			<u>18,449</u>	
Total cash fund balance - December 31			\$ <u>285,463</u>	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 813,074	\$ 813,074	\$ 789,571	\$ (23,503)
Other revenue	<u>56,728</u>	<u>56,728</u>	<u>-</u>	<u>(56,728)</u>
Total revenues	869,802	869,802	789,571	(80,231)
Expenditures:				
Current:				
Security of persons and property				
Police	10,000	10,000	-	10,000
Fire	14,639	14,639	15,244	(605)
Street maintenance and repair	656,255	656,255	603,039	53,216
Public works – other	114,247	114,247	87,243	27,004
General government				
Legislative and executive	<u>39,433</u>	<u>39,433</u>	<u>7,335</u>	<u>32,098</u>
Total expenditures	<u>834,574</u>	<u>834,574</u>	<u>712,861</u>	<u>121,713</u>
Excess of revenues over (under) expenditures	35,228	35,228	76,710	41,482
Other financing sources (uses):				
Advances – out	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	35,228	(14,772)	26,710	41,482
Beginning cash fund balance	255,639	255,639	255,639	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(119,510)</u>	<u>(119,510)</u>	<u>(119,510)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>171,357</u>	\$ <u>121,357</u>	<u>162,839</u>	\$ <u>41,482</u>
Reserved for encumbrances – all budget years			<u>108,210</u>	
Total cash fund balance – December 31			\$ <u>271,049</u>	

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State levied shared taxes	\$ 882,006	\$ 882,006	\$ 833,944	\$ (48,062)
Intergovernmental	158,863	167,113	158,907	(8,206)
Charges for services	3,000	3,000	3,283	283
Investment earnings	2,500	2,500	1,268	(1,232)
Other revenues	-	-	<u>300,000</u>	<u>300,000</u>
Total revenues	<u>1,046,369</u>	<u>1,054,619</u>	<u>1,297,402</u>	<u>242,783</u>
Expenditures:				
Current:				
Street maintenance and repair	<u>1,473,927</u>	<u>1,482,177</u>	<u>1,319,132</u>	<u>163,045</u>
Excess of revenues over (under) expenditures	(427,558)	(427,558)	(21,730)	405,828
Other financing sources:				
Transfers – in	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
Net change in fund balance	(127,558)	(127,558)	(21,730)	105,828
Beginning cash fund balance	298,915	298,915	298,915	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(8,780)</u>	<u>(8,780)</u>	<u>(8,780)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u><u>162,577</u></u>	\$ <u><u>162,577</u></u>	268,405	\$ <u><u>105,828</u></u>
Reserved for encumbrances – all budget years			<u>18,250</u>	
Total cash fund balance – December 31			\$ <u><u>286,655</u></u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual State Highway Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State levied shared taxes	\$ 68,000	\$ 68,000	\$ 67,617	\$ (383)
Investment earnings	<u>500</u>	<u>500</u>	<u>332</u>	<u>(168)</u>
Total revenues	68,500	68,500	67,949	(551)
Expenditures:				
Current:				
Street maintenance and repair	<u>67,339</u>	<u>67,339</u>	<u>61,529</u>	<u>5,810</u>
Net change in fund balance	1,161	1,161	6,420	5,259
Beginning cash fund balance	69,850	69,850	69,850	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(11,000)</u>	<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>60,011</u>	\$ <u>60,011</u>	65,270	\$ <u>5,259</u>
Reserved for encumbrances – all budget years			<u>2,604</u>	
Total cash fund balance – December 31			\$ <u>67,874</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Sewer Maintenance Fund

### For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,284,420	\$ 1,284,420	\$ 1,186,542	\$ (97,878)
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>8,181</u>	<u>(1,819)</u>
Total revenues	1,294,420	1,294,420	1,194,723	(99,697)
Expenditures:				
Current:				
Sanitation and sewer services	<u>1,359,201</u>	<u>1,359,201</u>	<u>1,324,712</u>	<u>34,489</u>
Excess of revenues over (under) expenditures	(64,781)	(64,781)	(129,989)	(65,208)
Other financing sources (uses):				
Transfers – out	<u>(157,303)</u>	<u>(157,303)</u>	<u>(157,303)</u>	<u>-</u>
Net change in fund balance	(222,084)	(222,084)	(287,292)	(65,208)
Beginning cash fund balance	968,269	968,269	968,269	-
Prior year's reserve for encumbrances outstanding at December 31	(10,849)	(10,849)	(10,849)	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(72,006)</u>	<u>(72,006)</u>	<u>(72,006)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>663,330</u>	\$ <u>663,330</u>	<u>598,122</u>	\$ <u>(65,208)</u>
Reserved for encumbrances – all budget years			<u>234,291</u>	
Total cash fund balance – December 31			\$ <u>832,413</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Police Pension Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 249,039	\$ 249,039	\$ 238,351	\$ (10,688)
Expenditures:				
Current:				
Security of persons and property – police	<u>1,057,050</u>	<u>1,057,050</u>	<u>993,036</u>	<u>64,014</u>
Excess of revenues over (under) expenditures	(808,011)	(808,011)	(754,685)	53,326
Other financing sources (uses):				
Transfers – in	<u>807,861</u>	<u>807,861</u>	<u>806,361</u>	<u>(1,500)</u>
Net change in fund balance	(150)	(150)	51,676	51,826
Beginning cash fund balance	<u>628,267</u>	<u>628,267</u>	<u>628,267</u>	<u>-</u>
Total cash fund balance – December 31	\$ <u><u>628,117</u></u>	\$ <u><u>628,117</u></u>	\$ <u><u>679,943</u></u>	\$ <u><u>51,826</u></u>

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Fire Pension Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 249,039	\$ 249,039	\$ 238,350	\$ (10,689)
Expenditures:				
Current:				
Security of persons and property – fire	<u>1,147,430</u>	<u>1,147,430</u>	<u>1,101,023</u>	<u>46,407</u>
Excess of revenues over (under) expenditures	<u>(898,391)</u>	<u>(898,391)</u>	<u>(862,673)</u>	<u>35,718</u>
Other financing sources (uses):				
Transfers – in	898,241	898,241	896,331	(1,910)
Advances – in	<u>-</u>	<u>18,534</u>	<u>18,534</u>	<u>-</u>
Total other financing sources (uses)	<u>898,241</u>	<u>916,775</u>	<u>914,865</u>	<u>(1,910)</u>
Net change in fund balance	(150)	18,384	52,192	33,808
Beginning cash fund balance	<u>523,045</u>	<u>523,045</u>	<u>523,045</u>	<u>-</u>
Total cash fund balance – December 31	\$ <u>522,895</u>	\$ <u>541,429</u>	\$ <u>575,237</u>	\$ <u>33,808</u>

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Indigent Driver / Alcohol Treatment Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 14,000	\$ 14,000	\$ 34,066	\$ 20,066
Investment earnings	<u>300</u>	<u>300</u>	<u>509</u>	<u>209</u>
Total revenues	14,300	14,300	34,575	20,275
Expenditures:				
Current:				
General government				
Judicial system	<u>22,659</u>	<u>22,659</u>	<u>13,920</u>	<u>8,739</u>
Net change in fund balance	(8,359)	(8,359)	20,655	29,014
Beginning cash fund balance	65,100	65,100	65,100	-
Prior year's reserve for encumbrances outstanding at December 31	<u>(80)</u>	<u>(80)</u>	<u>(80)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>56,661</u>	\$ <u>56,661</u>	85,675	\$ <u>29,014</u>
Reserved for encumbrances – all budget years			<u>5,989</u>	
Total cash fund balance – December 31			\$ <u>91,664</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Court Computer Legal Research Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 57,000	\$ 57,000	\$ 30,439	\$ (26,561)
Investment earnings	<u>1,000</u>	<u>1,000</u>	<u>839</u>	<u>(161)</u>
Total revenues	58,000	58,000	31,278	(26,722)
Expenditures:				
Current:				
General government				
Judicial system	<u>86,497</u>	<u>86,497</u>	<u>18,367</u>	<u>68,130</u>
Net change in fund balance	(28,497)	(28,497)	12,911	41,408
Beginning cash fund balance	129,259	129,259	129,259	-
Prior year's reserve for encumbrances outstanding at December 31	(174)	(174)	(174)	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(7,161)</u>	<u>(7,161)</u>	<u>(7,161)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>93,427</u>	\$ <u>93,427</u>	134,835	\$ <u>41,408</u>
Reserved for encumbrances – all budget years			<u>554</u>	
Total cash fund balance – December 31			\$ <u>135,389</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Clerk’s Computerization Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 115,000	\$ 115,000	\$ 96,126	\$ (18,874)
Investment earnings	<u>2,300</u>	<u>2,300</u>	<u>2,547</u>	<u>247</u>
Total revenues	117,300	117,300	98,673	(18,627)
Expenditures:				
Current:				
General government				
Judicial system	<u>162,415</u>	<u>162,415</u>	<u>62,896</u>	<u>99,519</u>
Net change in fund balance	(45,115)	(45,115)	35,777	80,892
Beginning cash fund balance	385,579	385,579	385,579	-
Prior year's reserve for encumbrances outstanding at December 31	(45,516)	(45,516)	(45,516)	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(17,132)</u>	<u>(17,132)</u>	<u>(17,132)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>277,816</u>	\$ <u>277,816</u>	<u>358,708</u>	\$ <u>80,892</u>
Reserved for encumbrances – all budget years			<u>54,249</u>	
Total cash fund balance – December 31			\$ <u>412,957</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Housing Grant Fund

### For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 417,010	\$ 1,473,063	\$ 70,173	\$ (1,402,890)
Investment earnings	-	-	579	579
Total revenues	417,010	1,473,063	70,752	(1,402,311)
Expenditures:				
Current:				
Housing and community development	417,010	620,721	472,512	148,209
Excess of revenues over (under) expenditures	-	852,342	(401,760)	(1,254,102)
Other financing sources (uses):				
Transfers – in	-	34,002	34,002	-
Transfers – out	-	(34,002)	(34,002)	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	852,342	(401,760)	(1,254,102)
Beginning cash fund balance	75,823	75,823	75,823	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	(25,361)	(25,361)	(25,361)	-
Ending unreserved cash fund balance	\$ 50,462	\$ 902,804	(351,298)	\$ (1,254,102)
Reserved for encumbrances – all budget years			332,976	
Total cash fund balance – December 31			\$ (18,322)	

# 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 46,000	\$ 26,794	\$ (19,206)
Investment Earnings	-	-	205	205
Total Revenues	-	46,000	26,999	(19,001)
Expenditures:				
Current:				
General Government				
Legislative and Executive	<u>10,400</u>	<u>64,950</u>	<u>60,816</u>	<u>4,134</u>
Net Change in Fund Balance	(10,400)	(18,950)	(33,817)	(14,867)
Beginning Cash Fund Balance	<u>35,941</u>	<u>35,941</u>	<u>35,941</u>	-
Total Cash Fund Balance – December 31	\$ <u>25,541</u>	\$ <u>16,991</u>	2,124	\$ <u>(14,867)</u>
Reserved for encumbrances – all budget years			<u>23,000</u>	
Total cash fund balance – December 31			\$ <u>25,124</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Law Enforcement Grant Fund

### For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 7,200	\$ 6,000	\$ 4,000	\$ (2,000)
Charges for services	2,350	2,350	2,420	70
Investment earnings	-	-	27	27
Total revenues	<u>9,550</u>	<u>8,350</u>	<u>6,447</u>	<u>(1,903)</u>
Expenditures:				
Current:				
Security of persons and property				
Police	<u>10,438</u>	<u>12,291</u>	<u>9,908</u>	<u>2,383</u>
Excess of revenues over (under) expenditures	(888)	(3,941)	(3,461)	480
Other financing sources (uses):				
Transfers – out	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,388)	(3,941)	(3,461)	480
Beginning cash fund balance	<u>6,291</u>	<u>6,291</u>	<u>6,291</u>	<u>-</u>
Total cash fund balance – December 31	\$ <u><u>3,903</u></u>	\$ <u><u>2,350</u></u>	\$ <u><u>2,830</u></u>	\$ <u><u>480</u></u>

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Court Alternate Dispute Resolution Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 23,000	\$ 23,000	\$ 30,007	\$ 7,007
Investment earnings	<u>700</u>	<u>700</u>	<u>312</u>	<u>(388)</u>
Total revenues	23,700	23,700	30,319	6,619
Expenditures:				
Current:				
General government				
Judicial system	<u>23,050</u>	<u>23,050</u>	<u>22,535</u>	<u>515</u>
Net change in fund balance	650	650	7,784	7,134
Beginning cash fund balance	<u>44,905</u>	<u>44,905</u>	<u>44,905</u>	<u>-</u>
Total cash fund balance – December 31	\$ <u><u>45,555</u></u>	\$ <u><u>45,555</u></u>	\$ <u><u>52,689</u></u>	\$ <u><u>7,134</u></u>

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Ohio Court Security Project Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 9,500	\$ 9,500	\$ 8,989	\$ (511)
Investment earnings	<u>250</u>	<u>250</u>	<u>143</u>	<u>(107)</u>
Total revenues	9,750	9,750	9,132	(618)
Expenditures:				
Current:				
General government				
Judicial system	<u>14,294</u>	<u>14,294</u>	<u>4,686</u>	<u>9,608</u>
Net change in fund balance	(4,544)	(4,544)	4,446	8,990
Beginning cash fund balance	18,604	18,604	18,604	-
Prior year's reserve for encumbrances outstanding at December 31	(435)	(435)	(435)	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(388)</u>	<u>(388)</u>	<u>(388)</u>	<u>-</u>
Total cash fund balance – December 31	\$ <u>13,237</u>	\$ <u>13,237</u>	22,227	\$ <u>8,990</u>
Reserved for encumbrances – all budget years			<u>3,632</u>	
Total cash fund balance – December 31			\$ <u>25,859</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual High Intensity Drug Trafficking Area Grant (H.I.D.T.A.) Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,907,568	\$ 6,371,235	\$ 3,664,261	\$ (2,706,974)
Expenditures:				
Current:				
Security of persons and property				
Police	<u>1,907,568</u>	<u>5,895,212</u>	<u>3,663,662</u>	<u>2,231,550</u>
Net change in fund balance	-	476,023	599	(475,424)
Beginning cash fund balance	<u>5,621</u>	<u>5,621</u>	<u>5,621</u>	<u>-</u>
Total cash fund balance – December 31	\$ <u><u>5,621</u></u>	\$ <u><u>481,644</u></u>	\$ <u><u>6,220</u></u>	\$ <u><u>(475,424)</u></u>

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Drug Free Community Grant Fund

### For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 95,950	\$ 72,395	\$ 72,395	\$ -
Other revenue	<u>4,050</u>	<u>26,510</u>	<u>1,415</u>	<u>(25,095)</u>
Total revenues	100,000	98,905	73,810	(25,095)
Expenditures:				
Current:				
Public health services	<u>98,580</u>	<u>109,410</u>	<u>84,316</u>	<u>25,094</u>
Excess of revenues over (under) expenditures	1,420	(10,505)	(10,506)	(1)
Other financing sources (uses):				
Advances – in	<u>-</u>	<u>9,345</u>	<u>9,345</u>	<u>-</u>
Net change in fund balance	1,420	(1,160)	(1,161)	(1)
Beginning cash fund balance	<u>1,162</u>	<u>1,162</u>	<u>1,162</u>	<u>-</u>
Total cash fund balance – December 31	\$ <u>2,582</u>	\$ <u>2</u>	\$ <u>1</u>	\$ <u>(1)</u>

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Housing and Nuisance Abatement Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 245,000	\$ 245,000	\$ 27,598	\$ (217,402)
Investment earnings	5,000	5,000	939	(4,061)
Other revenue	-	-	600	600
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>29,137</u>	<u>(220,863)</u>
Expenditures:				
Current:				
Housing and community development	<u>-</u>	<u>60,000</u>	<u>56,313</u>	<u>3,687</u>
Excess of revenues over (under) expenditures	250,000	190,000	(27,176)	(217,176)
Other financing sources:				
Transfers – out	<u>(255,000)</u>	<u>(195,000)</u>	<u>(110,000)</u>	<u>85,000</u>
Net change in fund balance	(5,000)	(5,000)	(137,176)	(132,176)
Beginning cash fund balance	<u>221,416</u>	<u>221,416</u>	<u>221,416</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u><u>216,416</u></u>	\$ <u><u>216,416</u></u>	\$ <u><u>84,240</u></u>	\$ <u><u>(132,176)</u></u>

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Indigent Driver Interlock Fund

### For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 13,000	\$ 13,000	\$ 10,943	\$ (2,057)
Investment earnings	<u>50</u>	<u>50</u>	<u>8</u>	<u>(42)</u>
Total revenues	13,050	13,050	10,951	(2,099)
Expenditures:				
Current:				
General government				
Judicial system	<u>13,000</u>	<u>13,000</u>	<u>10,717</u>	<u>2,283</u>
Net change in fund balance	50	50	234	184
Beginning cash fund balance	3,061	3,061	3,061	-
Prior year's reserve for encumbrances outstanding at December 31	<u>(222)</u>	<u>(222)</u>	<u>(222)</u>	<u>-</u>
Total cash fund balance – December 31	\$ <u>2,889</u>	\$ <u>2,889</u>	3,073	\$ <u>184</u>
Reserved for encumbrances – all budget years			<u>308</u>	
Total cash fund balance – December 31			\$ <u>3,381</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Street Lighting Assessment Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 593,678	\$ 593,778	\$ 582,813	\$ (10,965)
Expenditures:				
Current:				
Security of persons and property				
Other	<u>712,872</u>	<u>712,872</u>	<u>712,764</u>	<u>108</u>
Excess of revenues over (under) expenditures	(119,194)	(119,094)	(129,951)	(10,857)
Other financing sources:				
Transfers – in	<u>112,100</u>	<u>112,100</u>	<u>112,100</u>	<u>-</u>
Net change in fund balance	(7,094)	(6,994)	(17,851)	(10,857)
Beginning cash fund balance	20,441	20,441	20,441	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(1,146)</u>	<u>(1,146)</u>	<u>(1,146)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>12,201</u>	\$ <u>12,301</u>	1,444	\$ <u>(10,857)</u>
Reserved for encumbrances – all budget years			<u>30,049</u>	
Total cash fund balance – December 31			\$ <u>31,493</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Tree Maintenance Assessment Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 790,386	\$ 790,386	\$ 755,073	\$ (35,313)
Expenditures:				
Current:				
Housing and community development	<u>971,538</u>	<u>971,538</u>	<u>836,842</u>	<u>134,696</u>
Net change in fund balance	(181,152)	(181,152)	(81,769)	99,383
Beginning cash fund balance	350,673	350,673	350,673	-
Prior year's reserve for encumbrances outstanding at December 31	(1,521)	(1,521)	(1,521)	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(65,144)</u>	<u>(65,144)</u>	<u>(65,144)</u>	<u>-</u>
Ending unreserved cash fund balance	\$ <u>102,856</u>	\$ <u>102,856</u>	202,239	\$ <u>99,383</u>
Reserved for encumbrances – all budget years			<u>73,747</u>	
Total cash fund balance – December 31			\$ <u>275,986</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Law Enforcement Trust Fund

### For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 1,762	\$ 1,762
Investment earnings	-	-	4,313	4,313
Fines and forfeitures	-	-	112,349	112,349
Other revenues	-	-	5,102	5,102
Total revenues	-	-	123,526	123,526
Expenditures:				
Current:				
Security of persons and property				
Police	122,950	122,950	96,743	26,207
Net change in fund balance	(122,950)	(122,950)	26,783	149,733
Beginning cash fund balance	676,635	676,635	676,635	-
Ending unreserved cash fund balance	\$ 553,685	\$ 553,685	703,418	\$ 149,733
Reserved for encumbrances – all budget years			991	
Total cash fund balance – December 31			\$ 704,409	

# 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ <u>2,000</u>	\$ <u>2,000</u>	\$ <u>-</u>	\$ <u>(2,000)</u>
Expenditures:				
Current:				
General government				
Legislative and executive	3,300	3,300	2,550	750
Debt service:				
Principal retirements	2,862,070	2,862,070	2,712,069	150,001
Interest and fiscal charges	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total expenditures	<u>2,915,370</u>	<u>2,915,370</u>	<u>2,764,619</u>	<u>150,751</u>
Excess of revenues over (under) expenditures	<u>(2,913,370)</u>	<u>(2,913,370)</u>	<u>(2,764,619)</u>	<u>148,751</u>
Other financing sources:				
Proceeds from the sale of notes	1,910,000	1,910,000	1,910,000	-
Transfers – in	412,303	990,270	513,815	(476,455)
Advances – out	<u>-</u>	<u>(30,589)</u>	<u>(30,589)</u>	<u>-</u>
Total other financing sources	<u>2,322,303</u>	<u>2,869,681</u>	<u>2,393,226</u>	<u>(476,455)</u>
Net change in fund balance	(591,067)	(43,689)	(371,393)	(327,704)
Beginning cash fund balance	<u>1,948,425</u>	<u>1,948,425</u>	<u>1,948,425</u>	<u>-</u>
Ending cash fund balance	\$ <u>1,357,358</u>	\$ <u>1,904,736</u>	\$ <u>1,577,032</u>	\$ <u>(327,704)</u>

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Urban Renewal Debt Service Fund

### For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 867,600	\$ 867,600	\$ 998,117	\$ 130,517
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Total revenue	<u>870,600</u>	<u>870,600</u>	<u>998,117</u>	<u>127,517</u>
Expenditures:				
Current:				
General government				
Legislative and executive	4,175	189,175	187,170	2,005
Debt service:				
Principal retirements	575,000	15,240,000	14,566,111	673,889
Interest and fiscal charges	<u>833,486</u>	<u>833,486</u>	<u>540,676</u>	<u>292,810</u>
Total expenditures	<u>1,412,661</u>	<u>16,262,661</u>	<u>15,293,957</u>	<u>968,704</u>
Excess of revenues over (under) expenditures	<u>(542,061)</u>	<u>(15,392,061)</u>	<u>(14,295,840)</u>	<u>1,096,221</u>
Other financing sources:				
Proceeds from the sale of bonds	-	14,850,000	13,924,383	(925,617)
Transfers – in	1,130,591	552,624	683,853	131,229
Advances – out	<u>-</u>	<u>(8,242)</u>	<u>(8,242)</u>	<u>-</u>
Total other financing sources	<u>1,130,591</u>	<u>15,394,382</u>	<u>14,599,994</u>	<u>(794,388)</u>
Net change in fund balance	588,530	2,321	304,154	301,833
Beginning cash fund balance	<u>537,727</u>	<u>537,727</u>	<u>537,727</u>	<u>-</u>
Total cash fund balance – December 31	\$ <u>1,126,257</u>	\$ <u>540,048</u>	\$ <u>841,881</u>	\$ <u>301,833</u>

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Central Purchasing Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ <u>790,865</u>	\$ <u>821,757</u>	\$ <u>759,632</u>	\$ <u>(62,125)</u>
Expenses:				
Contractual services	64,490	64,490	15,008	49,482
Materials and supplies	<u>703,950</u>	<u>703,950</u>	<u>692,787</u>	<u>11,163</u>
Total expenses	<u>768,440</u>	<u>768,440</u>	<u>707,795</u>	<u>60,645</u>
Operating income (loss)	22,425	53,317	51,837	(1,480)
Other financing sources (uses):				
Transfers – out	<u>-</u>	<u>(30,892)</u>	<u>(30,892)</u>	<u>-</u>
Net change in fund equity	22,425	22,425	20,945	(1,480)
Beginning cash fund equity	(14,958)	(14,958)	(14,958)	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(5,935)</u>	<u>(5,935)</u>	<u>(5,935)</u>	<u>-</u>
Ending unreserved cash fund equity	\$ <u><u>1,532</u></u>	\$ <u><u>1,532</u></u>	\$ <u><u>52</u></u>	\$ <u><u>(1,480)</u></u>

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Copier Management Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 41,414	\$ 47,719	\$ 42,461	\$ (5,258)
Expenses:				
Contractual services	<u>41,414</u>	<u>46,514</u>	<u>41,107</u>	<u>5,407</u>
Operating income (loss)	-	1,205	1,354	149
Other financing sources (uses):				
Transfers – out	<u>-</u>	<u>(27,284)</u>	<u>(27,284)</u>	<u>-</u>
Net change in fund equity	-	(26,079)	(25,930)	149
Beginning cash fund equity	30,632	30,632	30,632	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(4,553)</u>	<u>(4,553)</u>	<u>(4,553)</u>	<u>-</u>
Ending unreserved cash fund equity	\$ <u>26,079</u>	\$ <u>-</u>	\$ <u>149</u>	\$ <u>149</u>

## City of Shaker Heights, Ohio

### Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Municipal Garage Fund

#### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ <u>1,212,511</u>	\$ <u>1,212,511</u>	\$ <u>1,079,378</u>	\$ <u>(133,133)</u>
Expenses:				
Personal services	853,650	853,650	801,257	52,393
Travel and education	2,402	2,402	1,209	1,193
Contractual services	312,260	312,260	228,795	83,465
Materials and supplies	<u>44,199</u>	<u>44,199</u>	<u>70,501</u>	<u>(26,302)</u>
Total expenditures	<u>1,212,511</u>	<u>1,212,511</u>	<u>1,101,762</u>	<u>110,749</u>
Operating income (loss)	-	-	(22,384)	(22,384)
Other financing sources (uses):				
Advances – in	<u>-</u>	<u>89,658</u>	<u>89,658</u>	<u>-</u>
Net change in fund equity	-	89,658	67,274	(22,384)
Beginning cash fund equity	63,817	63,817	63,817	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(57,708)</u>	<u>(57,708)</u>	<u>(57,708)</u>	<u>-</u>
Ending unreserved cash fund equity	\$ <u>6,109</u>	\$ <u>95,767</u>	73,383	\$ <u>(22,384)</u>
Reserved for encumbrances – all budget years			<u>80,093</u>	
Total cash fund equity – December 31			\$ <u>153,476</u>	

# City of Shaker Heights, Ohio

## Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Self Insurance Fund

### For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ -	\$ -	\$ 2,112	\$ 2,112
Other revenues	<u>4,091,900</u>	<u>4,091,900</u>	<u>4,228,332</u>	<u>136,432</u>
Total revenue	<u>4,091,900</u>	<u>4,091,900</u>	<u>4,230,444</u>	<u>138,544</u>
Expenses:				
Personal services	67,700	67,700	67,353	347
Travel and education	453	453	-	453
Contractual services	4,889,688	5,209,688	5,079,474	130,214
Materials and supplies	1,205	1,205	752	453
Other expenditures	<u>60,000</u>	<u>60,000</u>	<u>90,186</u>	<u>(30,186)</u>
Total expenditures	<u>5,019,046</u>	<u>5,339,046</u>	<u>5,237,765</u>	<u>101,281</u>
Net change in fund equity	(927,146)	(1,247,146)	(1,007,321)	239,825
Beginning cash fund equity	1,491,060	1,491,060	1,491,060	-
Current year cash expenditures against prior year's cash fund balance reserved for encumbrance	<u>(5,712)</u>	<u>(5,712)</u>	<u>(5,712)</u>	<u>-</u>
Ending unreserved cash fund equity	\$ <u>558,202</u>	\$ <u>238,202</u>	478,027	\$ <u>239,825</u>
Reserved for encumbrances – all budget years			<u>177,330</u>	
Total cash fund equity – December 31			\$ <u>655,357</u>	

# City of Shaker Heights, Ohio

Combining Statements  
Non-Major Internal Service Funds

## **For the Year Ended December 31, 2012**

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### *Central Purchasing Fund*

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

### *Copier Management Fund*

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

### *Municipal Garage Fund*

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

### *Self Insurance Fund*

To account for monies charged to the General and the Enterprise funds of the City by the Self-Insurance Reserve Fund. Since 1986 the City has directly assumed the risk of loss from general liability claims. The Self-Insurance Reserve was created by Council to provide for a loss reserve for the administration of the self-insurance activity and to account for the workers' compensation and hospitalization 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 Position Non-Major Internal Service Funds

**December 31, 2012**

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total Internal Service Funds</u>
<b>Assets:</b>					
Equity in city treasury cash	\$ 52	\$ 149	\$ 153,476	\$ 655,357	\$ 809,034
Inventory of supplies	247,665	-	-	-	247,665
Prepaid items	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,419</u>	<u>39,419</u>
<b>Total assets</b>	<u>247,717</u>	<u>149</u>	<u>153,476</u>	<u>694,776</u>	<u>1,096,118</u>
<b>Liabilities:</b>					
Accounts payable	45,825	748	29,675	54,057	130,305
Accrued wages and benefits	-	-	19,908	-	19,908
Claims payable	-	-	-	562,150	562,150
Accrued compensated absences	<u>-</u>	<u>-</u>	<u>36,769</u>	<u>-</u>	<u>36,769</u>
<b>Total current liabilities</b>	<u>45,825</u>	<u>748</u>	<u>86,352</u>	<u>616,207</u>	<u>749,132</u>
<b>Long-term liabilities</b>					
<b>(net of current portion):</b>					
Claims payable	-	-	-	772,125	772,125
Accrued compensated absences	<u>-</u>	<u>-</u>	<u>76,652</u>	<u>-</u>	<u>76,652</u>
<b>Total long-term liabilities</b>	<u>-</u>	<u>-</u>	<u>76,652</u>	<u>772,125</u>	<u>848,777</u>
<b>Total liabilities</b>	<u>45,825</u>	<u>748</u>	<u>163,004</u>	<u>1,388,332</u>	<u>1,597,909</u>
<b>Net position:</b>					
Unrestricted (deficit)	\$ <u>201,892</u>	\$ <u>(599)</u>	\$ <u>(9,528)</u>	\$ <u>(693,556)</u>	\$ <u>(501,791)</u>

# City of Shaker Heights, Ohio

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Non-Major Internal Service Funds

### For the Year Ended December 31, 2012

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total Internal Service Funds</u>
Operating revenues:					
Charges for services	\$ 759,632	\$ 42,461	\$ 1,079,379	\$ 4,228,333	\$ 6,109,805
Other revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,112</u>	<u>2,112</u>
Total operating revenues	<u>759,632</u>	<u>42,461</u>	<u>1,079,379</u>	<u>4,230,445</u>	<u>6,111,917</u>
Operating expenses:					
Personal services	-	-	798,487	67,353	865,840
Travel and education	-	-	1,209	-	1,209
Contractual services	15,462	66,639	207,692	5,516,434	5,806,227
Material and supplies	<u>717,599</u>	<u>-</u>	<u>66,851</u>	<u>752</u>	<u>785,202</u>
Total operating expenses	<u>733,061</u>	<u>66,639</u>	<u>1,074,239</u>	<u>5,584,539</u>	<u>7,458,478</u>
Change in net position	26,571	(24,178)	5,140	(1,354,094)	(1,346,561)
Net position (deficit) at beginning of year	<u>175,321</u>	<u>23,579</u>	<u>(14,668)</u>	<u>660,538</u>	<u>844,770</u>
Net position (deficit) at end of year	\$ <u><u>201,892</u></u>	\$ <u><u>(599)</u></u>	\$ <u><u>(9,528)</u></u>	\$ <u><u>(693,556)</u></u>	\$ <u><u>(501,791)</u></u>

# City of Shaker Heights, Ohio

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

### For the Year Ended December 31, 2012

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total Internal Service Funds</u>
Increase (decrease) in cash and cash equivalents:					
Cash flows from operating activities:					
Cash received from internal services	\$ 759,632	\$ 42,461	\$ 1,079,379	\$ 4,230,445	\$ 6,111,917
Cash payments to suppliers	(698,371)	-	(67,496)	(752)	(766,619)
Cash payments for goods and services	(15,359)	(72,944)	(210,915)	(4,998,043)	(5,297,261)
Cash payments to employees	-	-	(800,967)	(67,353)	(868,320)
Net cash provided by (used for) operating activities	<u>45,902</u>	<u>(30,483)</u>	<u>1</u>	<u>(835,703)</u>	<u>(820,283)</u>
Cash flows from non-capital financing activities:					
Advances – in	-	-	89,658	-	89,658
Advances – out	(45,850)	-	-	-	(45,850)
Net cash (used for) provided by non-capital financing activities	<u>(45,850)</u>	<u>-</u>	<u>89,658</u>	<u>-</u>	<u>43,808</u>
Net change in cash and cash equivalents	52	(30,483)	89,659	(835,703)	(776,475)
Cash and cash equivalents at beginning of year	<u>-</u>	<u>30,632</u>	<u>63,817</u>	<u>1,491,060</u>	<u>1,585,509</u>
Cash and cash equivalents at end of year	\$ <u>52</u>	\$ <u>149</u>	\$ <u>153,476</u>	\$ <u>655,357</u>	\$ <u>809,034</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 26,571	\$ (24,178)	\$ 5,140	\$ (1,354,094)	\$ (1,346,561)
Adjustments:					
Changes in assets/liabilities:					
Decrease in material and supplies inventory	8,240	-	-	-	8,240
Decrease in prepaid items	-	-	-	11,913	11,913
Increase (decrease) in accounts payable	11,091	(6,305)	(2,649)	3,385	5,522
Decrease in accrued wages and benefits	-	-	(1,233)	-	(1,233)
Decrease in compensated absences	-	-	(1,257)	-	(1,257)
Increase in self-insurance claims payable	-	-	-	503,093	503,093
Total adjustments	<u>19,331</u>	<u>(6,305)</u>	<u>(5,139)</u>	<u>518,391</u>	<u>526,278</u>
Net cash provided by (used for) operating activities	\$ <u>45,902</u>	\$ <u>(30,483)</u>	\$ <u>1</u>	\$ <u>(835,703)</u>	\$ <u>(820,283)</u>

# City of Shaker Heights, Ohio

## Combining Statements Fiduciary Funds

### **For the Year Ended December 31, 2012**

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#### *Public Art Deposit Fund*

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

#### *Obstruction Permit Deposit Fund*

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

#### *Excavating Permit Deposit Fund*

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

#### *Unclaimed Monies Fund*

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

#### *Fund for the Future of Shaker Heights Fund*

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

#### *Municipal Court Fund*

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

#### *Contractor Deposit Fund*

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

#### *Recreation Scholarship Fund*

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

#### *Shaker Family Resource Center Fund*

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

# City of Shaker Heights, Ohio

Combining Statements  
Fiduciary Funds (Continued)

## **For the Year Ended December 31, 2012**

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### *Board of Building Standards Fund*

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

### *Heights Area Special Rescue Team Fund*

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

### *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, 2012**

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<b>Public Art Deposit Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>2,531</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,531</u>
Liabilities:				
Deposits held and due to others	\$ <u>2,531</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,531</u>
<b>Obstruction Permit Deposit Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>46,300</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>46,300</u>
Liabilities:				
Deposits held and due to others	\$ <u>46,300</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>46,300</u>
<b>Excavating Permit Deposit Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>13,215</u>	\$ <u>170</u>	\$ <u>-</u>	\$ <u>13,385</u>
Liabilities:				
Deposits held and due to others	\$ <u>13,215</u>	\$ <u>170</u>	\$ <u>-</u>	\$ <u>13,385</u>
<b>Unclaimed Monies Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>105,500</u>	\$ <u>146,206</u>	\$ <u>119,863</u>	\$ <u>131,843</u>
Liabilities:				
Accounts payable	\$ 4,637	\$ 600	\$ 4,637	\$ 600
Deposits held and due to others	<u>100,863</u>	<u>145,606</u>	<u>115,226</u>	<u>131,243</u>
Total Liabilities	\$ <u>105,500</u>	\$ <u>146,206</u>	\$ <u>119,863</u>	\$ <u>131,843</u>
<b>Fund for the Future of Shaker Heights Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 329,993	\$ 49,163	\$ 379,156	\$ -
Mortgage loans receivable	<u>202,152</u>	<u>-</u>	<u>42,359</u>	<u>159,793</u>
Total Assets	\$ <u>532,145</u>	\$ <u>49,163</u>	\$ <u>421,515</u>	\$ <u>159,793</u>
Liabilities:				
Deposits held and due to others	\$ <u>532,145</u>	\$ <u>49,163</u>	\$ <u>421,515</u>	\$ <u>159,793</u>

(Continued)

# City of Shaker Heights, Ohio

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

### Agency Funds

**December 31, 2012**

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<b>Municipal Court Fund</b>				
Assets:				
Cash and cash equivalents in segregated accounts	\$ <u>526,242</u>	\$ <u>3,785,996</u>	\$ <u>3,783,130</u>	\$ <u>529,108</u>
Liabilities:				
Intergovernmental payable	\$ 290,634	\$ 3,265,907	\$ 3,285,389	\$ 271,152
Deposits held and due to others	<u>235,608</u>	<u>520,089</u>	<u>497,741</u>	<u>257,956</u>
Total Liabilities	\$ <u>526,242</u>	\$ <u>3,785,996</u>	\$ <u>3,783,130</u>	\$ <u>529,108</u>
<b>Contractor Deposit Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>142,220</u>	\$ <u>-</u>	\$ <u>67,300</u>	\$ <u>74,920</u>
Liabilities:				
Deposits held and due to others	\$ <u>142,220</u>	\$ <u>-</u>	\$ <u>67,300</u>	\$ <u>74,920</u>
<b>Recreation Scholarship Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>33,584</u>	\$ <u>4,542</u>	\$ <u>6,398</u>	\$ <u>31,728</u>
Liabilities:				
Deposits held and due to others	\$ <u>33,584</u>	\$ <u>4,542</u>	\$ <u>6,398</u>	\$ <u>31,728</u>
<b>Shaker Family Resource Center</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>-</u>	\$ <u>861,363</u>	\$ <u>861,363</u>	\$ <u>-</u>
Liabilities:				
Deposits held and due to others	\$ <u>-</u>	\$ <u>861,363</u>	\$ <u>861,363</u>	\$ <u>-</u>
<b>Board of Building Standards Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>1,560</u>	\$ <u>2,019</u>	\$ <u>1,318</u>	\$ <u>2,261</u>
Liabilities:				
Intergovernmental payable	\$ <u>1,560</u>	\$ <u>2,019</u>	\$ <u>1,318</u>	\$ <u>2,261</u>
<b>Heights Area Special Rescue Team Fund</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>195,590</u>	\$ <u>40,366</u>	\$ <u>20,337</u>	\$ <u>215,619</u>
Liabilities:				
Intergovernmental payable	\$ <u>195,590</u>	\$ <u>40,366</u>	\$ <u>20,337</u>	\$ <u>215,619</u>

(Continued)

# City of Shaker Heights, Ohio

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

### Agency Funds

**December 31, 2012**

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<b>Cleveland Waterline Projects</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>520,044</u>	\$ <u>-</u>	\$ <u>495,293</u>	\$ <u>24,751</u>
Liabilities:				
Accounts payable	\$ 299,689	\$ -	\$ 299,689	\$ -
Intergovernmental payable	<u>220,355</u>	<u>-</u>	<u>195,604</u>	<u>24,751</u>
Total liabilities	\$ <u>520,044</u>	\$ <u>-</u>	\$ <u>495,293</u>	\$ <u>24,751</u>
<b>Shaker Heights Development Corporation</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>-</u>	\$ <u>545,110</u>	\$ <u>180,639</u>	\$ <u>364,471</u>
Liabilities:				
Intergovernmental payable	\$ <u>-</u>	\$ <u>545,110</u>	\$ <u>180,639</u>	\$ <u>364,471</u>
<b>Total Agency Funds</b>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,390,537	\$ 1,648,939	\$ 2,131,667	\$ 907,809
Cash and cash equivalents				
in segregated accounts	526,242	3,785,996	3,783,130	529,108
Mortgage loan receivable	<u>202,152</u>	<u>-</u>	<u>42,359</u>	<u>159,793</u>
Total assets	\$ <u>2,118,931</u>	\$ <u>5,434,935</u>	\$ <u>5,957,156</u>	\$ <u>1,596,710</u>
Liabilities:				
Accounts payable	\$ 304,326	\$ 600	\$ 304,326	\$ 600
Intergovernmental payable	708,139	3,853,402	3,683,287	878,254
Deposits held and due to others	<u>1,106,466</u>	<u>1,580,933</u>	<u>1,969,543</u>	<u>717,856</u>
Total liabilities	\$ <u>2,118,931</u>	\$ <u>5,434,935</u>	\$ <u>5,957,156</u>	\$ <u>1,596,710</u>

**STATISTICAL  
SECTION**

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## Statistical Section

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

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

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

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

	2012	2011	2010	2009	2008
Governmental Activities					
Net Investment in Capital Assets	\$ 64,688,653	\$ 63,654,963	\$ 61,134,899	\$ 61,712,406	\$ 58,708,166
Restricted for:					
Capital Projects	11,050,910	12,883,372	16,187,786	18,947,218	25,606,578
Debt Service	1,049,459	561,689	1,838,464	1,237,432	915,681
Streets	613,312	611,464	690,153	724,281	906,871
Public Safety	2,247,417	2,125,142	1,492,645	1,724,661	1,342,216
Judicial Services	724,055	641,793	710,352	637,338	555,708
Other	25,124	58,137	-	-	-
Unrestricted	22,894,998	24,708,622	20,655,757	19,904,961	15,311,338
<i>Total Governmental Activities Net Position</i>	<u>\$ 103,293,928</u>	<u>\$ 105,245,182</u>	<u>\$ 102,710,056</u>	<u>\$ 104,888,297</u>	<u>\$ 103,346,558</u>
	2007	2006	2005	2004	
Governmental Activities					
Net Investment in Capital Assets	\$ 44,729,593	\$ 39,706,310	\$ 28,686,344	\$ 32,387,135	
Restricted for:					
Capital Projects	31,339,125	38,040,586	32,600,572	29,667,802	
Debt Service	-	-	-	-	
Streets	-	-	-	-	
Public Safety	-	-	-	-	
Judicial Services	-	-	-	-	
Other	193,610	665,036	7,998,216	2,781,854	
Unrestricted	26,003,445	23,169,111	15,936,739	18,128,161	
<i>Total Governmental Activities Net Position</i>	<u>\$ 102,265,773</u>	<u>\$ 101,581,043</u>	<u>\$ 85,221,871</u>	<u>\$ 82,964,952</u>	

Source: City Financial Records

**City of Shaker Heights, Ohio**  
*Changes in Net Position*  
*Last Nine Years*  
*(Accrual Basis of Accounting)*

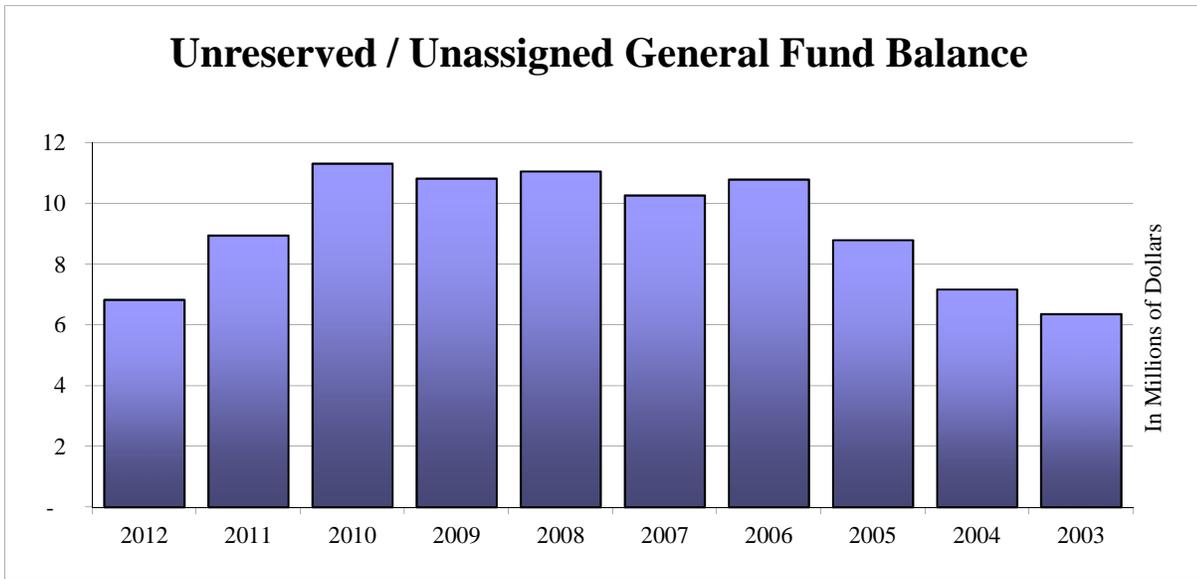
	2012	2011	2010	2009
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property	\$ 1,412,424	\$ 1,410,277	\$ 1,228,766	\$ 1,013,943
Public Health Services	77,494	70,806	88,852	70,133
Leisure Time Activities	1,803,925	1,843,213	1,758,484	1,754,838
Housing and Community Development	733,415	2,199,232	2,412,588	2,504,195
Sanitation and Sewer Services	1,144,334	1,093,240	1,187,478	1,333,696
Street Maintenance and Repair	1,804	1,480	2,322	8,231
Public Works - Other	567,532	627,503	671,940	707,206
General Government	2,399,937	3,047,272	2,916,571	2,708,388
Operating Grants and Contributions:				
Security of Persons and Property	3,744,393	3,689,869	3,670,356	4,293,912
Public Health Services	35,562	43,876	103,824	4,780
Leisure Time Activities	-	-	-	-
Housing and Community Development	161,430	207,980	331,218	44,215
Sanitation and Sewer Services	-	-	277,697	295,303
Street Maintenance and Repair	-	-	-	-
Public Works - Other	45,000	-	-	-
General Government	26,794	45,202	15,294	13,000
Capital Grants and Contributions:				
Security of Persons and Property	2,489	3,950	6,169	4,000
Public Health Services	-	-	-	-
Housing and Community Development	283,790	559,951	47,504	188,689
Sanitation and Sewer Services	-	-	-	298,216
Street Maintenance and Repair	-	-	-	1,940
Public Works - Other	-	-	-	-
General Government	150,000	145,468	-	-
<i>Total Governmental Activities Program Revenues</i>	<u>12,590,323</u>	<u>14,989,319</u>	<u>14,719,063</u>	<u>15,244,685</u>
<b>Expenses</b>				
Governmental Activities:				
General Government	7,362,601	7,476,927	7,169,311	6,729,574
Security of Persons and Property	22,958,313	22,250,251	21,919,064	23,988,819
Public Health and Welfare	579,141	572,027	590,758	692,906
Leisure Time Activities	3,980,612	4,036,350	3,847,435	4,039,556
Housing and Community Development	5,947,226	5,377,610	6,381,587	7,441,799
Sanitation and Sewer Services	4,781,961	4,433,164	4,737,490	4,024,723
Street Maintenance and Repair	2,896,453	2,983,859	2,923,298	2,388,186
Public Works - Other	2,496,087	2,502,961	2,913,412	2,971,552
Interest and Fiscal Charges	545,364	902,508	919,281	928,950
<i>Total Governmental Activities Expenses</i>	<u>51,547,758</u>	<u>50,535,657</u>	<u>51,401,636</u>	<u>53,206,065</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	<u>(38,957,435)</u>	<u>(35,546,338)</u>	<u>(36,682,573)</u>	<u>(37,961,380)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities				
Property Taxes	6,760,102	6,811,309	6,990,638	8,579,190
Income and Other Taxes	23,274,622	21,442,300	19,777,714	19,523,078
Grants and Entitlements	6,711,782	8,459,326	6,721,784	7,372,760
Investment Income	39,437	345,261	528,639	289,963
Miscellaneous Income	220,238	185,553	485,557	451,678
Special Item	-	-	-	-
<i>Total Governmental Activities</i>	<u>37,006,181</u>	<u>37,243,749</u>	<u>34,504,332</u>	<u>36,216,669</u>
<b>Change in Net Position</b>				
Governmental Activities	<u>\$ (1,951,254)</u>	<u>\$ 1,697,411</u>	<u>\$ (2,178,241)</u>	<u>\$ (1,744,711)</u>

Source: City Financial Records

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

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

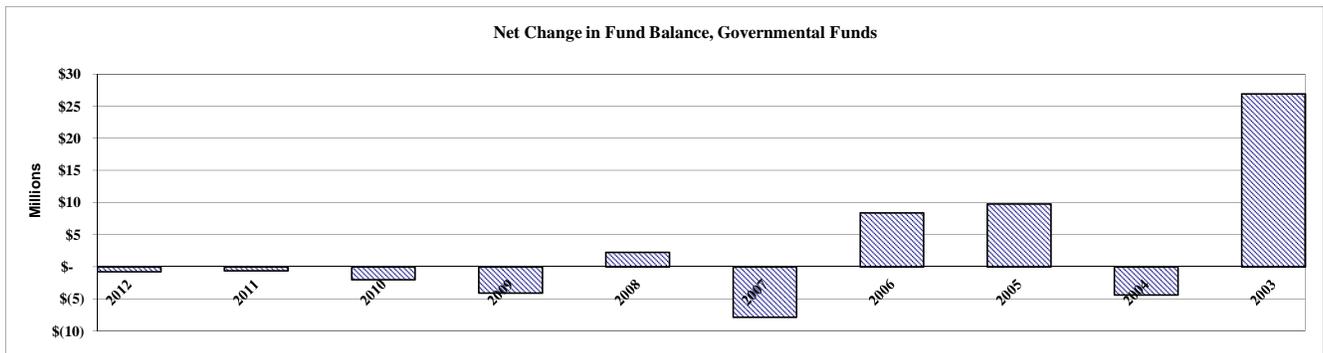
	2012	2011	2010	2009
<b>General Fund</b>				
Nonspendable	\$ 195,565	\$ 150,924	\$ -	\$ -
Committed	292,726	443,724	-	-
Assigned	12,451,743	9,150,763	-	-
Unassigned	6,836,659	8,957,461	-	-
Reserved	-	-	635,380	672,271
Unreserved	-	-	11,325,272	10,832,936
<b>Total General Fund</b>	<u>19,776,693</u>	<u>18,702,872</u>	<u>11,960,652</u>	<u>11,505,207</u>
<b>All Other Governmental Funds</b>				
Restricted	3,783,070	3,623,543	-	-
Committed	13,791,986	15,805,315	-	-
Unassigned (Deficit)	(374,370)	(411,512)	-	-
Reserved	-	-	5,385,836	5,917,500
Unreserved, Undesignated, Reported in:				
Special Revenue funds	-	-	7,617,822	8,165,918
Debt Service funds	-	-	1,657,429	1,043,472
Capital Projects funds	-	-	11,679,020	13,653,858
<b>Total All Other Governmental Funds</b>	<u>17,200,686</u>	<u>19,017,346</u>	<u>26,340,107</u>	<u>28,780,748</u>
<b>Total Governmental Funds</b>	<u>\$ 36,977,379</u>	<u>\$ 37,720,218</u>	<u>\$ 38,300,759</u>	<u>\$ 40,285,955</u>



2008	2007	2006	2005	2004	2003
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
658,094	737,765	645,010	618,498	620,813	493,249
11,068,444	10,277,756	10,800,682	8,803,020	7,177,276	6,368,592
11,726,538	11,015,521	11,445,692	9,421,518	7,798,089	6,861,841
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,286,921	21,462,206	25,400,516	20,831,407	18,534,385	9,577,630
5,830,175	3,638,148	4,625,921	4,227,083	5,485,075	6,147,351
793,110	(6,320,440)	(6,444,691)	642,972	461,017	325,971
17,703,298	10,321,345	12,940,408	12,377,248	5,384,372	19,118,859
32,613,504	29,101,259	36,522,154	38,078,710	29,864,849	35,169,811
\$ 44,340,042	\$ 40,116,780	\$ 47,967,846	\$ 47,500,228	\$ 37,662,938	\$ 42,031,652

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

	2012	2011	2010	2009	2008
<b>Revenues</b>					
Property Taxes	\$ 6,754,730	\$ 6,768,107	\$ 6,992,558	\$ 8,399,301	\$ 8,256,559
Municipal Income Taxes	22,230,968	21,185,654	19,562,027	20,144,932	20,840,303
Other Local Taxes	48,432	63,867	46,219	53,478	55,599
Intergovernmental and Estate Taxes	11,348,788	13,177,336	11,158,151	12,338,984	14,936,366
Charges for Services	7,106,179	6,949,653	7,042,983	6,538,429	6,591,980
Fees, Licenses and Permits	684,178	639,272	674,820	577,437	764,096
Fines and Forfeitures	914,175	940,688	740,453	1,069,127	995,703
Special Assessments	1,476,080	1,559,342	1,805,098	1,830,121	1,767,705
Investment Income	61,853	352,822	514,234	254,263	585,912
Other Revenue	286,778	321,243	694,612	669,754	490,070
<i>Total Revenues</i>	<u>50,912,161</u>	<u>51,957,984</u>	<u>49,231,155</u>	<u>51,875,826</u>	<u>55,284,293</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property	21,899,899	21,747,850	22,096,210	23,577,387	24,202,081
Public Health and Welfare	559,412	596,372	584,712	572,755	529,080
Leisure Time Activities	3,508,357	3,513,027	4,155,613	3,634,079	3,750,314
Housing and Community Development	6,106,375	5,935,701	6,748,290	7,555,641	8,985,556
Sanitation and Sewer Services	4,359,148	4,023,249	4,697,166	5,031,160	7,498,220
Street Maintenance and Repair	3,609,356	3,552,894	3,598,187	3,345,052	3,280,365
Public Works - Other	2,557,354	2,515,800	2,428,497	2,692,495	2,611,414
General Government	6,895,735	7,510,586	6,952,171	6,400,685	7,113,939
Debt Service:					
Principal Retirement	3,582,069	3,983,104	1,993,420	9,239,281	2,407,571
Interest and Fiscal Charges	542,033	903,912	903,720	990,355	966,611
Debt Issuance Costs	176,460	-	-	107,854	-
<i>Total Expenditures</i>	<u>53,796,198</u>	<u>54,282,495</u>	<u>54,157,986</u>	<u>63,146,744</u>	<u>61,345,151</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,884,037)</u>	<u>(2,324,511)</u>	<u>(4,926,831)</u>	<u>(11,270,918)</u>	<u>(6,060,858)</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of Debt	15,370,000	2,250,000	2,902,697	7,775,852	8,660,000
Sale of Capital Assets	51,569	119,970	38,938	64,482	-
Transfers In	4,671,495	5,149,498	4,249,037	9,351,044	3,993,546
Transfers Out	(4,671,495)	(5,775,498)	(4,249,037)	(10,151,044)	(4,293,546)
Payment to Refunded Bond Escrow Agent	(13,744,754)	-	-	-	-
Premium on Bonds	464,383	-	-	176,497	-
<i>Total Other Financing Sources (Uses)</i>	<u>2,141,198</u>	<u>1,743,970</u>	<u>2,941,635</u>	<u>7,216,831</u>	<u>8,360,000</u>
<i>Net Change in Fund Balances</i>	<u>\$ (742,839)</u>	<u>\$ (580,541)</u>	<u>\$ (1,985,196)</u>	<u>\$ (4,054,087)</u>	<u>\$ 2,299,142</u>
Debt Service as a Percentage of Noncapital Expenditures	8.09%	9.60%	3.97%	17.77%	6.30%



2007	2006	2005	2004	2003
\$ 8,889,841	\$ 7,428,674	\$ 7,331,189	\$ 7,269,251	\$ 6,384,628
20,246,324	19,886,483	21,861,847	18,783,048	22,649,166
68,772	72,795	82,208	7,406,893	17,135,868
10,218,683	29,295,902	12,452,589	4,721,227	3,624,484
6,508,530	6,843,816	6,630,592	6,607,922	5,959,401
746,352	848,307	509,945	449,452	487,677
1,007,083	1,007,772	884,476	799,324	1,028,445
1,437,429	1,551,355	1,421,099	1,529,226	1,347,023
1,851,297	2,310,585	949,769	339,094	490,633
633,891	879,638	982,334	1,339,428	1,082,301
<u>51,608,202</u>	<u>70,125,327</u>	<u>53,106,048</u>	<u>49,244,865</u>	<u>60,189,626</u>
23,574,673	22,052,139	22,975,164	21,581,448	22,718,906
558,251	556,927	547,922	624,730	629,242
7,555,496	4,832,651	3,721,751	4,039,570	3,702,571
7,347,631	8,487,286	7,053,154	6,049,968	5,648,055
4,242,460	4,719,322	4,682,615	8,710,562	4,073,814
4,300,875	2,520,981	3,080,371	4,676,644	2,588,086
3,454,788	3,980,129	4,969,107	3,506,111	2,501,287
6,645,189	5,732,134	6,058,532	7,212,530	6,545,599
2,960,142	10,520,233	182,850	145,375	40,375
1,084,763	1,101,485	565,169	664,604	304,627
-	-	-	-	-
<u>61,724,268</u>	<u>64,503,287</u>	<u>53,836,635</u>	<u>57,211,542</u>	<u>48,752,562</u>
<u>(10,116,066)</u>	<u>5,622,040</u>	<u>(730,587)</u>	<u>(7,966,677)</u>	<u>11,437,064</u>
2,265,000	2,800,000	10,567,878	3,597,963	15,543,069
-	-	-	-	-
3,748,042	4,495,644	4,269,619	6,516,731	9,337,294
(3,748,042)	(4,495,644)	(4,269,619)	(6,516,731)	(9,337,294)
-	-	-	-	-
-	-	-	-	-
<u>2,265,000</u>	<u>2,800,000</u>	<u>10,567,878</u>	<u>3,597,963</u>	<u>15,543,069</u>
<u>\$ (7,851,066)</u>	<u>\$ 8,422,040</u>	<u>\$ 9,837,291</u>	<u>\$ (4,368,714)</u>	<u>\$ 26,980,133</u>
7.36%	19.35%	1.68%	1.64%	0.79%

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

Tax Year/ Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2012/2013	\$ 673,206,300	\$ 65,937,850	\$ 2,111,840,429	\$ 11,032,190	\$ 12,979,047
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

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

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

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

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

Source: Cuyahoga County Auditor

<u>Tangible Personal Property</u>					
<u>General Business</u>			<u>Total</u>		
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Total Direct Rate (1)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>
\$ -	\$ -	\$ 9.90	\$ 750,176,340	\$ 2,124,819,476	35.31%
-	-	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%

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

	2012	2011	2010	2009
<b>Unvoted Millage</b>				
Operating	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80
Fire Pension	0.30	0.30	0.30	0.30
Police Pension	0.30	0.30	0.30	0.30
<i>Total Unvoted Millage</i>	<u>4.40</u>	<u>4.40</u>	<u>4.40</u>	<u>4.40</u>
<b>Charter Millage</b>				
1948 Charter/Current Expense	2.50	2.50	2.50	2.50
1966 Charter/Current expense	3.00	3.00	3.00	3.00
<i>Total Charter Millage</i>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>
<b>Total Millage</b>	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>
<b>Overlapping Rates by Taxing District</b>				
Shaker Heights City School District Voted Millage	\$ 180.13	\$ 180.13	\$ 180.13	\$ 170.60
Effective Millage Rates				
Residential/Agricultural Real	91.80	86.45	85.74	76.10
Commercial/Industrial and Public Utility	116.21	114.08	113.05	100.74
Tangible/Public Utility Personal	180.13	180.13	180.13	170.60
Cuyahoga County Voted Millage	18.30	18.30	18.40	18.10
Effective Millage Rates				
Residential/Agricultural Real	18.28	18.12	18.18	17.69
Commercial/Industrial and Public Utility	17.96	17.65	17.69	17.26
Tangible/Public Utility Personal	18.30	18.30	18.40	18.10
Shaker Heights Public Library Voted Millage	4.00	4.00	4.00	4.00
Effective Millage Rates				
Residential/Agricultural Real	4.00	4.00	4.00	4.00
Commercial/Industrial and Public Utility	4.00	4.00	4.00	4.00
Tangible/Public Utility Personal	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.

	2008	2007	2006	2005	2004	2003
\$	3.80	\$ 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	0.30	0.30
	4.40	4.40	4.40	4.40	4.40	4.40
	2.50	2.50	2.50	2.50	2.50	2.50
	3.00	3.00	3.00	3.00	3.00	3.00
	5.50	5.50	5.50	5.50	5.50	5.50
\$	9.90	\$ 9.90	\$ 9.90	\$ 9.90	\$ 9.90	\$ 9.90
\$	170.60	\$ 170.30	\$ 170.30	\$ 160.50	\$ 159.20	\$ 158.90
	71.00	70.47	70.36	67.34	65.93	65.08
	98.68	96.61	95.58	90.65	86.12	85.87
	170.60	170.30	170.30	160.50	159.20	158.90
	18.10	18.20	18.30	18.30	18.00	16.20
	16.82	16.03	16.02	15.27	14.61	13.74
	17.21	16.83	17.13	16.50	16.05	14.22
	18.10	18.20	18.30	18.30	18.00	16.20
	4.00	4.00	4.00	4.00	4.00	4.00
	4.00	3.18	3.52	3.52	3.48	4.00
	4.00	3.83	4.00	4.00	3.87	4.00
	4.00	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
2012	\$ 9,080,731	\$ 8,531,384	93.95%	\$ 329,361	\$ 8,860,745
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

Source: Cuyahoga County Auditor

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

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

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<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
97.58%	\$ 1,031,611	11.36%
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%

**City of Shaker Heights, Ohio**  
*Principal Taxpayers - Real Estate Tax*  
 2012 and 2003

<u>2012</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
The Cleveland Electric Illuminating Company	\$ 8,737,180	1.16%
EIG Shaker Towne Center	3,411,460	0.45%
University Hospitals	3,357,130	0.45%
Oliver Family LTD	2,428,870	0.32%
Tower East Operating Assoc.	2,348,290	0.31%
Residences at Avalon Station	2,181,350	0.29%
East Ohio Gas Company	1,781,840	0.24%
Shaker Plaza LTD	1,695,790	0.23%
Deborah Salzberg Tr.	1,309,810	0.17%
Gator Sheker Heights, LLC	1,304,630	0.17%
<b>Total</b>	<b>\$ 28,556,350</b>	<b>3.81%</b>
<b>Total Assessed Valuation</b>	<b>\$ 750,176,340</b>	
<u>2003</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
OfficeMax Incorporated	\$ 6,933,570	0.83%
Ohio Bell Telephone Company	6,482,700	0.78%
The Cleveland Electric Illuminating Company	6,301,650	0.75%
Tower East Operating Assn.	5,906,590	0.71%
Shaker Town Centre E&A	3,748,500	0.45%
East End School Assn.	3,085,220	0.37%
Community Links Limited Partnership	2,678,620	0.32%
Somerset Point LTD Partnership	2,275,000	0.27%
Deborah Salzberg, Tr.	1,913,800	0.23%
East Ohio Gas Company	1,575,820	0.19%
<b>Total</b>	<b>\$ 40,901,470</b>	<b>4.90%</b>
<b>Total Assessed Valuation</b>	<b>\$ 835,324,251</b>	

Source: Cuyahoga County Auditor

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

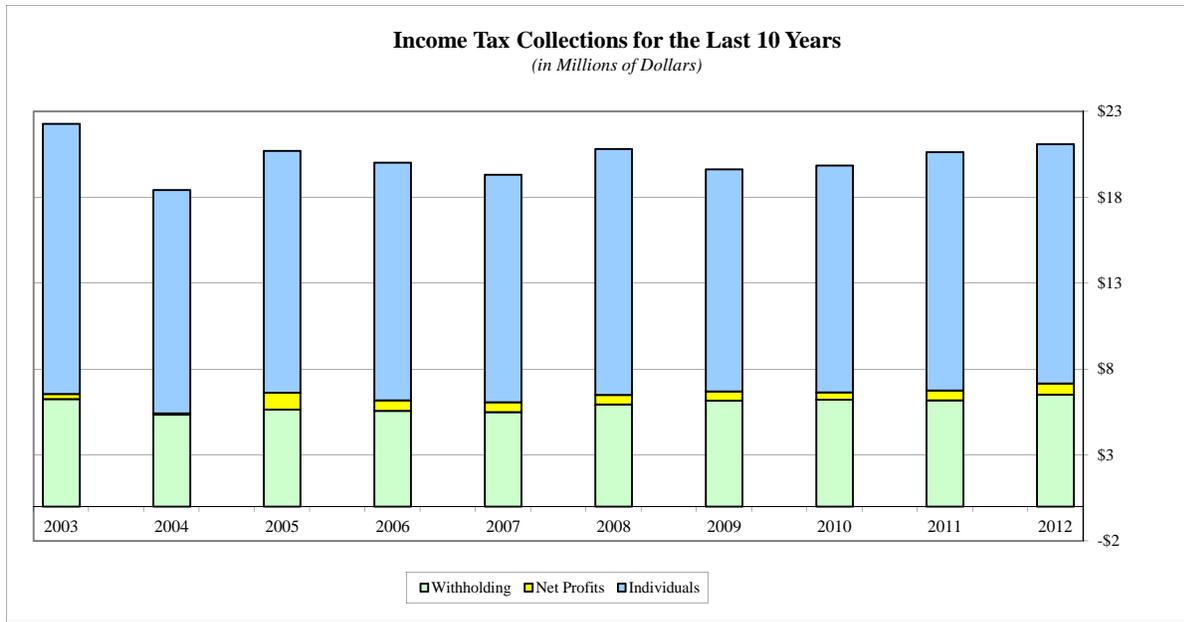
**City of Shaker Heights, Ohio**  
*Income Tax Revenue Base and Collections*  
*Last Ten Years*

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
2012	2.25%	\$ 21,082,578	\$ 6,523,594	30.94%	\$ 640,527	3.04%	\$ 13,918,457	66.02%
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%

Source: Regional Income Tax Agency

- (1) Information reported on a Cash Basis
- (2) 1.75% effective April 1, 1981; 2.25% effective October 1, 2012
- (3) Does not include electrical utility municipal income tax collected by state

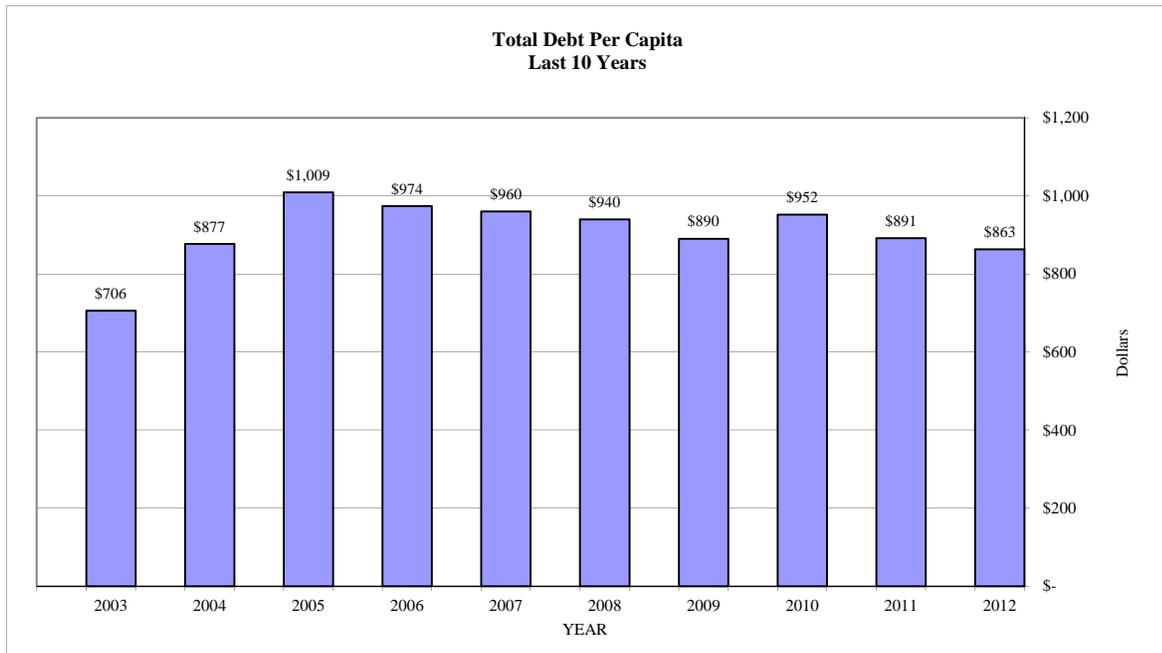
Note: The City is prohibited by statute from presenting information regarding individual taxpayers.



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

Year	Governmental Activities					Total Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Urban Renewal Temporary Bonds	Bond Anticipation Notes	OPWC Loans	Taxable Special Obligation Housing Notes			
2012	\$ 17,785,000	\$ -	\$ 1,910,000	\$ 4,714,154	\$ 150,000	\$ 24,559,154	1.82%	\$ 863
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

Note: Population and Personal Income data are presented on page S26.



**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)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capita
2012	28,448	a	\$ 750,176,340	\$ 17,785,000	\$ 1,049,459	\$ 16,735,541	2.23%	\$ 588
2011	28,448	a	810,867,240	17,785,000	561,689	17,223,311	2.12%	605
2010	28,448	a	821,284,520	18,350,000	1,838,464	16,511,536	2.01%	580
2009	29,405	b	825,442,570	19,760,000	1,237,432	18,522,568	2.24%	630
2008	29,405	b	889,478,997	22,745,000	915,681	21,829,319	2.45%	742
2007	29,405	b	890,818,271	23,465,000	-	23,465,000	2.63%	798
2006	29,405	b	904,812,492	24,115,000	-	24,115,000	2.67%	820
2005	29,405	b	826,657,130	25,365,000	-	25,365,000	3.07%	863
2004	29,405	b	832,257,715	21,298,983	-	21,298,983	2.56%	724
2003	29,405	b	835,324,251	19,969,029	-	19,969,029	2.39%	679

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, 2012*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
<b>Direct - City of Shaker Heights</b>			
General Obligation Bonds & Anticipation Notes	\$19,695,000	100.00%	\$ 19,695,000
OPWC Loans	4,714,154	100.00%	4,714,154
Taxable Special Obligation Housing Notes	<u>150,000</u>	100.00%	<u>150,000</u>
<i>Total Direct Debt</i>	<u>24,559,154</u>		<u>24,559,154</u>
<b>Overlapping</b>			
Shaker Heights City School District			
General Obligation Bonds	24,429,891	94.61%	23,113,120
Cuyahoga County			
General Obligation Bonds	341,075,645	2.71%	9,243,150
Regional			
Transit Authority	<u>129,495,000</u>	2.71%	<u>3,509,315</u>
<i>Total Overlapping Debt</i>	<u>495,000,536</u>		<u>35,865,584</u>
Total	<u>\$ 519,559,690</u>		<u>\$ 60,424,738</u>

Source: Cuyahoga County Auditor and Shaker Heights City School District

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

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

	2012	2011	2010	2009
Total Assessed Property Value	\$ 750,176,340	\$ 810,867,240	\$ 821,284,520	\$ 825,442,570
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	\$ 78,768,516	\$ 85,141,060	\$ 86,234,875	\$ 86,671,470
Debt Outstanding:				
General Obligation Bonds	17,785,000	17,785,000	18,350,000	18,895,000
Bond Anticipation Notes	1,910,000	2,250,000	2,625,000	865,000
OPWC Loans	4,714,154	5,076,224	5,372,489	5,675,050
Total Gross Indebtedness	24,409,154	25,111,224	26,347,489	25,435,050
Less:				
Bond Anticipation Notes	-	-	-	-
OPWC Loans	(4,714,154)	(5,076,224)	(5,372,489)	(5,675,050)
TIF Urban Renewal Bonds	(4,170,000)	(4,460,000)	(4,460,000)	(4,600,000)
Permanent Urban Renewal Bonds	(450,000)	(13,470,000)	(13,890,000)	(14,295,000)
Urban Renewal Refunding Bonds	(13,165,000)	-	-	-
Debt Service Fund Balance	(1,049,459)	(561,689)	(1,838,464)	(209,581)
Total Net Debt Applicable to Debt Limit	860,541	1,543,311	786,536	655,419
Legal Debt Margin Within 10 ½ % Limitations	\$ 77,907,975	\$ 83,597,749	\$ 85,448,339	\$ 86,016,051
Legal Debt Margin as a Percentage of the Debt Limit	98.91%	98.19%	99.09%	99.24%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	\$ 41,259,699	\$ 44,597,698	\$ 45,170,649	\$ 45,399,341
Total Gross Indebtedness	24,409,154	25,111,224	26,347,489	25,435,050
Less:				
Bond Anticipation Notes	-	-	-	-
OPWC Loans	(4,714,154)	(5,076,224)	(5,372,489)	(5,675,050)
TIF Urban Renewal Bonds	(4,170,000)	(4,460,000)	(4,460,000)	(4,600,000)
Permanent Urban Renewal Bonds	(450,000)	(13,470,000)	(13,890,000)	(14,295,000)
Urban Renewal Refunding Bonds	(13,165,000)	-	-	-
Debt Service Fund Balance	(1,049,459)	(561,689)	(1,838,464)	(209,581)
Net Debt Within 5 ½ % Limitations	860,541	1,543,311	786,536	655,419
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$ 40,399,158	\$ 43,054,387	\$ 44,384,113	\$ 44,743,922
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	97.91%	96.54%	98.26%	98.56%

Source: City Financial Records

2008	2007	2006	2005	2004	2003
<u>\$ 889,478,997</u>	<u>\$ 890,818,271</u>	<u>\$ 904,812,492</u>	<u>\$ 826,657,130</u>	<u>\$ 832,257,715</u>	<u>\$ 835,324,251</u>
<u>\$ 93,395,295</u>	<u>\$ 93,535,918</u>	<u>\$ 95,005,312</u>	<u>\$ 86,798,999</u>	<u>\$ 87,387,060</u>	<u>\$ 87,709,046</u>
14,585,000	14,855,000	15,020,000	15,155,000	15,265,000	15,370,000
8,160,000	8,610,000	9,095,000	10,210,000	6,495,000	4,925,000
<u>3,903,479</u>	<u>4,026,050</u>	<u>4,271,192</u>	<u>4,306,928</u>	<u>4,021,900</u>	<u>464,312</u>
26,648,479	27,491,050	28,386,192	29,671,928	25,781,900	20,759,312
-	-	-	-	-	-
(3,903,479)	(4,026,050)	(4,271,192)	(4,306,928)	(4,021,900)	(464,312)
(6,845,000)	(6,845,000)	(6,845,000)	(6,845,000)	(2,215,000)	(2,215,000)
(14,585,000)	(14,855,000)	(15,020,000)	(15,155,000)	(15,265,000)	(15,370,000)
-	-	-	-	-	-
<u>(178,239)</u>	<u>(53,177)</u>	<u>(325,715)</u>	<u>(642,972)</u>	<u>(461,017)</u>	<u>(325,971)</u>
<u>1,136,761</u>	<u>1,711,823</u>	<u>1,924,285</u>	<u>2,722,028</u>	<u>3,818,983</u>	<u>2,384,029</u>
<u>\$ 92,258,534</u>	<u>\$ 91,824,095</u>	<u>\$ 93,081,027</u>	<u>\$ 84,076,971</u>	<u>\$ 83,568,077</u>	<u>\$ 85,325,017</u>
98.78%	98.17%	97.97%	96.86%	95.63%	97.28%
<u>\$ 48,921,345</u>	<u>\$ 48,995,005</u>	<u>\$ 49,764,687</u>	<u>\$ 45,466,142</u>	<u>\$ 45,774,174</u>	<u>\$ 45,942,834</u>
26,648,479	27,491,050	28,386,192	29,671,928	25,781,900	20,759,312
-	-	-	-	-	-
(3,903,479)	(4,026,050)	(4,271,192)	(4,306,928)	(4,021,900)	(464,312)
(6,845,000)	(6,845,000)	(6,845,000)	(6,845,000)	(2,215,000)	(2,215,000)
(14,585,000)	(14,855,000)	(15,020,000)	(15,155,000)	(15,265,000)	(15,370,000)
-	-	-	-	-	-
<u>(178,239)</u>	<u>(53,177)</u>	<u>(325,715)</u>	<u>(642,972)</u>	<u>(461,017)</u>	<u>(325,971)</u>
<u>1,136,761</u>	<u>1,711,823</u>	<u>1,924,285</u>	<u>2,722,028</u>	<u>3,818,983</u>	<u>2,384,029</u>
<u>\$ 47,784,584</u>	<u>\$ 47,283,182</u>	<u>\$ 47,840,402</u>	<u>\$ 42,744,114</u>	<u>\$ 41,955,191</u>	<u>\$ 43,558,805</u>
97.68%	96.51%	96.13%	94.01%	91.66%	94.81%

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## City of Shaker Heights, Ohio

### *Principal Employers*

2012 & 2007

<b>2012</b>			
Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,440	34%
University Hospital Health System	Non Profit Organization	1,200	28%
City of Shaker Heights	Government Entity	493	12%
Hathaway Brown School	Private School	425	10%
Laurel School	Private School	275	6%
University School (Shaker Heights Campus)	Private School	149	4%
Center for Dialysis Care	Medical Facility	177	4%
Equity Engineering Group	Engineering	77	2%
Total		<u>4,236</u>	<u>100%</u>
Total Employment within the City of Shaker Heights, Ohio		<u>n/a</u>	

<b>2007</b>			
Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,416	38%
City of Shaker Heights	Government Entity	789	21%
University Hospital Health System	Non Profit Organization	725	20%
Laurel School	Private School	171	5%
Hathaway Brown School	Private School	278	8%
University School (Shaker Heights Campus)	Private School	195	5%
Center for Dialysis Care	Medical Facility	116	3%
Total		<u>3,690</u>	<u>100%</u>
Total Employment within the City of Shaker Heights, Ohio		<u>n/a</u>	

Source: Regional Income Tax Agency (RITA)

n/a - Information not available

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Family Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)
2012	28,448	\$ 1,347,297,280	\$ 47,360	\$ 105,063	40.9	64.60%
2011	28,448	1,347,297,280	47,360	105,063	40.9	64.60%
2010	28,448	1,216,014,370	41,354	85,983	40.9	64.60%
2009	29,405	1,216,014,370	41,354	85,893	39.6	61.70%
2008	29,405	1,216,014,370	41,354	85,893	39.6	61.70%
2007	29,405	1,216,014,370	41,354	85,893	39.6	61.70%
2006	29,405	1,216,014,370	41,354	85,893	39.6	61.47%
2005	29,405	1,216,014,370	41,354	85,893	39.6	61.70%
2004	29,405	1,216,014,370	41,354	85,893	39.6	61.70%
2003	29,405	1,216,014,370	41,354	85,893	39.6	61.70%

(1) Source: U. S. Census

(a) Years 2010-2012 population and median age- 2010 Federal Census

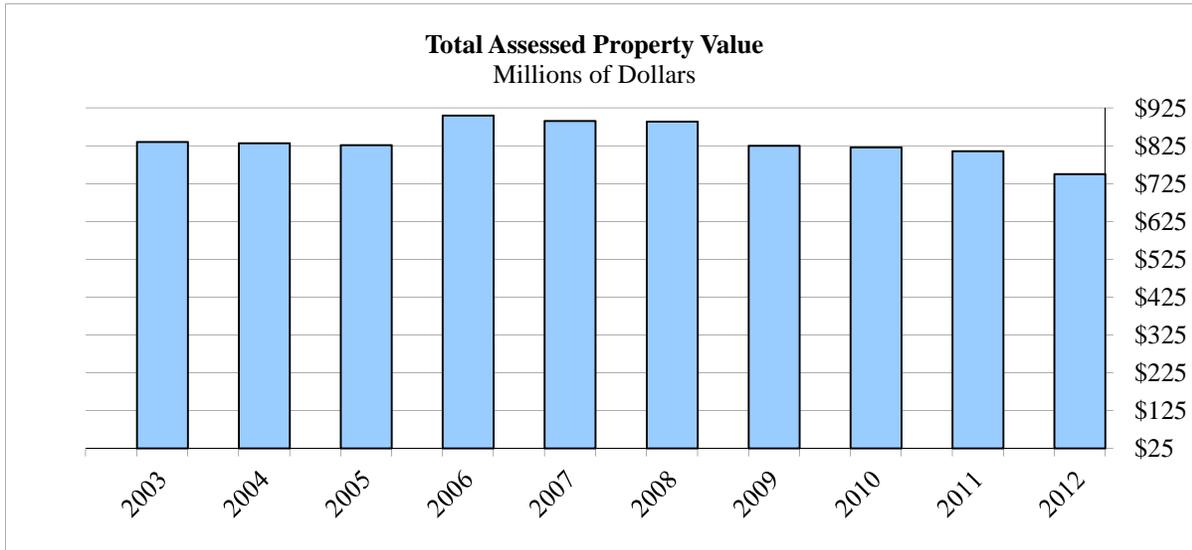
(b) Years 2002 through 2009 population - 2000 Federal Census; Year 2010 Personal Income, Median Household Income, Educational Attainment - 2000 Federal Census

(2) Source: Shaker Heights School District Website: "http://www.shaker.org/Finance.aspx"

(3) Source: Ohio Department of Job and Family Services Bureau of Labor Market Information Website: "http://ohiolmi.com/asp/laus/LAUS.asp"

(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)
5,446	7.30%	\$ 226,285	\$ 750,176,340
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



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

Function/Program	2012	2011	2010	2009	2008
<b>General Government</b>					
Council	3.5	3.5	3.5	3.5	3.5
Finance	7.5	7.5	7.5	7.5	9.5
Mayor	2.0	2.0	2.0	2.0	2.0
Law	5.0	4.5	4.5	4.5	6.5
Chief Administrative Officer	2.0	2.0	2.0	2.0	2.0
Service Administration - Public Works	10.0	10.0	11.0	11.0	13.0
Municipal Court	45.0	44.5	44.5	44.0	43.0
Human Resources	6.0	4.5	4.5	4.5	5.5
Information Technology	3.0	4.0	2.0	2.0	3.0
<b>Security of Persons and Property:</b>					
Police	58.0	64.0	64.0	65.0	71.0
Police - Crossing Guards	8.5	10.5	11.0	11.5	11.0
Police - Dispatch/Records/Watch Officer	15.5	15.0	17.5	16.5	15.0
Police - Jailers	3.0	3.0	3.0	3.0	4.5
Police - Administrative	8.5	7.0	11.5	11.0	14.5
Police - HIDTA	10.0	9.5	12.0	12.0	11.0
Fire	48.0	54.0	58.0	58.0	67.0
Fire - Other	3.5	2.5	2.5	2.5	4.0
Security of Persons/Property - Other	1.0	1.0	1.5	1.0	0.0
Public Health Services	10.5	12.0	14.0	19.5	10.0
<b>Leisure Time Activities:</b>					
Recreation	55.5	60.5	62.0	59.5	63.0
Park and Public Land Maintenance	11.0	10.0	10.0	9.0	13.0
<b>Community Development:</b>					
Building	4.0	4.0	5.0	5.0	5.0
Housing	9.0	10.0	10.0	10.0	9.0
Planning	10.0	9.0	9.0	9.5	11.5
Community Development - Other*	19.0	20.0	22.0	22.5	28.0
Street Maintenance and Repair	11.0	10.0	8.0	11.0	12.0
<b>Sanitation and Sewer Services:</b>					
Refuse and Brush Collection	20.0	20.0	23.0	23.0	26.0
Sewer Maintenance	4.0	8.0	7.0	8.0	7.5
Public Works - Other:	21.0	20.0	22.0	20.0	22.0
<b>Totals:</b>	<u>415.0</u>	<u>432.5</u>	<u>454.5</u>	<u>458.5</u>	<u>493.0</u>

**Source:** Finance Department

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

# Includes 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	2012	2011	2010	2009	2008
<b>General Government</b>					
<i>Council and Clerk</i>					
Number of Ordinances Passed	124	126	142	135	115
Number of Resolutions Passed	12	8	12	13	16
Number of Planning Commission docket items	12	7	20	15	8
Zoning Board of Appeals docket items	30	23	23	21	21
<i>Finance Department</i>					
Number of checks/vouchers issued	7,418	6,946	7,113	7,281	7,293
Amount of checks written	\$ 29,620,172	\$ 30,690,164	\$ 28,808,562	\$ 29,286,008	\$ 32,229,682
Interest earnings for fiscal year (cash basis)	\$ 248,687	\$ 339,749	\$ 343,297	\$ 261,123	\$ 918,229
Number of Receipts issued	8,842	7,799	9,323	10,662	11,995
Number of Journal Entries issued	839	781	984	1,230	1,102
Agency Ratings - Standard & Poors	AA+	AA+	Aa1	Aa1	Aa1
General Fund Receipts (cash basis)	\$ 37,291,189	\$ 39,401,358	\$ 39,746,140	\$ 42,276,620	\$ 38,875,699
General Fund Expenditures (cash basis)	\$ 39,360,880	\$ 38,651,093	\$ 39,191,995	\$ 43,085,953	\$ 39,073,922
General Fund Cash Balances	\$ 7,909,343	\$ 8,336,820	\$ 8,406,133	\$ 7,809,636	\$ 8,293,218
<i>Municipal Court</i>					
Number of Civil Cases	1,697	1,669	1,850	2,005	2,443
Number of Criminal cases	10,611	10,948	11,493	11,802	10,477
<i>Vital Statistics</i>					
Certificates Filed	81	71	63	71	99
Number of Births	0	0	0	0	0
Number of Deaths	81	71	63	71	99
Certificates Issued	430	461	375	470	448
Number of Births	0	0	1	3	1
Number of Deaths	430	461	374	467	447
Burial Permits Issued	280	259	237	185	262
<i>Civil Service</i>					
Number of police entry tests administered	0	0	1	0	1
Number of fire entry tests administered	0	0	0	0	1
Number of police promotional tests administered	0	1	0	0	0
Number of fire promotional tests administered	0	0	1	0	0
Number of Police Officers hired from certified lists	0	4	0	0	3
Number of Fire/Medics hired from certified lists	0	0	0	0	1
Number of police promoted from certified lists	2	0	0	0	1
Number of fire promoted from certified lists	3	4	0	0	1

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

Function/Program	2012	2011	2010	2009	2008
<b>Security of Persons &amp; Property</b>					
<i>Police</i>					
Total Calls for Services	30,367	29,981	31,099	32,255	33,303
Number of traffic citations issued	9,879	10,622	10,820	10,804	10,923
Number of parking citations issued	1,597	2,541	2,601	3,438	4,349
Number of criminal arrests	1,070	827	1,268	1,687	896
Part 1 Offenses (major offenses)	701	697	655	596	807
Police Dept. Auxiliary hours worked	N/A	N/A	N/A	N/A	N/A
DUI Arrests	94	172	286	433	94
Prisoners	932	875	1,141	1,340	1,254
Motor Vehicle Accidents	787	952	834	739	958
Property damage accidents	601	643	725	641	(879)
Community Diversion Program Youths	75	28	36	59	35
Community Diversion Program - community service hours	529	80	111	187	170
<i>Fire</i>					
EMS Calls	2,804	2,548	2,500	2,403	2,369
Ambulance Billing Collections (net)	\$ 576,153	\$ 566,130	\$ 522,429	\$ 574,525	\$ 466,505
Fire Calls	1,092	1,240	66	71	93
Fires with Loss	15	18	23	38	32
Fires with Losses exceeding \$10K	8	8	10	8	10
Fire Losses \$	\$ 1,448,600	\$ 636,600	\$ 923,159	\$ 244,235	\$ 1,289,500
Fire Safety Inspections	2,359	2,263	2,195	2,560	2,645
Number of times Mutual Aid given to					
Fire and EMS	82	81	52	45	41
Number of times Mutual Aid received for					
Fire and EMS	63	82	84	58	87
<b>Leisure Time Activities</b>					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$ 211,874	\$ 215,024	\$ 209,410	\$ 223,917	\$ 223,067
Recreation Mens & Womens Leagues receipts	175	350	450	2,800	3,400
Recreation Children's Leagues receipts	23,337	32,839	33,780	22,879	27,742
Senior Van Fees (2)	0	0	0	795	1,583
Facilities rentals	131,852	136,970	129,849	145,394	150,354
Total Recreation Department receipts	\$ 367,238	\$ 385,183	\$ 373,489	\$ 395,785	\$ 406,146

Source: City Records

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

Function/Program	2012	2011	2010	2009
<b>General Government</b>				
Square Footage of City Hall	40,000	40,000	40,000	40,000
Administrative Vehicles	1	1	1	1
Inspection Vehicles	12	12	12	12
Municipal Court Vehicles	0	0	0	0
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building	29,425	29,425	29,425	29,425
Vehicles	40	48	48	48
<b>Fire</b>				
Stations	2	2	2	2
Square Footage of Building #1	21,000	21,000	21,000	21,000
Square Footage of Building #2	15,000	15,000	15,000	15,000
Vehicles	16	17	17	17
<b>Recreation</b>				
Number of Parks	4	4	4	4
Number of Pools	1	1	1	1
Number of Ice Rinks	1	1	1	1
Number of Tennis Courts	10	10	10	10
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	5	5	5	5
Number of Playgrounds	5	5	5	5
Number of Soccer Fields	3	3	3	3
Vehicles	6	6	6	6

2008	2007	2006	2005	2004	2003
40,000	40,000	40,000	40,000	40,000	40,000
1	1	1	1	1	1
12	12	12	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	21,000	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	1	0	0	0	0
5	5	5	5	5	5
5	5	5	5	5	5
3	3	3	3	3	3
6	6	6	8	8	8

# **City of Shaker Heights, Ohio**

**Single Audit Reports  
For the Year Ended December 31, 2012**

# City of Shaker Heights, Ohio

For The Year Ended December 31, 2012

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Members of the City Council  
City of Shaker Heights, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights (the "City"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members of the City Council  
City of Shaker Heights, Ohio

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cini & Paricki, Inc.*

Cleveland, Ohio  
June 27, 2013

**Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by OMB Circular A-133**

Members of the City Council  
City of Shaker Heights, Ohio

**Report on Compliance for Each Major Federal Program**

We have audited the City of Shaker Heights, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 27, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards

Members of the City Council  
City of Shaker Heights, Ohio

generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Cioni & Panichi, Inc.*

Cleveland, Ohio  
June 27, 2013

# City of Shaker Heights

## Schedule of Expenditures of Federal Awards

### For The Year Ended December 31, 2012

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Cash Expenditures</u>
U.S. Department of Housing and Urban Development:			
Direct Program			
Fair Housing and Assistance Program (2011)	14.401	N/A	\$ 37,816
Passed through the Cuyahoga County Department of Development			
Community Development Block Grants / Entitlement Grants			
Neighborhood Stabilization Program –			
Purchase Rehabilitation	14.218	N/A	487
Neighborhood Stabilization Program –			
Competitive Municipal	14.218	N/A	24,082
Neighborhood Stabilization Program – Demolition	14.218	N/A	78,038
Neighborhood Stabilization Program III – Demolition	14.218	N/A	<u>61,535</u>
Total Neighborhood Stabilization Program			164,142
Community Development Block Grant –			
Gridley Triangle Project	14.218	N/A	117,925
Community Development Block Grant –			
Winslow Road Historic District Street Improvements	14.218	N/A	<u>23,116</u>
Total Community Development Block Grant			<u>141,041</u>
Total U.S. Department of Housing and Urban Development			<u>342,999</u>
U.S. Environmental Protection Agency (EPA):			
Passed through Mid-Ohio Regional Planning Commission (MORPC)			
U.S. EPA Clean Diesel Grant	15.904	EPA-OAR-OTAQ 11-01 DE-OOE00930	21,702
Passed through the Ohio Historic Preservation Office			
Shaker Historical Smart Phone App	15.904	39-11-31942 HP9911	<u>13,941</u>
Total U.S. Environmental Protection Agency (EPA)			<u>35,643</u>
U.S. Department of Justice:			
Direct Program			
Bullet Proof Vest Program	16.607	N/A	5,504
Passed through the City of Cleveland			
Edward Byrne Memorial Justice Assistance Program (JAG)	16.804	2011-JG-LLE-5859	<u>4,517</u>
Total U.S. Department of Justice			<u>10,021</u>

The accompanying notes are an integral part of this schedule

# City of Shaker Heights

## Schedule of Expenditures of Federal Awards (continued)

### For The Year Ended December 31, 2012

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Cash Expenditures</u>
U.S. Department of Health and Human Services:			
Direct Program			
Drug Free Community Support Program (2012)	93.276	5H79SP014298-12	<u>72,395</u>
Passed through the Ohio Department on Aging and the Western Reserve Area Agency on Aging			
Title III Part B – Grants for Supportive Services And Senior Centers (2011)	93.044	N/A	719
Title III Part B – Grants for Supportive Services And Senior Centers (2012)	93.044	N/A	<u>36,966</u>
Total Title III Part B – Grants for Supportive Services			37,685
Passed through the Cuyahoga County Board of Health			
City Readiness Initiative (2011/2012)	93.283	N/A	1,054
Public Health Emergency Preparedness (2012/2013)	93.283	N/A	12,762
Public Health Emergency Preparedness (2013/2014)	93.283	N/A	<u>3,350</u>
Total Public Health Emergency Preparedness			<u>16,112</u>
Total U.S. Department of Health and Human Services			<u>127,246</u>
Executive Office of the President – Office of National Drug Control Policy:			
Direct Program			
High Intensity Drug Trafficking Areas - Ohio (2010)	95.001	G10OH0001A	281,331
High Intensity Drug Trafficking Areas - Ohio (2011)	95.001	G11OH0001A	2,148,726
High Intensity Drug Trafficking Areas - Ohio (2012)	95.001	G12OH0001A	<u>1,233,590</u>
Total High Intensity Drug Trafficking Areas – Ohio			3,663,647
Passed through the Ohio Department of Transportation			
Safe Routes to School Grant Program	20.205	N/A	<u>30,201</u>
Total Federal Expenditures			\$ <u>4,209,757</u>

The accompanying notes are an integral part of this schedule

# City of Shaker Heights

## Notes to the Schedule of Expenditures of Federal Awards

### For The Year Ended December 31, 2012

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#### **Note 1: Basis of Presentation**

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

#### **Note 2: Matching Requirements**

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

N/A = Not applicable

# City of Shaker Heights

## Schedule of Findings

OMB Circular A-133, Section .505

December 31, 2012

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### 1. Summary of Auditor's Results

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

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

None noted.

### 3. Findings for Federal Awards

None noted.

# City of Shaker Heights

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

December 31, 2012

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Finding No.	Finding Summary	Fully Corrected	Explanation
2011-01	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 section 1403.36. The City awarded two six-month technology consulting contracts for a total of \$78,500 to a consulting company without using competitive procedures.	Yes	No noncompliance noted for 2012.

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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  
SEPTEMBER 17, 2013**