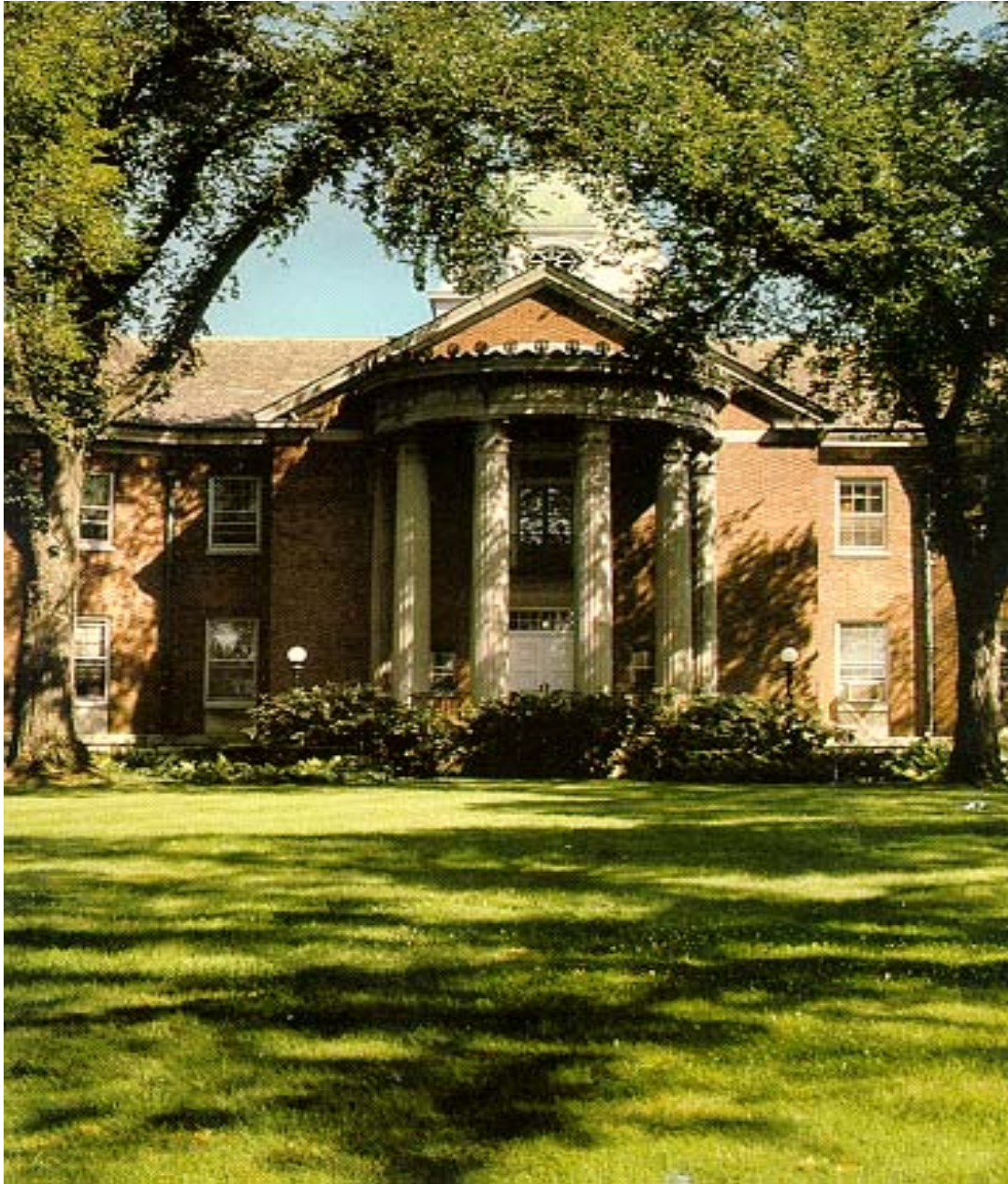


# *City of Shaker Heights, Ohio*



*Comprehensive Annual Financial Report  
for the Fiscal Year Ended December 31, 2004*





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditors' Report* of the City of Shaker Heights, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2004 through December 31, 2004. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

August 16, 2005

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*For the Year Ended December 31, 2004*  
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# The City of Shaker Heights

Judith H. Rawson, Mayor

June 30, 2005

Mayor Judith H. Rawson,  
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 2004 Comprehensive Annual Financial Report**

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

We are pleased to submit for your review the City's 2004 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, 2004. 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. While no single report can be all things to all people, our goal in presenting this report is to provide any person or entity interested in the City of Shaker Heights with at least the minimum information needed to gain a fair understanding of the City's financial position, results of operations and cash flows.

The State of Ohio requires that all cities publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Shaker Heights, Ohio for the year ended December 31, 2004.

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.

## Finance Department

3400 Lee Road • Shaker Heights, Ohio • 44120-3493  
Tel: 216.491.1421 • Fax: 216.491.1465



The City of Shaker Heights' financial statements have been audited by Ciuni & Panichi, Inc., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Shaker Heights for the year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the results of the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2004 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 awards. These reports are available in the City's separately issued Single Audit Report.

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

### **Financial Reporting Entity**

Recognizing that the organizational structure of many governments has become increasingly complex, it is necessary to define the City of Shaker Heights, Ohio as a financial reporting entity. In preparing this CAFR, the City has reviewed its definition of reporting entity in order to ensure compliance with Statement No. 14 of the Governmental Accounting Standards Board. All entities over which the elected officials of the City are accountable to the citizens of Shaker Heights are included in this Comprehensive Annual Financial Report. Accordingly, this CAFR includes all funds and account groups of the City. In addition, we have reviewed the City's relationships with other organizations to determine whether or not any of these organizations should be included as a component of the City's reporting entity because the City is either financially accountable for them or because of the nature and significance of their relationship to the City the exclusion of the organization from the City's reporting entity would cause the City's financial statements to be misleading or incomplete. In performing this review, the following factors were considered:

- A. *The financial interdependency of the entities* - Is the City responsible for financing the entity's operating deficits or entitled to any operating surpluses? Is the City legally or morally responsible for repaying the entity's debt in the event of a default?
- B. *The selection of the governing authority* - Does the City or any of its elected officials make authoritative appointments to the entity's governing authority? An authoritative appointment is one where the elected official maintains a significant ongoing relationship with the appointed official with respect to carrying out important public functions.
- C. *Designation of management* - Is the day-to-day management of the entity appointed by or accountable to the City?
- D. *The City's ability to significantly influence operations.*
- E. *The entity's accountability to the City for fiscal matters* - Does the City exercise absolute authority over the entity's funds?
- F. *Is the entity closely related to the City?* - Does the nature and significance of the entity's relationship with the City warrant its inclusion in the City's reporting entity?

Based upon the above, the City's reporting entity does not include any component units, joint ventures, jointly governed organizations or other stand-alone governments.

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

The City of Shaker Heights, covering approximately 6.3 square miles and a population of 29,405, 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 all department heads. The City is empowered by state statute to levy a property tax on both real and personal properties located within its boundaries. It is also empowered to levy a tax on the income and net profits of all individuals and businesses earned within the boundaries of the City as well as the income of City residents, regardless of where earned.

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

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

The City provides a variety of City services to its citizens, including: Police and Fire Protection, Emergency Medical Service, Refuse Collection, Street Maintenance, Recreation, Municipal Court, Public Health, Community Planning and Development, Inspectional Services, Public Improvements and General Administrative Services. First Energy and the Dominion East Ohio Gas Company, both of which are independent, publicly owned utilities regulated by the State of Ohio, provide the City's residents with electricity and natural gas. The City of Cleveland and the Northeast Ohio Regional Sewer District provide water and sewage service to the City's residents. In addition to fees paid to the Northeast Ohio Sewer District, City residents also pay a local surcharge based upon water consumption that is used by the City for the maintenance and replacement of the sewer lines within the City.

In addition to the basic services, the City continues to make available superior recreational facilities and programs to its residents. The Thornton Park city recreation center is situated on a 13-acre campus and its facilities include an indoor ice arena that provides year-round service, an Olympic size outdoor pool, sand volleyball courts, outdoor tennis courts and fitness facilities. In addition to these programs, an extensive range of recreational programs is offered for children and adults. The City also maintains the Shaker Lakes, a 190-acre area that includes two lakes and a duck pond.

The City offers a high level of public service to its residents as exemplified by its back yard garbage collection program. Included in this program is the City's recycling sub-program. The City has provided each resident with containers for the recycling of metal, glass, newspapers and some plastics. Beginning in the spring of 2005, the program will no longer require residents to separate their recyclable materials. All materials will continue to be picked up at the rear of the house at the same time as the non-recyclable trash. In addition, the City also offers recycling of corrugated cardboard, magazines and other materials at its service center.

The annual operating and capital budget serves as the basis for the City's financial planning and control. The City's Charter requires the Mayor, with the assistance of the Finance Director, 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 director. Council is required to adopt either an annual budget for the ensuing year or temporary budget covering the first ninety days of the ensuing year, by no later than December 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>. The appropriated budget is prepared by fund and category (personal services and all other expenditures). The Mayor or Chief Administrative Officer may transfer appropriations between expenditure categories provided that the fund's total appropriation is not increased. Administratively, department heads may make transfer of appropriations within a department. Transfers between departments must be authorized by either the Mayor or Chief Administrative Officer. Council must authorize the transfer of moneys between funds. Operating budgets expire on December 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, it 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. According to the Ohio Department of Taxation, the average federal adjusted gross income for residents of the Shaker Heights School District filing returns for calendar year 2001 was \$100,695, compared to the averages of \$47,521 for all Ohio school districts and \$45,562 for all districts in Cuyahoga County. While downtown Cleveland is only twenty minutes by car from the heart of the City, the rapid transit, a light rail public transit system, provides even more accessibility to downtown Cleveland's business community, and attractions. The Greater Cleveland Regional Transit System has extended the original rapid transit rail line to serve not only downtown Cleveland and Cleveland Hopkins International Airport but also the Cleveland waterfront area including the recreational/entertainment area known as the "Flats", the Rock & Roll Hall of Fame and Museum, the Great Lakes Science Museum, Gund Arena, Jacobs Field and Cleveland Browns Stadium. Another contributor to the City's economic strength is its proximity to the University Circle area of Cleveland. University Circle is the home to major cultural, educational and medical facilities including Severance Hall, the home of the world-renown Cleveland Orchestra, the Cleveland Museum of Art, Case Western Reserve University, University Hospitals of Cleveland and the Cleveland Clinic, world-renowned medical research, teaching and treatment facilities and the two largest employers in Cuyahoga County.

All of these factors have contributed to the continuing economic strength of the community. As a primarily residential community, there is no better indicator of the economic strength of the community than property values and income taxes. During 2003, the Cuyahoga County Auditor completed a reassessment of the value of all real estate in the County in order to update valuations assigned to the property during the Auditor's 2000 reappraisal. The Auditor's study determined that the value of residential real property had increased by approximately 15.3% over 2000 values. Overall, total property valuation increased by 14.5%. Since the 1994 reappraisal, the assessed value of residential property in the City has increased by 39.4% and commercial property by 35.6%.

City income tax revenue decreased by approximately 18.4% in 2004 over the amount realized in 2003. Included in the 2003 amount, however, is the largest single payment from a taxpayer in the City's history. After factoring out this payment from 2003 income tax revenue, income tax revenue increased by 1.1% over the amount realized in 2003. Revenue from individual taxpayers decreased by approximately 2.2% while revenue

from withholding taxes, business net profits and related penalties and interest decreased by 1.1%. To protect and enhance its income tax base, the City has continued to emphasize the importance of maintaining and improving its housing stock in order to assure that the City continues to be recognized as one of the nation's premier residential communities.

During 2003, the City was the recipient of a \$12 million estate tax payment, one of the largest payments in the history of Cuyahoga County. The City received approximately \$14.7 million and \$4.8 million respectively in 2003 and 2004 from this revenue source. Over the last five years, the City has average approximately \$3.2 million per year from this revenue source. This amount is expected to decline to approximately \$2.2 million annually as the result of changes in Ohio's Estate Tax regulations that were enacted by the State of Ohio in 2001. The City has committed to using the extraordinary Estate Tax revenue received in 2003 for long-term economic development and housing initiatives that are intended to protect and enhance the City's tax base. As in past years, the 2004 Estate Tax revenue will be used to finance the City's 2005 capital improvements program.

### **Major Initiatives**

**Long-Term Financial Planning** – The City is continuing to implement redevelopment projects pursuant to its Strategic Development Plan. During 2003, the City issued \$15.4 million in tax increment financing bonds to finance the City's share of the Sussex Courts and Shaker Towne Centre redevelopment projects and the construction of a new firehouse. Sussex Courts was completed in 2004. The development features 46 upscale townhouses on the north and south sides of Chagrin Boulevard, one of the City's main east/west thoroughfares. The project also included the narrowing of Chagrin Boulevard and streetscaping in order to create a more pedestrian friendly environment. Although final values are not yet available, the market value of Sussex Courts is expected to increase from \$660,000 to approximately \$17.6 million. The debt issued for the project will be retired using 75% of the additional revenue generated from the new property value created by the project.

During 2004, the Shaker Towne Centre redevelopment project continued. The project will result in approximately \$57 million in public and private improvements in the Shaker Towne Centre district. During 2002 and 2003, the City acquired and cleared the development parcel. During 2004, the City constructed a new road through the development parcel and the existing shopping center that will connect Van Aken Boulevard to Chagrin Boulevard. Construction included all necessary utilities to service the new road and the resulting development sites. The City also completed the narrowing, resurfacing and streetscaping of the portion of Chagrin Boulevard that runs through the shopping district. Pursuant to the project development agreement, the private development will begin after the new road has been constructed. This construction is currently scheduled for fall 2005. The developer anticipates constructing two loft style condominium buildings, an active senior condominium building, eight town homes, ten row houses and two retail/commercial buildings. This project will add approximately 200 new housing units to the City with an estimated market value of approximately \$35 million. It is anticipated that the project will take approximately five years to complete. The public portion of the project is being financed using a combination of tax increment financing, City sewer user fees and federal TEA-21 and Community Development Block Grants. During 2004, the City also completed construction and opened the new Firehouse Number 1. The new firehouse is located on Chagrin Boulevard in the Shaker Towne Centre shopping district. This modern facility replaces one in use since the 1930's and should contribute to the pedestrian friendly feeling of the shopping district.

As part of its Strategic Investment Plan, the City has acquired approximately 40% of the retail property located on the south side of Chagrin Boulevard in the Shaker Towne Centre shopping district. The City is exploring options for the future redevelopment of the Chagrin Boulevard south retail district that will complement the redevelopment currently underway on the north side of the street. During 2004, the City sold two of these properties for redevelopment for use as a credit union and the headquarters for an architectural firm.

During 2004, Heartland Developers began construction on its South Park Row Development project. When completed, South Park Row will add an estimated \$7 to \$10 million to the City's total residential property value. The luxury development will comprised of five buildings, including single and multi-family units, with 16

units ranging in price from \$450,000 to \$650,000 each. The project is being constructed without any financial incentives from the City.

In addition to its routine street maintenance program, during 2004 the City completed improvements to Chagrin Boulevard, a major east-west thoroughfare that connects the City's two major retail districts. Chagrin Boulevard was resurfaced from border to border in 2004. This project was completed in cooperation with the Ohio Department of Transportation. A TEA-21 Grant awarded to the City financed 80% of the estimated \$660,000 cost of construction. Before the street was to be resurfaced, the City replaced several sewer lines to avoid the need to disturb the newly resurfaced roadway in the future. The sewer line replacement cost of approximately \$500,000 was financed by revenue from the City's sewer user fee.

The City also plans to reconstruct Lee Road, a major north-south thoroughfare, from border to border. Planning for this project will be undertaken in 2004 with construction scheduled for 2005. A TEA-21 Grant awarded to the City will finance 80% of the estimated \$1.96 million cost of construction. Before the street is to be reconstructed, the City will be replacing five sewer lines to avoid the need to disturb the newly resurfaced roadway in the future. The estimated \$1.6 million cost of these sewer line replacements is to be financed by revenue from the City's sewer user fee. The planning for and timing of both the Chagrin Boulevard and Lee Road street and sewer projects are being coordinated with the Sussex and Shaker Towne redevelopment projects in order to minimize the disruption to the businesses and residents in these areas as well as maximizing the impact of the projects.

The City has been maintaining its sewer lines based upon a master plan that was developed in 1992. The majority of the maintenance work identified in that plan is nearing completion. Accordingly, during 2004 the City commissioned another study of the status of its sewer system in order to develop a master infrastructure maintenance and financing plan covering the next ten years. The City is also conducting a study of the flood plain that exists in the southwest section of the City. The objective of this study will be to reduce the size of the flood plain as it is currently drawn in order to eliminate the flood insurance requirement for residents and businesses that are located in the borders of the flood plain as currently drawn but will be outside of the borders of the new flood plain. In addition, the cost of developing in the areas removed from the flood plain will be reduced as construction requirements for building in the flood plain will not have to be met by these properties. The City believes that the impact of past sewer and storm water management projects performed by the City and the Northeast Ohio Regional Sewer District will make a change in the size of the flood plain possible.

The City is currently in the process of completing its \$4.3 million waterline replacement/relining project on twelve city streets. Planning for this \$4.3 million project began in 2002 with construction beginning in 2003. The first phase of the project (\$1.3 million) was completed in 2004 and construction was begun on the second phase of the project (\$3.0 million) during 2005. It is expected that this project will be completed in the summer of 2005. A \$4.1 million, twenty-year, interest-free loan that was awarded the City by the Ohio Public Works Commission, is funding this project. When completed, the project will result in significantly improved water pressure in the areas served by these waterlines.

During 2005, the City will begin the two-year process of completely replacing its current mechanical traffic signalization system with a computer-coordinated system. The new system will improve traffic flow throughout the City and allow the City's Police Department to monitor traffic flow throughout the City and make adjustments where needed from a central command center located in the police station. This type of traffic management is not possible with the City's current system. More importantly, the new system should greatly enhance the safety of the motoring public. The system will also incorporate the traffic signalization requirements of the Greater Cleveland Regional Transit Authority's light rail system that runs through the City at street level. The engineering, design and planning for this project was begun in 1993. The project is being managed by the Ohio Department of Transportation. Construction is scheduled to begin in the spring of 2005 with a projected completion date of 2006. The estimated construction cost of this project is \$9.04 million. The net cost to the City of this project is approximately \$572,000 after allowing for the \$7.4 million TEA-21 grant awarded the City and the GCRTA's \$873,000 contribution to finance the net cost of work related to incorporating the requirements of its light rail system into the signalization system.

During 2004, the City began the process of replacing two of its major information systems. The Public Safety Information System used by the Police and Fire Departments for dispatching and record keeping will replace the current system, in use since the early 1990's. The City's financial system, in use since the mid 1980's, is also in the process of being replaced. The new software will be integrated into all of the City departments. It should provide City directors and managers with up to the minute financial information regarding their operations while eliminating redundant, manual systems. Both information systems should be fully operative in 2006.

### **Financial Condition**

2003 was the first year that the City of Shaker Heights prepared financial statements in accordance with GASB Statement 34, "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments". GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

***Government-wide financial statement*** - These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by businesses.

***Fund financial statements*** - These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds are the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

***Statement of budgetary comparisons*** - These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of the new reporting model, management is responsible for preparing a discussion and analysis of the City. This discussion follows the independent auditor's report providing an assessment of the City finances for 2004.

**Cash Management** - The City invests temporarily idle cash in treasury notes, treasury bills, repurchase agreements and other authorized instruments. The authorized maximum investment maturity is five years from the date of purchase. The maturities of the investments range from three months to five years with an average maturity of twenty-five months. The average annual yield on investments during 2004 was 1.5%. Investment income includes appreciation in the fair value of investments. Changes in the fair value of investments during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

**Risk Management** - The City strives to provide itself with superior risk coverage at the lowest possible cost to its residents. Since 1986, when the City completely self-insured its general liability due to skyrocketing premium costs relative to the insurance coverage provided, the City has been successful in obtaining various forms of excess liability insurance coverage while still self-insuring a portion of its risk. For the years 1994 through 1999, the City applied for and was accepted in the State of Ohio Workers' Compensation Retrospective Rating Plan. Under the terms of this plan, the City initially paid a fraction of the premium (the minimum premium) that it would have had to pay as an experience-rated risk. As costs for the City's injured workers' claims are incurred and paid by the Bureau of Workers Compensation, the City then reimburses the Bureau for all amounts paid, subject to the individual claim cost and employer's premium limitation. For the years 1995 through 1999 respectively, the City adopted a plan with no limit on individual claims and an overall premium limitation 200% of the experience plan premium. For 1994, the City adopted a plan with no limit on individual claims and an overall premium limitation of 150% of the experience plan premium. This translates to an overall premium limitation of \$1.4 to \$2.0 million per year for each of these years' claims.

limitations, the City is responsible for funding all costs for the ten-year period following the claim year. At that time the Bureau will bill the City for any unresolved claims and then assume responsibility for any future expenses. The City has fully funded its Self-Insurance Internal Service Fund according to what it believes its true claims cost will be based upon an outside consultant's analysis of the City's claims history. Adoption of this plan has resulted in annual cost avoidances ranging from \$425,000 to \$565,000 per year or approximately \$2.2 million over the five-year period. As with all risk, the City continues to closely monitor its reserves, adjusting them accordingly as the need arises. For 2003 and 2004, the City chose the traditional manner of funding claims, as an experience rated risk, thereby transferring all future risk to the Ohio Bureau of Workers Compensation. Additional information on the City's risk management activity can be found in Note 15 of the notes to the financial statements.

#### Other Information

**GFOA Certificate of Achievement Award:** We are proud to report that the Government Finance Officers Association of the United States and Canada (commonly referred to as GFOA) awarded a Certificate of Achievement For Excellence In Financial Reporting to the City of Shaker Heights for its comprehensive annual financial report for the fiscal year ended December 31, 2003. This was the eighth consecutive year that the City has received this award. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement by the GFOA, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to the program's standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one-year. We believe that the City's current CAFR continues to conform to the Certificate of Achievement program's requirements and, as such, it will be submitted to the GFOA for evaluation.

**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 Department of Finance, particularly Assistant Finance Director Deborah Armstrong, Staff Accountants Joseph K. Dubovec, Renee T. Mahoney, and Shirley Moore; and Senior Administrative Assistant Gail Little. Without their dedicated assistance, 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



Frank J. Brichacek  
Finance Director

*City of Shaker Heights, Ohio  
Comprehensive Annual Financial Report  
Listing of Principal City Officials  
Year Ending December 31, 2004  
Elected Officials*

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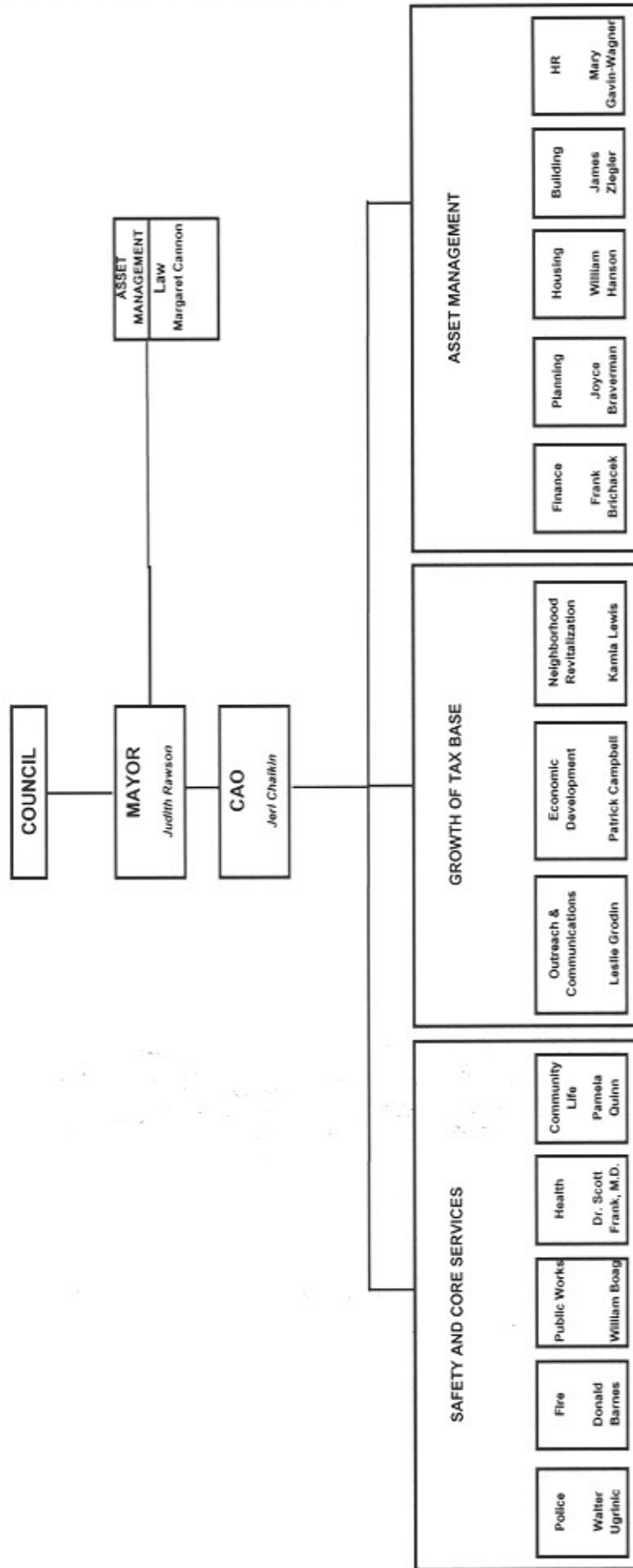
Mayor	Judith H. Rawson
Councilmember/Vice Mayor	Brian S. Gleisser
Councilmember	Jan M. Devereaux
Councilmember	Laura L. Holmes, M.D.
Councilmember	Kenneth J. Kovach
Councilmember	Earl M. Leiken
Councilmember	Brian E. Parker
Councilmember	Earl Williams, Jr.

APPOINTED OFFICIALS

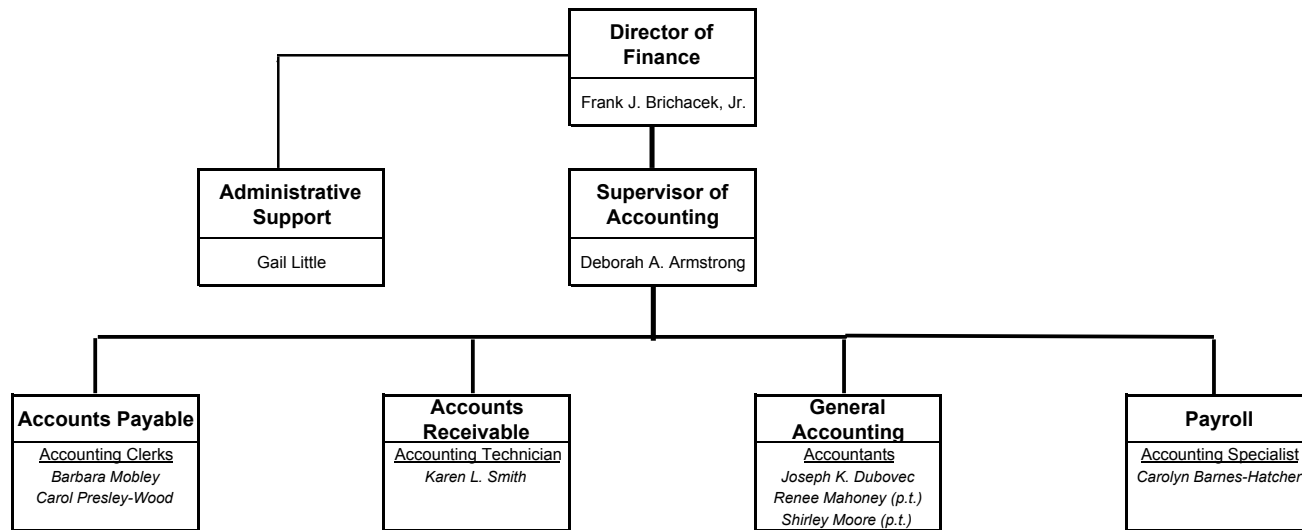
Chief Administrative Officer	Jeri E. Chaikin
Director of Finance	Frank J. Brichacek, Jr.
Director of Building	James P. Ziegler
Director of Community Life	Pamela Quinn
Director of Economic Development	Patrick Campbell
Chief of Fire	Donald A. Barnes
Director of Health	Dr. Scott H. Frank
Director of Housing Inspection	William E. Hanson
Director of Human Resources	Mary Gavin-Wagner
Director of Law	Margaret Anne Cannon
Director of Planning and Development	Joyce G. Braverman
Chief of Police	Walter A. Ugrinic
Director of Public Works	William W. Boag
Director of Neighborhood Revitalization	Kamla Lewis
Director of Communications & Outreach	Leslie Grodin



The City of Shaker Heights, Ohio  
 City Organizational Chart  
 December 31, 2004



**CITY OF SHAKER HEIGHTS  
FINANCE DEPARTMENT ORGANIZATIONAL CHART  
DECEMBER 31, 2004**



# 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, 2003

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.



*Nancy L. Ziehl*

President

*Jeffrey R. Enos*

Executive Director

*City of Shaker Heights*



## Independent Auditors' Report

Members of the City Council  
Shaker Heights, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights, Ohio as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Shaker Heights, Ohio's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights, Ohio, as of December 31, 2004, and the respective changes in financial position and the respective budgetary comparison for the General and Recreation Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2005 on our consideration of the City of Shaker Heights, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Members of the City Council  
Shaker Heights, Ohio

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

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

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
June 30, 2005

**City of Shaker Heights**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*Unaudited*

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The discussion and analysis of the City of Shaker Heights' financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2004. 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 2004 are as follows:

- ◆ The assets of the City of Shaker Heights exceeded its liabilities at the close of the most recent fiscal year by \$83.0 million. Of this amount, \$18.1 million may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ Total assets decreased by \$615,087, which represents a decrease of approximately 1 percent over 2003. The biggest changes were a \$6.0 million decrease in Cash and Cash Equivalents and a \$5.5 million increase in Capital Assets.
- ◆ Total liabilities increased by \$4.4 million, which represents an increase of 11 percent over 2003. The main factors contributing to this change was a net increase of \$1.6 million in short term notes payable issued to finance the acquisition of capital equipment and a net increase of \$3.6 million in loans payable from a twenty-year, interest free loan used to finance a waterline improvement project.
- ◆ In total, net assets in governmental activities decreased by \$5.0 million during 2004. This represents a 6 percent decrease from 2003.

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

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

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

#### *Statement of Net Assets and the Statement of Activities*

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

**City of Shaker Heights**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*Unaudited*

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In the Statement of Net Assets and the Statement of Activities, we report the City's governmental activities. All of the City's activities, including its self insurance and other internal service activities, are considered to be governmental in nature because they are financed primarily by revenue from income taxes, property taxes, and state and federal grants. The City has no business type activities (activities funded by user fees charged to help finance all or most of the cost of services provided) to report.

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

*Fund Financial Statements*

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

*Governmental Funds*

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

The City of Shaker Heights maintains 26 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 the Capital Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

*Proprietary Funds*

The City of Shaker Heights maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has no activity that fits this category. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains 4 individual internal service funds. Because these activities predominately benefit governmental rather than business functions, they have been included within governmental activities in the government-wide financial statements.



**City of Shaker Heights**  
*Management's Discussion and Analysis*  
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*Unaudited*

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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, stores, printing and garage operations, all of which are considered to be nonmajor funds. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

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

*Fiduciary Funds*

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

*Notes to the Financial Statements*

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

*Other information*

In addition to the basic financial statements and the accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual detailed budgetary comparisons for all nonmajor funds. This information can be found starting on page 53 of this report.

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

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

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

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

Table 1 on the following page provides a summary of the City's net assets for 2004 as compared to 2003.

**City of Shaker Heights**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*Unaudited*

Table 1  
City of Shaker Heights' Net Assets

	Governmental Activities	
	2004	2003
<b>Assets</b>		
Current and Other Assets	\$73,750,955	\$79,909,461
Capital Assets, Net	<u>54,571,072</u>	<u>49,027,653</u>
<i>Total Assets</i>	<u>128,322,027</u>	<u>128,937,114</u>
<b>Liabilities</b>		
Current Liabilities and Other Liabilities	22,737,973	22,157,770
Long-term Liabilities		
Due Within One Year	262,666	276,483
Due In More Than One Year	<u>22,356,436</u>	<u>18,499,589</u>
<i>Total Liabilities</i>	<u>45,357,075</u>	<u>40,933,842</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	32,387,135	28,268,341
Restricted for:		
Capital Projects	29,667,802	29,801,324
Other Purpose	2,781,854	3,533,961
Unrestricted	<u>18,128,161</u>	<u>26,399,646</u>
<i>Total Net Assets</i>	<u>\$82,964,952</u>	<u>\$88,003,272</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Shaker Heights, assets exceed liabilities by \$82,964,952 as of December 31, 2004. The second largest portion of the City's net assets (39.0%) reflects investments in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), net of any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently these net assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets decreased by \$615,087 from 2004 to 2003 while total liabilities increased by \$4,423,233. The most significant change was a decrease in Cash and Cash Equivalents where there was a decrease of \$6,069,643 during the fiscal year. The increase in liabilities was due mainly due to the issuance of new debt during 2004. \$2.2 million in short-term notes payable were issued to finance equipment acquisition, street improvements and the replacement of the citywide traffic signalization system. Long-term loans payable increased by \$3.6 million as the result of a twenty-year, interest free loan accepted by the City to finance waterline improvements. The total net assets of the City decreased

**City of Shaker Heights**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*Unaudited*

by \$5,061,110. This decrease is due mainly to the issuance of new debt to finance capital equipment and projects.

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

Table 2 provides a summary of the City's change in net assets for 2004 as compared to 2003.

Table 2  
Changes in Net Assets

	2004	2003
Program Revenues		
Charges for Services	\$9,338,810	\$14,425,718
Operating Grants, Contributions and Interest	4,539,781	3,578,180
Capital Grants and Contributions	181,446	46,304
<i>Total Program Revenues</i>	<u>14,060,037</u>	<u>18,050,202</u>
<b>General Revenues</b>		
Property Taxes	7,264,319	6,475,426
Income and Other Taxes	18,530,905	22,626,009
Grants and Entitlements	7,615,993	17,076,027
Investments Earnings	399,676	584,972
<i>Total Revenues</i>	<u>47,870,930</u>	<u>64,812,636</u>
<b>Program Expenses</b>		
General Government	8,454,681	6,710,053
Security of Persons and Property	20,909,631	19,885,932
Public Health Services	632,970	633,129
Leisure Time Activities	3,992,118	3,972,556
Housing and Community Development	5,989,338	5,149,752
Sanitation and Sewer Services	5,576,738	4,212,867
Street Maintenance and Repair	2,962,286	2,742,224
Public Works – Other	3,922,743	2,645,335
Interest and Fiscal Charges	491,535	304,627
<i>Total Program Expenses</i>	<u>52,932,040</u>	<u>46,256,475</u>

**City of Shaker Heights**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*Unaudited*

<i>Changes in Net Assets</i>	\$(5,061,110	\$18,556,16
	)	1

*Governmental Activities*

Governmental activities decreased the City's net assets by \$5,061,110. Several factors combined explain this result. The City's street lighting and tree maintenance programs are funded by a triennial special assessment. The revenue from these assessments is included in 2003 income while the expenses for these programs are not recognized until incurred. In 2004, the City expended approximately \$1.3 million for these programs. 2004 self-insurance expenses and claims were approximately \$1.1 million. The remainder of the reduction in net assets resulted from planned increased expenditures for street maintenance, public works and economic development activities that were funded by net assets accumulated during earlier years.

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 property taxes, grants and entitlements and charges for services. The City's income tax rate was 1.75% for 2004. The City's tax rate has been stable since the voters last increased it in 1981. Both residents of the City and non-residents who work inside the City are subject to the income tax. The City grants an income tax credit to residents who work in a locality that has a municipal income tax. The City provides a credit of up to one-half of one percent of the tax rate of the resident's workplace community's income tax rate. City Council could by ordinance choose to vary that income tax credit thereby creating additional revenue for the City. Due to the City's recent history of income tax collection increases, which have averaged 1.3% since 2000 after factoring out the extraordinary revenue received in 2003, the City has realized an increase in its net assets making such a consideration unnecessary, but a future option.

Income and other tax revenue for 2004 was \$18,530,905, accounting for 38.7% of the City's total 2004 revenue of \$47,870,930. Property taxes of \$7,264,319 account for 15.2% of total revenues. Charges for Services of \$9,338,810 account for 19.5% of total revenues. Unrestricted Grants and Entitlements of \$7,615,993 account for 15.9% of total revenue. All other revenue of \$5,120,903 accounts for the remaining 10.7% of the City's 2004 revenue. The City monitors its sources of revenue very closely for fluctuations throughout the year, especially income tax.

During 2004, City expenditures continued to be dominated by its three largest departments, Police, Fire and Public Works. These three departments account for approximately 63.0% of the City's total 2004 program expenditures of \$52,932,040. Expenditures for Security of Persons and Property (primarily the City's Police and Fire Departments) accounted for 39.5% of the City's 2004 expenditure total. Expenditures for Sanitation and Sewer Services (10.5%), Street Maintenance (5.6%) and other Public Works activities (7.4%) accounted for 23.5% of the City's 2004 expenditure total. The next largest expenditure category was General Government, which accounted for 16.0% of the City's expenditure total. 11.3% of City expenditures were for Housing and Development activities (building and housing inspection, planning, economic development and neighborhood revitalization activities) while expenditures for Leisure Time Activities (primarily recreation and parks maintenance activities) account for 7.6% of total expenditures. Public Health and Interest and Fiscal Charges account for the remaining 2.1% of the City's total expenditures for 2004. For the most part, City expenditures closely paralleled inflation during 2004 however it should be noted that the ever-increasing cost of providing employee health care negatively impacted the 2004 budget. This trend is expected to continue into the future.

**The City's Funds**

**City of Shaker Heights**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*Unaudited*

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*Governmental Funds*

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

As of December 31, 2004, the City's governmental funds reported combined ending fund balances of \$37,662,938 of which \$18,507,740 constitutes unreserved fund balances. The City's unreserved fund balance is available for spending at the City's discretion, subject to contractual or legal constraints. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of the prior period or ongoing appropriations. As of December 31, 2004, \$19,155,198 of the total governmental fund balance was reserved for purchase commitments or capital project appropriations.

All governmental funds had total revenues and net other financing sources of \$52,842,828 and expenditures of \$57,211,542 resulting in an operating deficit of \$4,368,714. This deficit is primarily the result of the expenditure of revenue received in 2003, primarily for capital projects, and not expended until 2004. Capital project expenditures exceed capital project revenues and other net financing sources by approximately \$5.0 million in 2004.

The General Fund is the primary operating fund of the City. As of December 31, 2004, the total fund balance of the General Fund was \$7,798,089, of which \$620,813 (8.0%) was reserved and \$7,177,276 (92.0%) was unreserved. As a measure of the General Fund's liquidity and the City's ability to react to unanticipated economic events, it may be useful to compare the unreserved fund balance to total fund expenditures. As of December 31, 2004 the City's unreserved fund balance was equal to 19.8% of its total operating 2004 expenditures of \$34,650,735 plus its transfers to other funds of \$1,691,340.

During 2004, the fund balance of the General Fund increased by \$936,248. Included in this amount is an operating transfer from the Capital Projects Fund of \$2,168,200. Without this transfer, General Fund expenditures and other uses would have exceeded General Fund revenues and other sources by \$1,231,952. This transfer was intended to offset the impact of extraordinarily large income tax refunds totaling approximately \$2.2 million that were issued during 2004. These refunds are reflected as 2003 liabilities but impacted the 2004 cash basis budget.

During 2004, the fund balance of the Capital Projects Fund decreased by \$4,988,069. This was primarily the result of the City's decision; described above, to transfer \$2,168,000 to the General Fund. In addition, at this point in the timeline of the Sussex and Shaker Towne Centre Tax Increment Financing Projects the cash flow from the payments-in-lieu-of-taxes (PILOTs) are insufficient to meet current their current debt service obligations. Resources from these projects are being used to finance the current debt service on these projects until the construction begins to generate sufficient PILOT revenue. Approximately \$4.8 million in Estate Tax revenue was recognized in 2004. This amount will be used by the City to finance its 2005 general capital improvement program.

*General Fund Budgeting Highlights*

**City of Shaker Heights**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*Unaudited*

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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. The most significant budgeted fund is the General Fund. 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 after a discussion at a regularly held council meeting, which is open to the public; the budget is adopted at fund level by City Council. Within each fund, appropriations may be transferred between line items or departments with the approval of the Mayor or Chief Administrative Officer and the respective department head. Council must approve any revisions in the budget that alter the fund totals or require the transfer of moneys between funds. All recommendations for budget revisions are reviewed by the Finance Committee of City Council before being presented to the whole Council for consideration for enactment by ordinance. The most significant budgeted fund is the General Fund. During the course of 2004, the City used this process to amend its General Fund budget on three occasions. The difference 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 monthly reports to City Council depicting monthly and year-to-date activity.

The original budgeted revenues for the General Fund were \$35,677,263; the final budgeted revenues were \$36,226,194. The City's ending unencumbered fund balance, computed using on a modified cash basis of accounting, was \$7,254,913 which was \$413,744 less than the final budgeted fund balance of \$7,668,657. In recognition of the importance of maintaining an adequate level of fund equity, the City Council adopted a fund balance policy for the General Fund. While not legally binding, City Council established the following goal:

The City should, as a financial goal, endeavor to carry forward at the beginning of each fiscal year an unobligated General Fund balance of not less than twenty percent of budgeted operating fund expenditures, excluding recreation activity expenditures. Any amount in excess of twenty percent shall become available for transfer to the Capital Fund.

The City's ending budgetary fund balance was the equivalent of 21.0% of its general operating budget, excluding recreation expenditures, thereby meeting this goal. Council chose not to transfer any of portion of the fund balance to the Capital Fund in order to make additional resources available to the 2004 budget.

The City Council also adopted a fund balance policy for the Capital Fund. While not legally binding, City Council established the following goal:

The City should, as a financial goal, endeavor to begin each fiscal year with an annual Capital Fund unobligated fund balance that, at a minimum, is equal to the current year's Capital Fund debt funding requirement plus the total of all Estate Tax revenue received by the City and credited to the General Capital Fund in the prior year.

The City exceeded this financial goal at the end of 2004 by approximately \$12.1 million.

## **Capital Assets and Debt Administration**

### *Capital Assets*

At the end of fiscal 2004, the City of Shaker Heights had \$54,571,072 million invested in land, buildings, and equipment.

Table 3 on the following page shows fiscal 2004 balances of Capital Assets as compared to 2003:

**City of Shaker Heights**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*Unaudited*

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

	Governmental Activities	
	2004	2003
Land	\$15,759,427	\$15,784,644
Buildings and Improvements	8,751,561	8,584,542
Machinery and Equipment	6,227,100	6,355,498
Infrastructure		
Street	10,036,618	9,648,022
Water Lines	1,580,993	471,231
Sanitary and Storm Sewer	4,769,857	3,328,869
System		
Traffic Signals System	1,814,293	1,851,725
Construction in Progress	5,631,223	3,003,122
Total Capital Assets	\$54,571,072	\$49,027,653

Total capital assets of the City as of December 31, 2004 were \$5,543,419 greater than 2003. The most significant increases in the City's capital assets came in land and construction in progress. These changes were due to the property acquired for and the improvements completed on the Sussex and Shaker Towne Centre redevelopment projects. 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 sewer lines 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 or cracksealed and in the case of concrete roads, either replaced or repaired. After approval from Council, the projects are bid in early to late spring to get the best possible pricing from contractors. This program is paid for out of the current operating funds of the City. In the case of a major resurfacing project on two of the main arteries in the City of Shaker Heights, as mentioned before, the City has effectively pursued external sources of grant funding to finance up to eighty percent of the project thereby reducing the total amount to be funded by the City. The City also was awarded a \$4.6 million, twenty year, interest-free loan by the Ohio Public Works Commission to finance the relining or replacement of ten waterlines in the City. It is expected that this project will be completed during 2005.

More detailed information about the City's capital asset activity is presented in the notes to the basic financial statements.

**City of Shaker Heights**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*Unaudited*

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**Debt**

At December 31, 2004, the City of Shaker Heights had \$29,114,012 in debt and compensated absences outstanding, of which \$6,757,666 is due within one year. Table 4 on the following page summarizes the City's debt outstanding as of December 31, 2004 and 2003:

Table 4  
 Outstanding Debt at Year End

	2004	2003
General Obligation Bonds	\$15,265,000	\$15,370,000
Urban Renewal Temporary Bonds	2,215,000	2,215,000
Bond Anticipation Notes	4,280,000	2,710,000
OPWC Loans	4,021,900	464,312
Compensated Absences	3,332,202	2,941,760
 Total	 \$29,114,102	 \$23,701,072

State statutes limit the total amount of general obligation debt that a city may issue to 10 ½% of total assessed valuation and limits the total amount of general obligation debt that a city may issue without voter approval to 5 ½% of total assessed valuation. At December 31, 2004, the City's overall legal debt margin was \$83,568,077 and its unvoted debt margin was \$41,955,191.

During 2003, the City issued a \$15.27 million general obligation bond to fund its urban renewal projects in the Shaker Towne Centre and Sussex Districts of the City. The City was awarded an Aa1 rating by Standard & Poors and Fitch Rating Services. The Shaker Towne Centre project includes the construction of a new firehouse to replace the fire station that is currently located at City Hall. This issue will be retired using tax increment financing (TIF). Payments in lieu of taxes made by the property owners will be used to retire this debt. The City also issued a \$2.215 million urban renewal temporary bond for this project during construction. Of this amount, \$1,220,000 will be retired from project income; the remaining \$995,000 will be funded by payments in lieu of taxes.

The City began 2004 with \$2.71 million in short-term notes payable. This note was issued to partially refinance earlier notes issued to finance the acquisition of two fire trucks (originally issued in 2000 and 2002), an ambulance (originally issued in 2001), public works equipment (originally issued in 2002), replacement of roofs at the Service Center, Police-Court Building and Thornton Park Ice Arena (issued in 2002) and for the renovation of the former Moreland School Building to serve as the new main branch of the Shaker Heights Public Library (originally issued in 1992). At maturity, the City retired \$590,000 of this issued and issued a new note in the amount of \$4.28 million to refinance the balance. This note also included \$2.16 million to finance the replacement of the city's public safety computer system (\$800,000), the City's portion of the citywide traffic signalization system replacement project not funded



**City of Shaker Heights**  
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*Unaudited*

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by grants (\$510,000), street maintenance (\$455,000) and the portion of the Lee Road reconstruction project not funded by grants (\$455,000).

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

The Ohio Public Works Commission (OPWC) issued the City a twenty-year, interest free loan in 1994 for the Shelburne Road Sanitary Sewer Project. This loan is being repaid by the City using revenue from the sewer system user fee assessed to all system users in the City. The City has been awarded by the OPWC a \$4.1 million, twenty-year, interest free loan to replace or reline water lines serving the City. As of December 31, 2004 the City has drawn approximately \$3.6 million of this loan. It is anticipated that construction on this project will be completed during 2005 and the remaining funds drawn down. It is anticipated that semiannual payments on this loan will begin in 2006.

More detailed information about the City's long-term liabilities is presented in the notes to the basic financial statements.

**Current Related Financial Activities**

The City of Shaker Heights is both strong financially and well managed, as evidenced by the Aa1 bond rating awarded the City by Standard and Poors and Fitch Rating Services. The City is one of the few suburbs in Ohio to have been awarded this prestigious rating. It is the result of the City's history of creative planning and the combined cooperation of the elected officials, professional administration and employees and, most importantly, its residents. In addition, the City's systems of budgeting and internal controls are well regarded. 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 and had a history of doing just that. The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1996, the year of the City's second Comprehensive Annual Financial Report.

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

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

**City of Shaker Heights, Ohio**  
**Statement of Net Assets**  
**December 31, 2004**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$48,932,818
Accounts Receivable	764,842
Accrued Interest Receivable	303,475
Intergovernmental Receivable	4,018,419
Inventory of Supplies	186,329
Prepaid Items	1,621
Special Assessments Receivable	3,336,505
Lease Receivable	1,968,544
Restricted Cash and Cash Equivalents	101,498
Taxes Receivable	14,136,904
Nondepreciable Capital Assets	21,390,650
Depreciable Capital Assets, Net	33,180,422
Total Assets	128,322,027
<b>Liabilities</b>	
Accounts Payable	2,450,959
Accrued Wages	2,696,149
Compensated Absences	1,847,128
Claims Payable	1,855,207
Unearned Revenue	7,224,077
Notes Payable	6,495,000
Notes and Bonds Interest Payable	123,143
Notes and Bonds Premium Payable	46,310
Long Term Liabilities:	
Due Within One Year	262,666
Due Within More Than One Year	22,356,436
Total Liabilities	45,357,075
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	32,387,135
Restricted For:	
Capital Projects Funds	29,667,802
Other Purposes	2,781,854
Unrestricted	18,128,161
Total Net Assets	\$82,964,952

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

**City of Shaker Heights, Ohio**

Statement of Activities

For the Year Ended December 31, 2004

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions		
<b>Governmental Activities</b>					
Security of Persons and Property:					
Police	\$ 13,085,133	\$ 302,403	\$ 2,866,118	\$ 1,271	(\$9,915,341)
Fire	6,958,483	517,291	1,377	57,571	(6,382,244)
Other	866,015	12,332	0	25,474	(828,209)
Public Health Services	632,970	73,237	119,319	23,712	(416,702)
Leisure Time Activities:					
Culture and Recreation	3,271,108	2,173,065	0	0	(1,098,043)
Parks and Public Land Maintenance	721,010	0	0	0	(721,010)
Housing and Community Development	5,989,338	1,247,013	119,227	0	(4,623,098)
Sanitation and Sewer Services	5,576,738	1,520,428	19,454	0	(4,036,856)
Street Maintenance and Repair	2,962,286	45,106	6,741	73,255	(2,837,184)
Public Works - Other	3,922,743	1,221,186	0	163	(2,701,394)
General Government:					
Legislative and Executive	6,491,202	315,346	1,154,712	0	(5,021,144)
Judicial System	1,963,479	1,911,403	252,833	0	200,757
Interest and Fiscal Charges	491,535	0	0	0	(491,535)
<b>Total Governmental Activities</b>	<b>\$ 52,932,040</b>	<b>\$9,338,810</b>	<b>\$4,539,781</b>	<b>\$181,446</b>	<b>(38,872,003)</b>

**General Revenues**

Property Taxes Levied for:	
General Purposes	6,761,905
Police and Fire Pension	436,251
Debt Service	66,163
Municipal Income Taxes Levied for:	
General Purposes	18,461,533
Other Local Taxes Levied for:	
General Purposes	69,372
Grants and Entitlements not Restricted to Specific Programs	7,615,993
Interest Earnings	399,676
<b>Total General Revenues</b>	<b>33,810,893</b>
<b>Change in Net assets</b>	<b>(5,061,110)</b>
<b>Net Assets Beginning of Year</b>	<b>88,026,062</b>
<b>Net Assets End of Year</b>	<b>\$82,964,952</b>

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

**City of Shaker Heights, Ohio**

**Balance Sheet**

**Governmental Funds**

**December 31, 2004**

	<b>General</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$7,916,868	\$29,602,455	\$7,172,338	\$44,691,661
Taxes Receivable	13,667,942	0	468,962	14,136,904
Accounts Receivable	296,881	0	467,961	764,842
Special Assessments Receivable	2,090	0	3,334,415	3,336,505
Accrued Interest Receivable	303,475	0	0	303,475
Lease Receivable	197,622	1,770,922	0	1,968,544
Interfund Receivable	206,558	81,310	517,324	805,192
Intergovernmental Receivable	1,124,834	1,725,731	1,167,854	4,018,419
Inventory of Supplies	169,681	0	0	169,681
Restricted Assets:				
Cash and Cash Equivalents	0	101,498	0	101,498
 Total Assets	<u>\$23,885,951</u>	<u>\$33,281,916</u>	<u>\$13,128,854</u>	<u>\$70,296,721</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$1,069,062	\$976,563	\$353,681	\$2,399,306
Accrued Wages	1,824,432	0	796,230	2,620,662
Compensated Absences	1,538,058	0	158,793	1,696,851
Interfund Payable	119,729	7,479	736,750	863,958
Unearned Revenue	11,536,581	2,517,985	4,333,987	18,388,553
Notes Payable	0	6,495,000	0	6,495,000
Notes and Bonds Interest Payable	0	65,777	57,366	123,143
Notes and Bonds Premium Payable	0	46,310	0	46,310
 Total Liabilities	<u>16,087,862</u>	<u>10,109,114</u>	<u>6,436,807</u>	<u>32,633,783</u>
<b>Fund Balance</b>				
Reserved for Encumbrances	620,813	3,579,876	745,955	4,946,644
Reserved for Appropriations	0	14,208,554	0	14,208,554
Undesignated, Reported in:				
General Fund	7,177,276	0	0	7,177,276
Special Revenue Funds	0	0	5,485,075	5,485,075
Debt Service Funds	0	0	461,017	461,017
Capital Projects Funds	0	5,384,372	0	5,384,372
 Total Fund Balances	<u>7,798,089</u>	<u>23,172,802</u>	<u>6,692,047</u>	<u>37,662,938</u>
 Total Liabilities and Fund Balances	<u>\$23,885,951</u>	<u>\$33,281,916</u>	<u>\$13,128,854</u>	<u>\$70,296,721</u>

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

**City of Shaker Heights, Ohio**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**December 31, 2004**

<b>Total Governmental Fund Balances</b>	<b>\$37,662,938</b>
 <b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Nondepreciable Capital Assets	\$21,390,650
Depreciable Capital Assets, Net	<u>33,180,422</u>
Total	54,571,072
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
OPWC Loans	(4,021,900)
Compensated Absences	(3,332,202)
Bonds Payable	<u>(15,265,000)</u>
Total	(22,619,102)
As internal service fund is used by management to charge the costs of insurance, worker's compensation, printing, supplies and maintenance and repair of the City's fleet of vehicles to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	
	2,185,568
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Delinquent Property Taxes	550,170
Income Taxes	3,387,980
Intergovernmental	3,486,022
Charges for Services	<u>3,740,304</u>
Total	<u>11,164,476</u>
 <b>Net Assets of Governmental Activities</b>	 <b><u><u>\$82,964,952</u></u></b>

The notes to the 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, 2004**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Municipal Income Taxes	\$18,783,048	\$0	\$0	\$18,783,048
Property Taxes	6,766,539	0	502,712	7,269,251
Other Local Taxes	69,372	0	0	69,372
State Levied Shared Taxes	1,541,052	4,822,762	973,707	7,337,521
Intergovernmental	1,400,345	122,591	3,198,291	4,721,227
Charges For Services	4,593,833	0	2,014,089	6,607,922
Fees, Licenses and Permits	449,452	0	0	449,452
Interest Earnings	169,813	97,475	71,806	339,094
Fines and Forfeitures	639,236	0	160,088	799,324
Special Assessment	0	0	1,529,226	1,529,226
Other Revenue	694,640	636,512	8,276	1,339,428
<b>Total Revenues</b>	<b>35,107,330</b>	<b>5,679,340</b>	<b>8,458,195</b>	<b>49,244,865</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police	8,413,012	649,139	3,894,970	12,957,121
Fire	6,179,297	119,789	1,100,823	7,399,909
Other	162,043	465,184	597,191	1,224,418
Public Health Services	516,282	0	108,448	624,730
Leisure Time Activities:				
Culture and Recreation	3,056,049	276,800	0	3,332,849
Parks and Public Land Maintenance	673,272	33,449	0	706,721
Housing and Community Development	4,066,717	774,170	1,209,081	6,049,968
Sanitation and Sewer Services	3,067,650	5,006,951	635,961	8,710,562
Street Maintenance and Repair	731,128	3,139,872	805,644	4,676,644
Public Works - Other	2,029,937	1,202,852	273,322	3,506,111
General Government:				
Legislative and Executive	4,029,941	926,011	302,873	5,258,825
Judicial System	1,725,407	0	228,298	1,953,705
Debt Service:				
Principal Retirements	0	0	145,375	145,375
Interest and Fiscal Charges	0	70,661	593,943	664,604
<b>Total Expenditures</b>	<b>34,650,735</b>	<b>12,664,878</b>	<b>9,895,929</b>	<b>57,211,542</b>
Excess of Revenues Over/ (Under) Expenditures	456,595	(6,985,538)	(1,437,734)	(7,966,677)
<b>Other Financing Sources (Uses)</b>				
Proceeds from the Sale of Public Debt:				
Loan Proceeds	0	3,597,963	0	3,597,963
Transfers - In	2,170,993	1,585,506	2,760,232	6,516,731
Transfers - Out	(1,691,340)	(3,186,000)	(1,639,391)	(6,516,731)
<b>Total Other Financing Sources (Uses)</b>	<b>479,653</b>	<b>1,997,469</b>	<b>1,120,841</b>	<b>3,597,963</b>
<b>Net Change in Fund Balances</b>	<b>936,248</b>	<b>(4,988,069)</b>	<b>(316,893)</b>	<b>(4,368,714)</b>
Fund Balances Beginning of Year				
Restated (See Note 3 )	6,861,841	28,160,871	7,008,940	42,031,652
<b>Fund Balances End of Year</b>	<b>\$7,798,089</b>	<b>\$23,172,802</b>	<b>\$6,692,047</b>	<b>\$37,662,938</b>

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

**City of Shaker Heights, Ohio**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2004**

**Net Change in Fund Balances - Total Governmental Funds** (\$4,368,714)

**Amounts reported for governmental activities in the statement of activities are different because**

Governmental funds report capital outlays 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 capital outlay exceeded depreciation in the current period.

Capital Asset Additions	\$ 7,702,925	
Current Year Depreciation	<u>(1,831,977)</u>	
Total		5,870,948

The issuance of long term bonds provides current financial resources to the funds and therefore are reported in the funds. (3,597,963)

The net effect of various miscellaneous transactions involving the disposal of Capital Assets is a decrease of Net Assets. (327,529)

Repayment of bond and loan principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets. 145,375

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

Compensated Absences	(390,442)	
Contractual Services	<u>206,597</u>	
Total		(183,845)

The internal service funds used by management to charge the costs of 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. Governmental fund expenditures and related internal service fund revenues are eliminated. The net expense of the internal service fund is allocated among the governmental activities. (1,164,865)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	(4,932)	
Income Taxes	(321,515)	
Intergovernmental	135,891	
Charges for Services	<u>(1,243,961)</u>	
Total		<u>(1,434,517)</u>

**Change in Net Assets of Governmental Funds** \$ (5,061,110)

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

**CITY OF SHAKER HEIGHTS, OHIO**

Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$6,746,764	\$6,775,600	\$6,766,539	(\$9,061)
Municipal Income Taxes	17,099,400	17,312,500	16,324,077	(988,423)
Other Local Taxes	60,000	60,000	64,977	4,977
State Levied Shared Taxes	1,560,367	1,560,400	1,541,305	(19,095)
Intergovernmental	1,226,200	1,368,500	1,368,073	(427)
Charges for Services	4,454,450	4,454,450	4,583,245	128,795
Fees, Licenses and Permits	468,050	618,050	449,452	(168,598)
Investment Earnings	625,000	625,000	535,761	(89,239)
Fines and Forfeitures	630,500	630,500	635,769	5,269
Other Revenues	638,332	640,200	707,845	67,645
Total Revenues	<u>33,509,063</u>	<u>34,045,200</u>	<u>32,977,043</u>	<u>(1,068,157)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	14,720,800	14,778,300	14,508,187	270,113
Public Health Services	510,000	528,600	516,128	12,472
Culture and Recreation	3,214,600	3,224,800	3,080,948	143,852
Parks and Public Lands Maintenance	684,400	690,100	671,992	18,108
Housing and Community Development	4,255,900	4,234,100	4,092,410	141,690
Sanitation and Sewer Services	2,920,200	2,941,800	3,044,378	(102,578)
Street Maintenance and Repair	650,500	650,900	917,997	(267,097)
Public Works - Other	2,027,100	2,032,400	2,021,402	10,998
Legislative and Executive	4,193,800	4,202,000	3,891,384	310,616
Judicial System	1,751,300	1,759,800	1,719,890	39,910
Total Expenditures	<u>34,928,600</u>	<u>35,042,800</u>	<u>34,464,716</u>	<u>578,084</u>
Excess of Revenues Over Expenditures	<u>(1,419,537)</u>	<u>(997,600)</u>	<u>(1,487,673)</u>	<u>(490,073)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,168,200	2,170,994	2,170,993	(1)
Transfers Out	(1,636,000)	(1,665,400)	(1,674,306)	(8,906)
Advances In	0	10,000	0	(10,000)
Advances Out	0	0	(96,558)	(96,558)
Total Other Financing Sources (Uses)	<u>532,200</u>	<u>515,594</u>	<u>400,129</u>	<u>(115,465)</u>
Net Change in Fund Balance	(887,337)	(482,006)	(1,087,544)	(605,538)
Beginning Cash Fund Balance	9,190,462	9,190,462	9,190,462	0
Prior Year's Reserve For Encumbrances				
Outstanding At December 31	(87,589)	(87,589)	(87,589)	0
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	<u>(952,210)</u>	<u>(952,210)</u>	<u>(760,416)</u>	<u>191,794</u>
Ending Unreserved Cash Fund Balance	<u>\$7,263,326</u>	<u>\$7,668,657</u>	<u>7,254,913</u>	<u>(\$413,744)</u>
Reserved for Encumbrances - All Budget Years			<u>1,269,638</u>	
Total Cash Fund Balance - December 31			<u>\$8,524,551</u>	

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



**City of Shaker Heights, Ohio**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**December 31, 2004**

	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>	
Equity In City Treasury Cash	\$4,241,157
Interfund Receivable	101,195
Inventory of Supplies	16,648
Prepaid Items	1,621
Total Assets	4,360,621
<b>Liabilities</b>	
Accounts Payable	\$51,653
Accrued Wages and Benefits	75,487
Compensated Absences	150,277
Interfund Payable	42,429
Claims Payable	1,855,207
Total Liabilities	2,175,053
<b>Net Assets</b>	
Unrestricted	2,185,568
Total Net Assets	\$2,185,568

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

**CITY OF SHAKER HEIGHTS, OHIO**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2004**

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating Revenues</b>	
Charges For Services	\$1,354,849
<b>Operating Expenses</b>	
Personal Services	913,644
Travel and Education	129
Contractual Services	1,370,231
Materials and Supplies	296,292
Total Operating Expenses	2,580,296
Operating Loss	(1,225,447)
<b>Non Operating Revenues</b>	
Interest Earnings	60,582
Change in Net Assets	(1,164,865)
Total Net Assets Beginning of Year	3,350,433
Total Net Assets End of Year	\$2,185,568

The notes to the 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, 2004**

	<u><b>Governmental Activities - Internal Service Funds</b></u>
<b>Increase (Decrease) In Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received From Interfund Services	\$1,444,654
Cash Payments to Suppliers for Services	(932,757)
Cash Payments to Employees	<u>(959,658)</u>
Net Cash Used for Operating Activities	<u>(447,761)</u>
<b>Cash Flows from Investing Activities</b>	
Interest Earned on Investments	<u>60,582</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Interest Earned on Investments	<u>42,429</u>
Decrease in Cash and Cash Equivalents	(344,750)
Cash and Cash Equivalents Beginning of Year	<u>4,585,907</u>
Cash and Cash Equivalents End of Year	<u><u>\$4,241,157</u></u>
 <b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$1,225,447)
Adjustments:	
(Increase)/ Decrease in Assets:	
Interfund Receivable	105,673
Materials and Supplies Inventory	(4,535)
Prepaid Items	109,850
Increase / (Decrease) in Liabilities:	
Accounts Payable	(40,130)
Accrued Wages and Benefits	(1,922)
Compensated Absences	(63,145)
Self Insurance Claims Payable	<u>671,895</u>
Total Adjustments	<u>777,686</u>
Net Cash Used for Operating Activities	<u><u>(\$447,761)</u></u>

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

**City of Shaker Heights, Ohio**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2004**

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	<b>Agency Funds</b>
<b>Assets</b>	
Equity Pooled in Cash and Cash Equivalents	\$1,069,219
Cash and Cash Equivalents in Segregated Account:	438,878
Mortgage Loans Receivable	495,569
	<hr/>
Total Assets	\$2,003,666
	<hr/> <hr/>
<b>Liabilities</b>	
Intergovernmental Payable	\$210,466
Deposits Held and Due To Others	1,793,200
	<hr/>
Total Liabilities	\$2,003,666
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The notes to the financial statements are an integral part of this statement.

***City of Shaker Heights, Ohio***  
***Notes to the Basic Financial Statements***  
***December 31, 2004***

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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.

**Reporting Entity**

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

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

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.

**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.

***City of Shaker Heights, Ohio***  
***Notes to the Basic Financial Statements***  
***December 31, 2004***

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**A. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements** The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid doubling up revenues and expenses.

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

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

***B. Fund Accounting***

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

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

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

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

**City of Shaker Heights, Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2004**

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

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

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

**Fiduciary Funds** – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the City’s own programs. The City has no trust funds. The City’s agency funds are custodial in nature (assets equal liabilities) and thus do not involve the measurement of the results of operations. The City’s agency funds are for the public art fund, obstruction permit deposits, excavating permit deposits, unclaimed monies, Fund for the Future of Shaker Heights, contractor deposits and the municipal court.

**C. Measurement Focus**

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

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

**D. Basis of Accounting**

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

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

**Revenue Recognition** - In applying the susceptible to accrual concept under the modified accrual basis, the

**City of Shaker Heights, Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2004**

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

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

**Deferred Revenue** – 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, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/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, including the private purpose trust fund, 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 2004, investments were limited to U.S. Treasury Notes and Bonds, non-negotiable certificates of deposit 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 non-negotiable certificates of deposit and repurchase agreements are reported at cost.



**City of Shaker Heights, Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2004**

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Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2004 amounted to \$169,813.

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, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid item at the time of the purchase and the expenditure/expense in the year in which the services are consumed.

***G. Inventory***

Inventory is stated at weighted average cost. The cost of inventory items is recorded as expenditures in the governmental funds types when purchased and expenses in the proprietary funds types when used. Obsolete inventory has not been valued for financial reporting purposes.

***H. Capital Assets***

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

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. Interest incurred during the construction of capital assets is also capitalized.

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	10 to 60 years
Equipment	5 to 30 years
Improvements	10 to 50 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 operating transfers. The City also advances money between funds throughout the year. To the extent that certain transactions between funds had not been paid or received as of December 31, 2004, interfund amounts receivable or payable have been recorded as Interfund Payables and Interfund Receivables. Interfund balance amounts are eliminated in the Statement of Net Assets.

***J. Compensated Absences***

***City of Shaker Heights, Ohio***  
***Notes to the Basic Financial Statements***  
***December 31, 2004***

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In accordance with Governmental Accounting Standards Board (GASB) Statement Number 16, the City has accrued a liability for compensated absences (vacation and sick leave) at December 31, 2004 along with any salary-related benefit liabilities associated with the payment of compensated absences. The City uses the vesting method to calculate this liability. The entire compensated absence liability is reported on the government-wide financial statements.

***K. Accrued Liabilities and Long-Term Obligations***

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

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

***L. Fund Balance Reserves***

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

***M. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

***N. Interfund Activity***

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 type of transaction occurred during 2004.

***City of Shaker Heights, Ohio***  
***Notes to the Basic Financial Statements***  
***December 31, 2004***

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***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 sewer, golf course, and fitness center programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

***R. Budgetary Process***

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

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

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

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.

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 fund level. For fiduciary funds, the legal level of budgetary control is maintained at the fund level. For capital project funds, the City maintains its legal level of budgetary control at the project level. Management control is exercised at the department level within each fund. Administrative control is maintained through the establishment of more detailed line item budgets. The Mayor and Chief Administrative Officer are authorized to transfer budgeted amounts between departments within a fund so long as the total amount appropriated for the fund is not exceeded.

**City of Shaker Heights, Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2004**

As provided by the City's Charter and State Law, amendments to the 2004 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, 2004.

**Note 3 - Restatement of Prior Year Fund Balances**

For the year ended December 31, 2003, certain adjustments have resulted in fund balance restatements. Accrued interest expense, interest payable and premium payable were incorrectly reported. The following provides details on these adjustments and the resultant effect on the fund balances of the major and nonmajor funds.

<b>Fund</b>	<b>Fund Balance as Previously Reported 12/31/2003</b>	<b>Adjustments</b>	<b>Fund Balance Restated 12/31/2003</b>
Nonmajor Governmental Funds	\$7,066,481	\$(57,541)	\$7,008,940
Capital Project Fund	28,080,540	80,331	28,160,871
Totals	<u>\$35,147,021</u>	<u>\$22,790</u>	<u>\$35,169,811</u>

**Note 4: Budgetary Basis of Accounting**

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

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

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

<b>Net Change in Fund Balance</b>	
GAAP Basis	\$936,248
Net Adjustment for Revenue Accruals	(388,423)
Fair Value Adjustment for Investments 2003	(243,551)
Fair Value Adjustment for Investments 2004	607,673
Net Adjustment for Expenditure Accruals	(3,941,966)
Encumbrances	1,942,465
Budget Basis	<u>\$(1,087,544)</u>

**City of Shaker Heights, Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2004**

**Note 5: Deposits and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets as "Cash and Cash Equivalents". Ohio law requires that deposits be placed in eligible banks or building and loan associations located in Ohio. Any public depository in which the City places a deposit must pledge as collateral eligible securities of aggregate face value equal to 110% of the excess of the deposit that is not insured by the Federal Deposit Insurance Corporation. At year-end, the carrying amount of the City's deposits was \$944,980 and the bank balance was \$2,898,768. The bank balance covered by federal deposit insurance was \$542,697 and the remaining \$2,356,071 was covered by collateral held by third party trustees in collateral pools in the name of the respective depository institutions securing all public funds on deposits pursuant to Section 135.18 of the Ohio Revised Code. The statutes further require the classification of monies held by the City into three categories, active, inactive, and interim deposits. Active monies are those required to be kept in a cash or near cash status for immediate use by the City. Such monies must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand. Inactive monies are those which are not required for use within the current two year period of designation of depositories. 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 the depositories.

The classification of cash and cash equivalents, and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less and cash and investments of the cash management pool.

A reconciliation between the classification of cash and investments on the financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Fair Market Value of Investments</u>
<b>GASB Statement 9</b>	\$50,542,413	\$-0-
Investments:		
Repurchase Agreements	(2,264,000)	2,264,000
U.S. Treasury Notes	<u>(47,333,433)</u>	<u>47,333,433</u>
<b>GASB Statement 3</b>	<u>\$944,980</u>	<u>\$49,597,433</u>

**A. Investments**

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 Poors Corporation or Moody's Investor Services, Inc. which rating:
  - a. As to bonds, is one of the two highest rating categories that may be assigned; and
  - b. As to notes, is the highest rating category that may be assigned.

**City of Shaker Heights, Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2004**

In order to be eligible investments under points (2) or (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.

In addition, effective September 27, 1996 State law specifically prohibits investment in stripped principal or interest obligations, reverse repurchase agreements and derivatives. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. All investments must be purchased with the expectation that the investment will be held to maturity.

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

Payment for investments may be made only upon delivery of the securities representing the investment 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.

Except for non-participating investment contracts, investments are reported at fair value. Fair value is the investment's quoted market price at December 31, 2004. Non-participating investment contracts such as repurchase agreements and non-negotiable certificates of deposits are reported at cost.

***B. Risk Categorization***

Governmental Accounting Standards Board (GASB) Statement No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements," requires the City to categorize its investments into one of three credit risk categories. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

<u>Type of Investment</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
U.S. Government Securities	\$47,333,433	\$ -0-	\$47,333,433
Repurchase Agreements	<u>-0-</u>	<u>2,264,000</u>	<u>2,264,000</u>
Total Investments	<u>\$47,333,433</u>	<u>\$2,264,000</u>	<u>\$49,597,433</u>

**Note 6 - Receivables**

Receivables at December 31, 2004, 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 expected to be collected in more than one year amount to \$2,721,858 which is reflected in the Street Lighting and Tree Maintenance Special Assessment Special Revenue Funds. At December 31, 2004, the amount of delinquent special assessments was \$70,775.

**City of Shaker Heights, Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2004**

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**A. Property Taxes**

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

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

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

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

Real property taxes (other than public utility property) are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by the Cuyahoga County Auditor at 35% of the current market value, and reappraisal of all property is required every six years with a triennial update. The last reappraisal was completed for tax year 2003 affecting collections beginning in 2004.

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 January 20 with the remainder payable by June 20. Taxes not paid become delinquent after December 31 of the year in which payable. Under certain circumstances, state statute permits earlier or later payment dates to be established.

Taxpayers become liable for tangible personal property taxes (other than public utility property) on January 1 of the current calendar year based on tax rates determined in the preceding year and assessed values determined as of the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Since 1992, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30, if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected during the calendar year were levied in the preceding calendar year based on assessed values as of January 1 of that preceding year, the lien date. The majority of public utility tangible personal property currently is assessed at 35% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

***City of Shaker Heights, Ohio***  
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The assessed values per category applicable to the 2004 and 2003 collections are as follows:

	Tax Collection/Valuation Year	
	<u>2004/2005</u>	<u>2003/2004</u>
Real Estate (other than public utility)	\$806,356,400	\$806,459,520
Public Utilities Real and Tangible Personal Property	15,654,670	15,799,910
Tangible Personal Property (other than public utility)	<u>10,246,645</u>	<u>13,064,821</u>
Total Valuation	<u>\$832,257,715</u>	<u>\$835,324,251</u>

The tax rate levied to finance the City's services for the years ended December 31, 2004 and December 31, 2003, was \$9.90 per \$1,000 of real estate and personal property valuation.

The receivable and related deferred revenue does not include property tax entitlements in the amount of \$992,699 that the City expects to receive in 2005 from the State of Ohio to finance 2005 operations. These entitlements are based upon 2004 local property tax relief granted by the State to qualified classes of real property owners in the form of Homestead Exemptions and tax rollbacks.

***B. Municipal Income Taxes***

The City income tax is applied to the gross salaries, wages and other personal service compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. The tax rate was 1-3/4% of earnings for 2004 and 2003. Residents of the City are granted a credit up to one-half of 1% for taxes paid to other municipalities. A receivable totaling \$6,394,184 has been recorded in the General Fund. This total includes \$3,006,204 for the portion of taxes that is due in December, but not received until January of the following year, and \$3,387,980 which has been billed, but is not available in the current period.

***C. Intergovernmental Receivable***

A summary of intergovernmental receivables at December 31, 2004, include the following:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government Contracts	\$269,730
Auto Registration Fees	11,277
Gas Tax	331,516
Liquor Tax	8,571
Estate Tax	1,708,250
Local Government – State	187,262
Local Government – County	692,018
Federal Grants	800,556
Other	<u>9,239</u>
<b>Total</b>	<u><u>\$4,018,419</u></u>



**City of Shaker Heights, Ohio**  
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**Note 7 - Capital Assets**

Capital asset activity for the year ended December 31, 2004, was as follows:

	<u>Balances</u> <u>12/31/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2004</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$15,784,644	\$126,486	\$151,703	\$15,759,427
Construction in Progress	<u>3,003,122</u>	<u>2,676,433</u>	<u>48,332</u>	<u>5,631,223</u>
Total Capital Assets not being Depreciated	<u>18,787,766</u>	<u>2,802,919</u>	<u>200,035</u>	<u>21,390,650</u>
Capital Assets being Depreciated:				
Buildings	9,923,415	381,532	-0-	10,304,947
Improvements	4,485,889	149,877	-0-	4,635,766
Machinery and Equipment	12,968,132	1,008,671	645,648	13,331,155
Infrastructure:				
Streets	12,214,610	718,459	47,194	12,885,875
Storm and Sanitary Sewers	3,592,032	1,490,088	-0-	5,082,120
Water Lines	488,676	1,125,905	-0-	1,614,581
Traffic Signals	<u>2,490,674</u>	<u>25,474</u>	<u>-0-</u>	<u>2,516,148</u>
Total Capital Assets being Depreciated	<u>46,163,428</u>	<u>4,900,006</u>	<u>692,842</u>	<u>50,370,592</u>
Less Accumulated Depreciation:				
Buildings	(4,215,492)	(202,350)	-0-	(4,417,842)
Improvements	(1,609,270)	(176,703)	14,663	(1,771,310)
Machinery and Equipment	(6,612,643)	(1,034,765)	543,344	(7,104,055)
Infrastructure:				
Streets	(2,566,588)	(290,010)	7,341	(2,849,257)
Storm and Sanitary Sewers	(263,163)	(49,100)	-0-	(312,263)
Water Lines	(17,445)	(16,143)	-0-	(33,588)
Traffic Signals	<u>(638,949)</u>	<u>(62,906)</u>	<u>-0-</u>	<u>(701,855)</u>
Total Accumulated Depreciation	<u>(15,923,541)</u>	<u>(1,831,977)</u>	<u>565,348</u>	<u>(17,190,170)</u>
Net Capital Assets being Depreciated	<u>30,239,887</u>	<u>3,068,029</u>	<u>127,494</u>	<u>33,180,422</u>
Governmental Activities				
Capital Assets, Net	<u>\$49,027,653</u>	<u>\$5,870,948</u>	<u>\$327,529</u>	<u>\$54,571,072</u>

Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	\$613,267
Public Health Services	1,531
Leisure Time Activities	160,795
Housing and Community Development	79,072
Sanitation and Sewer Services	314,959
Street Maintenance and Repair	374,638
Public Works – Other	263,536
General Government – Legislative and Executive	13,955
General Government – Judicial System	<u>10,224</u>
Total	<u>\$1,831,977</u>

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**Note 8 - Compensated Absences**

Vacation is earned by City employees at varying rates based upon length of service. No employee may accumulate vacation time in excess of three times the individual's annual rate of accrual. 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 fifteen years who terminate employment for other than disciplinary reasons may receive payment for their accumulated sick leave according to various formulae with maximums ranging from 600 to 1,300 hours. Compensated absences are charged to various funds of the City in accordance to where an employee's salary is charged.

**Note 9 – Notes Payable**

Notes payable at December 31, 2004, consisted of the general obligation bond anticipation notes listed below. All of the debt listed has a term of one year or less and was issued to finance improvements to City owned property and to acquire equipment. The City has been retiring a portion of the notes as they mature and is issuing new notes for the remaining balance. The City will either convert this debt to bonds or pay off the debt within the 20 to 30 year conversion period as required by the laws of the State of Ohio. The Sussex Area Revitalization District Bond is dated December 8, 2004 and is due December 8, 2005, at an interest rate of 2.65%. All the other notes are dated May 13, 2004, and due on May 12, 2005, at an interest rate of 2.25%.

A summary of all short-term debt activity for the year ended December 31, 2004, as follows:

<u>General Obligation Bond Anticipation</u>	<u>Balance</u> <u>12/31/2003</u>	<u>Net/Addition</u> <u>(Reduction)</u>	<u>Balance</u> <u>12/31/2004</u>
STC Northwest Quadrant Note, (Renewal 14)	\$1,120,000	\$(155,000)	\$965,000
2000 Fire Truck Acquisition Note, (Renewal 4)	160,000	(80,000)	80,000
2001 EMS Ambulance Acquisition Note, (Renewal 3)	90,000	(30,000)	60,000
2002 Fire Truck Acquisition Note, (Renewal 2)	340,000	(85,000)	255,000
2002 Public Works Projects Note, (Renewal 2)	1,000,000	(240,000)	760,000
2004 Public Safety System Note	-0-	800,000	800,000
2004 Traffic Signalization Note	-0-	510,000	510,000
2004 Waterline/Street Note	-0-	455,000	455,000
2004 Lee Rd Construction Note	-0-	395,000	395,000
Sussex Area Revitalization District Bond (Renewal 3)	<u>2,215,000</u>	<u>-0-</u>	<u>2,215,000</u>
Total Notes Payable	<u>\$4,925,000</u>	<u>\$1,570,000</u>	<u>\$6,495,000</u>

**City of Shaker Heights, Ohio**  
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**Note 10 - Long Term Obligation**

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

	Balance 12/31/2003	Addition (Reduction)	Balance 12/31/2004	Amounts Due in One Year
<b><u>Bonds Payable @ Various Interest Rates</u></b>				
Firehouse No. 1 Construction Permanent Urban Renewal Bond, due 12/1/2031	\$5,000,000	(\$105,000)	\$4,895,000	\$110,000
Sussex Area Revitalization District Permanent Urban Renewal Bond, due 12/1/2031	2,725,000	-0-	2,725,000	-0-
Shaker Town Centre Revitalization Permanent Urban Renewal Bond, due 12/1/2031	7,645,000	-0-	7,645,000	-0-
<b>Total Bonds Payable</b>	<u>15,370,000</u>	<u>(105,000)</u>	<u>15,265,000</u>	<u>110,000</u>
<b><u>Loans Payable Ohio Public Works Commission Loans</u></b>				
CA611 - Shelburne Road Sanitary Sewer Replacement, due 7/1/2015, semi-annual installment of \$20,188	464,312	(40,375)	423,937	40,375
CA08F - Water System Improvement, due 07/01/2025, semi-annual installments of \$69,908	-0-	2,302,514	2,302,514	-0-
CA17E - City Water Line Improvements due 07/01/2025, semi-annual installment of \$32,475	-0-	1,295,449	1,429,549	-0-
<b>Total Loans Payable</b>	<u>464,312</u>	<u>3,557,588</u>	<u>4,021,900</u>	<u>40,375</u>
<b>Compensated Absences</b>	2,941,760	1,046,506	-0-	-0-
<b>Compensated Absences</b>	-0-	(656,064)	3,332,202	112,291
<b>Total Long - Term Obligations</b>	<u>\$18,776,072</u>	<u>\$3,843,030</u>	<u>\$22,619,102</u>	<u>\$262,666</u>

As of December 31, 2004, the City's future debt service requirements consisted of bonds payable at various interest rates, three non-interests bearing Ohio Public Works Commission Loan numbers CA611, CA08F and CA17E and compensated absences. The remaining balance of loans numbered CA08F and CA17E, in the amount of \$498,324 and \$3,551 respectively are expected to be received in 2005 after the projects have been completed. Repayment on these two loans will not begin until January 1, 2006. Also, for governmental activities, compensated absences are generally liquidated by the general fund.

The annual debt service requirements are as follows:

Year	Bonds Payable		Loans Payable Principal		
	Principal	Interest	CA611	CA08F	CA17E
2005	110,000	688,389	\$40,375	\$-0-	\$-0-
2006	135,000	686,189	40,375	115,125	64,772
2007	165,000	683,489	40,375	115,125	64,772
2008	270,000	680,189	40,375	115,125	64,772
2009	290,000	673,709	40,375	115,125	64,772
2010-2014	2,175,000	3,196,614	201,874	575,629	323,863
2015-2019	2,645,000	2,729,024	20,188	575,630	323,863
2020-2024	3,295,000	2,008,594	-0-	575,630	323,863
2025-2029	4,195,000	1,074,737	-0-	115,125	64,772
2030-2034	1,985,000	138,749	-0-	-0-	-0-
<b>Total</b>	<u>\$15,265,000</u>	<u>\$12,559,683</u>	<u>\$423,937</u>	<u>\$2,302,514</u>	<u>\$1,295,449</u>

**Legal Debt Margin** Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2004, the

***City of Shaker Heights, Ohio***  
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City's overall debt limitations is \$87,387,060 (10.5% of the City's total assessed property valuation of \$832,257,715) of which \$83,568,077 is available for additional voted and unvoted general obligation debt. Of this total general obligation debt capacity, the City's unvoted general obligation debt capacity is \$45,774,174 (5.5% of the City's total assessed property valuation) at December 31, 2004, of which \$41,955,191 is available.

**Note 11 - Pension and Retirement Plans**

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

All employees, other than non-administrative full-time police officers and firefighters participate in the Ohio Public Employees Retirement System, (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a post-sharing multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which members invest 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 member and (vested) employer contributions plus any investment earnings thereon. The Combined Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the Combined plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614/222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The City contributed 13.55 percent of covered payroll, of which 4.0 percent was used to fund health care coverage for retirees. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2004, 2003 and 2002 were \$1,859,415, \$1,783,320, and \$1,747,967 respectively. The full amount has been contributed for all three years.

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Police and firefighters are required to contribute 10.0 percent of their annual covered salary to fund pension obligations and the City contributes 19.5 for police and 24.0 percent for firefighters, of which 7.75 percent is used to pay retiree health care expenses. The City's contributions to the OP&F for the years ended December 31, 2004, 2003 and

***City of Shaker Heights, Ohio***  
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2002 were \$927,307, \$873,551, and \$855,201 respectively for police officers and \$1,084,853, \$1,027,020 and \$73,761 respectively. The full amount has been contributed for all three years.

**Note 12 - Post Employment Benefits**

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. The 2004 and 2003 employer contribution rate was 13.55 percent of covered payroll; 4.0 percent was the portion that was used to fund health care for 2004 and 5.0 percent was used to fund health care for 2003.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.0 percent. An annual increase of 4.0 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from .50 percent to 6.3 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1.0 percent to 6.0 percent for the next eight years. In subsequent years (nine and beyond) health care costs were assumed to increase 4.0 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At December 31, 2004, the number of active contributing participants in the Traditional and Combined Plans totaled 369,885. The City's actual contributions for 2004, which were used to fund postemployment benefits, were \$548,899. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation PLAN (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their

**City of Shaker Heights, Ohio**  
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years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

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

The Ohio Police and Fire Pension Fund (OP&F) provides access to postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a two-thirds basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the OP&F's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$368,141 and \$350,407 for police officers and firefighters respectively. The OP&F's total health care expenses for the year ended December 31, 2003, (the latest actuarial information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of participants eligible to receive health care benefits as of December 31, 2003 (the date of the last actuarial valuation available), was 13,662 for police and 10,474 for firefighters.

**Note 13 - Interfund Transfers**

A. Interfund activity for the year ended December 31, 2004 consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Capital Fund	Non Major Funds	
General Fund	-0-	-0-	\$164,129	\$164,129
Capital Fund	-0-	-0-	81,310	81,310
Nonmajor Governmental Funds	7,479	18,534	491,311	517,324
Governmental Activities:				
Internal Service Funds	101,195	-0-	-0-	101,195
Total	<u>\$108,674</u>	<u>\$18,534</u>	<u>\$736,750</u>	<u>\$863,958</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. All of the interfund liabilities listed above are budgeted for payment in 2005.

B. Interfund transfers for the year ended December 31, 2004, consisted of the following:

**City of Shaker Heights, Ohio**  
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Transfer to	Transfer From			
	General Fund	Capital Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -0-	\$2,170,500	\$ 493	\$ 2,170,993
Capital Fund	31,506	-0-	1,554,000	1,585,506
Nonmajor Governmental Funds	<u>1,659,834</u>	<u>1,015,500</u>	<u>84,898</u>	<u>2,760,232</u>
Totals	<u>\$1,691,340</u>	<u>\$3,186,000</u>	<u>\$1,639,391</u>	<u>\$6,516,731</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; and to return money to the fund from which it was originally provided once a project is completed.

The City had no transfers that either do not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer.

**Note 14 - Direct Financing Leases**

As of December 31, 2004, the City has leased three pieces of real property. All of the leases are accounted for as direct financing leases. The value of the City's investment in direct financing leases is reflected as a lease receivable and deferred revenue in the General Fund of \$ 197,622 and the General Capital Improvement Fund of \$1,770,922.

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

**Warrensville Center Road Center Strip/Parking Lots** This lease was entered into with OfficeMax, Inc. during 1996 and is scheduled to expire in 2016. 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. These parking lots were subsequently leased to OfficeMax, Inc. for their exclusive use. The initial term of the lease is for twenty years with an additional five-year option, which may be exercised by the lessee.

**3470 Warrensville Center Road** This lease was entered into 1999 and will expire in 2009. Under the terms of the lease, upon expiration, the lessee has the right to renew the lease with scheduled rent increases for two five-year periods.

The following lists the components of the net investment in direct financing leases as of December 31, 2004:

Year Ending December 31,	<u>General Fund</u>	<u>General</u>	<u>Total</u>
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**City of Shaker Heights, Ohio**  
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		Capital Fund	
2005	\$39,300	\$194,227	\$233,527
2006	39,300	173,345	212,645
2007	39,300	173,345	212,645
2008	39,300	173,345	212,645
2009	26,233	173,345	199,578
Thereafter	14,650	322,265	336,915
Total minimum lease receivable	<u>\$198,083</u>	<u>\$1,209,872</u>	<u>\$1,407,955</u>
Less: Amounts representing executory costs	<u>(14,350)</u>	<u>(3,850)</u>	<u>(18,200)</u>
Net minimum lease receivable	\$183,733	\$1,206,022	\$1,389,755
Estimated residual value of leased property	13,889	564,900	578,789
Net investment in direct financing leases	<u>\$197,622</u>	<u>\$1,770,922</u>	<u>\$1,968,544</u>

**Note 15 - Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2003, the City contracted with the following insurance companies:

*States Self-Insurers Risk Retention Group, Inc.* - provided public entity broad form liability insurance. This insurance included law enforcement, public officials, and emergency medical liability insurance, and is limited to \$10,000,000 with a self-retention of \$250,000. This insurance also included excess insurance for automobile liability with a deductible of \$1,000,000.

*Westfield Insurance Company* - provided liability insurance for all City-owned vehicles (including scooters) and physical damage for all units valued at \$50,001 and above with a deductible of \$500.

*Hartford Insurance Company* - provided commercial insurance for property and inland marine. Property insurance, with a deductible of \$5,000, was limited to \$35,219,300 for property and contents and \$1,314,000 for contractor's equipment. Boiler insurance had a property damage limit of \$2,000,000 with a deductible of \$5,000. This coverage also included coverage of valuable papers and records, which was limited to \$75,000 with a deductible of \$250.

*CNA* - provided commercial crime and public employee dishonesty insurance with an aggregate limit of \$500,000 and a deductible of \$1,000.

*Hartford* - provided commercial inland marine coverage for the City's vehicle fleet. This insurance coverage has a maximum limit of \$3,000,000 and deductible of \$5,000.

*Western World* - provided emergency medical services insurance with an aggregate limit of \$500,000, an occurrence limit of \$250,000, and a deductible of \$250.

The City accounts for its general liability and property insurance premiums in the Self-Insurance Fund (an Internal Service Fund). All other premiums are accounted for in the General Fund. The claims liability of \$1,043,207 reported in the Self-Insurance Fund at December 31, 2004, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There were no reductions in 2004 coverage when compared to 2003.



**City of Shaker Heights, Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2004**

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

The State of Ohio is one of six states having monopolistic state funds, which have the exclusive authority to provide employees with workers' compensation insurance. Historically, under the Ohio Workers' Compensation System for public employer taxing districts, there have been two types of rating plans: Base Rating and Experience Rating.

Ohio law was subsequently amended to include an additional plan called Retrospective Rating, which was offered to Ohio Employers who meet the eligibility requirements and standards. Under the terms of the Retrospective Rating Plan, an employer is required to make three forms of payment.

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

The City applied for and was accepted into the Retrospective Rating Plan for the years 1994 through 1999. The City's Self-Insurance Fund (an Internal Service Fund) is used to account for and pay Workers' Compensation claims from the accumulated assets of the fund. The City's Retrospective Rating Plan provided for an unlimited \$250,000 catastrophic limit per claim, and an unlimited claim limit in the aggregate. For 2004, the City elected the experience rating thereby transferring all Workers' Compensation risk arising from 2004 claims to the State Bureau of Workers' Compensation.

At December 31, 2004 \$1,855,207 had been accrued for Self Insurance claims. This represents estimates to be paid for Workers' Compensation and Property and Casualty claims incurred but not yet reported based on the current information available.

A reconciliation of changes in the balances of claims liabilities during the fiscal years 2004 and 2003 were as follows:

	<u>Property and Casualty</u>		<u>Workers' Compensation</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Beginning of the Year Liability	\$47,000	\$32,500	\$1,136,132	\$1,197,400
Current Year Claims				
And Changes in Estimates	772,500	27,300	-0-	-0-
Claim Payment	<u>(7,500)</u>	<u>(12,800)</u>	<u>(135,009)</u>	<u>(61,088)</u>
Balance at End of Year	<u>\$812,000</u>	<u>\$47,000</u>	<u>\$1,043,207</u>	<u>\$1,136,312</u>

**Note 16 - Construction Commitments**

The City has active construction projects as of December 31, 2004. As of December 31, 2004, the City's construction commitments with contractors were as follows:

**City of Shaker Heights, Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2004**

Project	Project Expenditures as of December 31, 2004	Remaining Commitment
Firehouse No. 1 Construction	\$3,323,313	\$121,992
Street Improvements:		
Shaker Towne Center	444,314	31,587
North Road	92,694	166,491
Chagrin Boulevard-East to West Corporation Line	427,229	131,918
Scottsdale Boulevard	356,414	89,410
Storm and Sanitary Improvements:		
Shaker Towne Center	106,388	23,955
North Road	186,385	35,457
Chagrin Boulevard	13,777	92,563
Water Line Improvements:		
North Road	120,366	23,019
Weymouth Road	36,968	150
Parkland Drive	83,664	78,580
City-Wide Traffic Signalization	439,711	-0-
	<u>\$5,631,223</u>	<u>\$795,122</u>

The Firehouse permanent bonds are also secured by future payments in lieu of taxes that will be generated based upon the taxable value of the improvements made to the Shaker Heights Towne Centre Revitalization District.

**Note 17 - Claims and Judgments**

Several claims and lawsuits are pending against the City. It is the opinion of management that such claims and lawsuits will not have a material adverse effect on the financial condition of the City.

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

**Note 18 - Subsequent Event**

On April 28, 2005, City Council passed Ordinance Number 05-55 authorizing the issuance and sale of notes in the aggregate principal amount of not to exceed \$3,365,000 for the following purposes: (i) renovating and improving the former Moreland school building for library and other municipal purposes, (ii) acquiring motorized and mechanized vehicles and equipment for the Safety Department, including fire trucks, together with all necessary appurtenances and equipment thereto, (iii) acquiring motor vehicles for the Public Works Department, together with all necessary equipment and appurtenances thereto, and (iv) improving the Municipal Service Center, the Municipal Police and Court Building and Thornton Park Recreational Building; each by replacing and repairing the roof and making other necessary or related improvements, together with all necessary appurtenances thereto, and (v) improving streets within the City by installing traffic signalization and by resurfacing and reconstructing surfaces, together with all necessary equipment and appurtenances thereto, and (vi) acquiring, installing and equipping a new computer system for the Public Safety Department, together with all necessary appurtenances thereto.

*City of Shaker Heights*



**Combining Statements and  
Individual Fund Schedules**

## Combining Statements - Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

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

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

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

***Economic Development Fund*** – To account for funds used to attract and retain businesses within the City.

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

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

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

continued

*Nonmajor Special Revenue Funds (continued)*

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

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

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

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

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

***Community Preservation Partnership Program*** - To account for the Gund and Cleveland Foundation Grant monies to be used for home improvement education and mortgage assistance.

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

***Court Community Service Fund*** - To account for the collection and use of an additional court cost imposed by the Shaker Heights Municipal Court, under the authority of Ohio Revised Code Section 1901-26, on each DUI and substance related offenses as well as first-offender criminal cases to fund court community service programming.

continued

*Nonmajor Special Revenue Funds (continued)*

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***Court Alternate Dispute Resolution Fund*** - To Account for the collection and use of an additional court cost imposed by the Shaker Heights Municipal Court, under the authority of Ohio Revised Code Section 1901-26, on each civil and small claims case to fund alternate dispute resolution programming and materials.

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

***High Intensity Drug Trafficking Area Grant Fund (HIDTA)*** - The City is the grantee and acts as the fiscal agent for the Federally Funded Ohio HIDTA. The HIDTA Program functions as a coordination umbrella by forging partnerships among local, state and federal law enforcement agencies in designated areas to combine resources and efforts in order to reduce drug trafficking and distribution.

***Drug Free Community Grant*** - To account for \$100,000 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 the youth of Shaker Heights by influencing social norms regarding substance abuse.

***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 within the City.

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

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

continued

*Nonmajor Special Revenue Funds (continued)*

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***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.

*Nonmajor Debt Service Funds*

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Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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



**City of Shaker Heights, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2004**

	<b>Special Revenue Funds</b>								
	<b>Maintenance</b>		<b>Economic Develop- ment</b>	<b>Sewer Maint- enance</b>	<b>Police Pension</b>	<b>Fire Pension</b>	<b>Indigent Driver Alcohol Treatment</b>	<b>Court Computer</b>	<b>Clerk's Computer- ization</b>
	<b>Street</b>	<b>State Highway</b>							
<b>ASSETS</b>									
Equity In City Treasury Cash	\$656,529	\$52,532	\$987,871	\$1,671,030	\$447,667	\$395,830	\$32,648	\$148,682	\$43,912
Taxes Receivable	0	0	0	0	234,481	234,481	0	0	0
Accounts Receivable	0	0	0	440,497	0	0	0	0	0
Special Assessments Receivable	0	0	0	6,002	0	0	0	0	0
Interfund Receivable	0	0	0	0	0	18,534	0	0	0
Intergovernmental Receivable	309,331	23,864	0	0	0	0	85	2,531	8,439
Total Assets	<u>\$965,860</u>	<u>\$76,396</u>	<u>\$987,871</u>	<u>\$2,117,529</u>	<u>\$682,148</u>	<u>\$648,845</u>	<u>\$32,733</u>	<u>\$151,213</u>	<u>\$52,351</u>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>Liabilities</b>									
Accounts Payable	\$33,901	\$7,565	\$0	\$32,270	\$0	\$0	\$0	\$7,710	\$0
Accrued Wages	26,374	783	1,048	22,754	298,551	351,787	0	567	6,194
Compensated Absences	26,458	0	0	11,356	52,887	62,577	0	0	0
Interfund Payable	0	0	0	0	0	0	0	0	0
Unearned Revenue	176,391	14,302	0	345,919	234,481	234,481	0	0	0
Notes and Bonds Interest Payable	0	0	0	0	0	0	0	0	0
Total Liabilities	<u>263,124</u>	<u>22,650</u>	<u>1,048</u>	<u>412,299</u>	<u>585,919</u>	<u>648,845</u>	<u>0</u>	<u>8,277</u>	<u>6,194</u>
<b>Fund Balance</b>									
Reserved for Encumbrances	25,172	51,038	37,872	113,578	0	0	0	8,100	1,885
Undesignated, Reported in:									
Special Revenue Funds	677,564	2,708	948,951	1,591,652	96,229	0	32,733	134,836	44,272
Debt Service	0	0	0	0	0	0	0	0	0
Total Fund Balance	<u>702,736</u>	<u>53,746</u>	<u>986,823</u>	<u>1,705,230</u>	<u>96,229</u>	<u>0</u>	<u>32,733</u>	<u>142,936</u>	<u>46,157</u>
Total Liabilities and Fund Balance	<u>\$965,860</u>	<u>\$76,396</u>	<u>\$987,871</u>	<u>\$2,117,529</u>	<u>\$682,148</u>	<u>\$648,845</u>	<u>\$32,733</u>	<u>\$151,213</u>	<u>\$52,351</u>

**continued**

**City of Shaker Heights, Ohio**  
**Combining Balance Sheet, continued**  
**Nonmajor Governmental Funds**  
**December 31, 2004**

	Special Revenue Funds								
	Exterior Home Maint- enance	Fair Housing Grant	Community Preser- vation	Law Enforce- ment Grants	Court Community Service	Court Alternate Dispute Resolution	Ohio Court Security	High Intensity Drug Trafficking Area	Drug Free Community Grant
<b>ASSETS</b>									
Equity In City Treasury Cash	\$25,725	\$286,411	\$596,641	\$18,829	\$21,680	\$38,508	\$6,043	\$15,913	\$2,033
Taxes Receivable	0	0	0	0	0	0	0	0	0
Accounts Receivable	0	0	15,700	0	0	0	0	0	0
Special Assessments Receivable	0	0	394,628	0	0	0	0	0	0
Interfund Receivable	0	0	0	0	0	0	0	0	0
Intergovernmental Receivable	10,405	0	0	0	882	2,610	808	771,584	18,567
Total Assets	<u>\$36,130</u>	<u>\$286,411</u>	<u>\$1,006,969</u>	<u>\$18,829</u>	<u>\$22,562</u>	<u>\$41,118</u>	<u>\$6,851</u>	<u>\$787,497</u>	<u>\$20,600</u>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>Liabilities</b>									
Accounts Payable	\$0	\$640	\$41,350	\$7,750	\$0	\$0	\$0	\$202,167	\$100
Accrued Wages	1,130	0	0	382	0	3,182	0	40,438	4,437
Compensated Absences	0	0	0	0	0	0	0	4,028	1,487
Interfund Payable	35,000	0	0	0	0	0	0	540,864	14,576
Unearned Revenue	0	0	394,628	0	0	0	0	0	0
Notes and Bonds Interest Payable	0	0	0	0	0	0	0	0	0
Total Liabilities	<u>36,130</u>	<u>640</u>	<u>435,978</u>	<u>8,132</u>	<u>0</u>	<u>3,182</u>	<u>0</u>	<u>787,497</u>	<u>20,600</u>
<b>Fund Balance</b>									
Reserved for Encumbrances	11,690	8,324	56,966	4,123	0	0	0	0	580
Unreserved, Reported in:									
Special Revenue Funds	(11,690)	277,447	514,025	6,574	22,562	37,936	6,851	0	(580)
Debt Service	0	0	0	0	0	0	0	0	0
Total Fund Balance	<u>0</u>	<u>285,771</u>	<u>570,991</u>	<u>10,697</u>	<u>22,562</u>	<u>37,936</u>	<u>6,851</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$36,130</u>	<u>\$286,411</u>	<u>\$1,006,969</u>	<u>\$18,829</u>	<u>\$22,562</u>	<u>\$41,118</u>	<u>\$6,851</u>	<u>\$787,497</u>	<u>\$20,600</u>

**continued**

**City of Shaker Heights, Ohio**  
**Combining Balance Sheet, continued**  
**Nonmajor Governmental Funds**  
**December 31, 2004**

	Special Revenue Funds					Debt Service Funds			Total Nonmajor Governmental Funds
	Special Assessments		Central Services Operations	Law Enforce- ment Trust	Total	Debt Service Admin- istration	Urban Renewal Bond Retirement	Total	
	Street Lighting	Tree Maint- enance							
<b>ASSETS</b>									
Equity In City Treasury Cash	\$190,387	\$491,687	\$484,566	\$0	\$6,615,124	\$360,684	\$196,530	\$557,214	\$7,172,338
Taxes Receivable	0	0	0	0	468,962	0	0	0	468,962
Accounts Receivable	0	0	11,764	0	467,961	0	0	0	467,961
Special Assessments Receivable	1,204,469	1,588,164	141,152	0	3,334,415	0	0	0	3,334,415
Interfund Receivable	0	0	0	491,311	509,845	4,336	3,143	7,479	517,324
Intergovernmental Receivable	0	0	18,748	0	1,167,854	0	0	0	1,167,854
Total Assets	<u>\$1,394,856</u>	<u>\$2,079,851</u>	<u>\$656,230</u>	<u>\$491,311</u>	<u>\$12,564,161</u>	<u>\$365,020</u>	<u>\$199,673</u>	<u>\$564,693</u>	<u>\$13,128,854</u>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>Liabilities</b>									
Accounts Payable	\$0	\$6,959	\$13,269	\$0	\$353,681	\$0	\$0	\$0	\$353,681
Accrued Wages	0	35,359	2,914	330	796,230	0	0	0	796,230
Compensated Absences	0	0	0	0	158,793	0	0	0	158,793
Interfund Payable	0	0	100,000	0	690,440	34,925	11,385	46,310	736,750
Unearned Revenue	1,204,469	1,588,164	141,152	0	4,333,987	0	0	0	4,333,987
Notes and Bonds Interest Payable	0	0	0	0	0	0	57,366	57,366	57,366
Total Liabilities	<u>1,204,469</u>	<u>1,630,482</u>	<u>257,335</u>	<u>330</u>	<u>6,333,131</u>	<u>34,925</u>	<u>68,751</u>	<u>103,676</u>	<u>6,436,807</u>
<b>Fund Balance</b>									
Reserved for Encumbrances	2,943	69,444	354,240	0	745,955	0	0	0	745,955
Unreserved, Reported in:									
Special Revenue Funds	187,444	379,925	44,655	490,981	5,485,075	0	0	0	5,485,075
Debt Service	0	0	0	0	0	330,095	130,922	461,017	461,017
Total Fund Balance	<u>190,387</u>	<u>449,369</u>	<u>398,895</u>	<u>490,981</u>	<u>6,231,030</u>	<u>330,095</u>	<u>130,922</u>	<u>461,017</u>	<u>6,692,047</u>
Total Liabilities and Fund Balance	<u>\$1,394,856</u>	<u>\$2,079,851</u>	<u>\$656,230</u>	<u>\$491,311</u>	<u>\$12,564,161</u>	<u>\$365,020</u>	<u>\$199,673</u>	<u>\$564,693</u>	<u>\$13,128,854</u>

**City of Shaker Heights, Ohio**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2004**

	<b>Special Revenue Funds</b>								
	<b>Maintenance</b>		<b>Economic Develop- ment</b>	<b>Sewer Maintenance</b>	<b>Police Pension</b>	<b>Fire Pension</b>	<b>Indigent Driver Alcohol Treatment</b>	<b>Court Computer</b>	<b>Clerk's Computer- ization</b>
	<b>Street</b>	<b>State Highway</b>							
<b>Revenues</b>									
Property Taxes	\$0	\$0	\$0	\$0	\$218,275	\$218,275	\$0	\$0	\$0
State Levied Shared Tax:	913,563	60,144	0	0	0	0	0	0	0
Intergovernmenta	0	0	0	253	29,432	29,432	7,189	3,888	0
Charges For Services	1,679	0	0	1,337,409	0	0	0	0	0
Interest Earnings	0	634	0	55,104	0	0	435	2,145	798
Fines and Forfeitures	0	0	0	0	0	0	0	33,065	110,142
Special Assessment	0	0	0	2,020	0	0	0	0	0
Other Revenue	0	72	0	1,796	0	0	0	57	357
<b>Total Revenues:</b>	<b>915,242</b>	<b>60,850</b>	<b>0</b>	<b>1,396,582</b>	<b>247,707</b>	<b>247,707</b>	<b>7,624</b>	<b>39,155</b>	<b>111,297</b>
<b>Expenditures</b>									
Current:									
Security of Persons and Property									
Police	0	0	0	0	934,348	0	0	0	0
Fire	0	0	0	0	0	1,100,756	0	0	0
Other	0	0	0	0	0	0	0	0	0
Public Health Services	0	0	0	0	0	0	0	0	0
Housing and Community Developmen	0	0	6,106	0	0	0	0	0	0
Sanitation and Sewer Service:	0	0	0	635,961	0	0	0	0	0
Street Maintenance and Repai	733,118	72,526	0	0	0	0	0	0	0
Public Works - Other	0	0	0	0	0	0	0	0	0
General Government									
Legislative and Executive	0	0	0	149,200	0	0	0	0	0
Judicial System	0	0	0	0	0	0	4,705	37,120	141,150
Debt Service:									
Principal Retirements	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0
<b>Total Expenditures:</b>	<b>733,118</b>	<b>72,526</b>	<b>6,106</b>	<b>785,161</b>	<b>934,348</b>	<b>1,100,756</b>	<b>4,705</b>	<b>37,120</b>	<b>141,150</b>
Excess (Deficiency) of Revenues Ove (Under) Expenditures	182,124	(11,676)	(6,106)	611,421	(686,641)	(853,049)	2,919	2,035	(29,853)
<b>Other Financing Sources (Uses)</b>									
Transfers - In	148,100	0	0	0	646,383	852,769	0	0	0
Transfers - Out	(112,000)	0	0	(1,262,375)	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>36,100</b>	<b>0</b>	<b>0</b>	<b>(1,262,375)</b>	<b>646,383</b>	<b>852,769</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance:</b>	<b>218,224</b>	<b>(11,676)</b>	<b>(6,106)</b>	<b>(650,954)</b>	<b>(40,258)</b>	<b>(280)</b>	<b>2,919</b>	<b>2,035</b>	<b>(29,853)</b>
Fund Balances (Deficit) Beginning of Year, Restated	484,512	65,422	992,929	2,356,184	136,487	280	29,814	140,901	76,010
<b>Fund Balances End of Yea</b>	<b>\$702,736</b>	<b>\$53,746</b>	<b>\$986,823</b>	<b>\$1,705,230</b>	<b>\$96,229</b>	<b>\$0</b>	<b>\$32,733</b>	<b>\$142,936</b>	<b>\$46,157</b>

**continued**

**City of Shaker Heights, Ohio**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, continued**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2004**

	<b>Special Revenue Funds</b>								
	<b>Exterior Home Maintenance</b>	<b>Fair Housing Grant</b>	<b>Community Preservation</b>	<b>Law Enforcement Grants</b>	<b>Court Community Service</b>	<b>Court Alternate Dispute Resolution</b>	<b>Ohio Court Security</b>	<b>High Intensity Drug Trafficking Area</b>	<b>Drug Free Community Grant</b>
<b>Revenues</b>									
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Levied Shared Tax:	0	0	0	0	0	0	0	0	0
Intergovernmental	40,152	79,000	0	5,447	0	0	0	2,859,613	106,981
Charges For Services	0	0	32,295	0	7,768	35,010	10,082	0	0
Interest Earnings	0	3,691	0	372	290	563	68	0	0
Fines and Forfeitures	0	0	0	0	0	0	0	0	0
Special Assessment	0	0	150,563	0	0	0	0	0	0
Other Revenue	0	0	0	0	0	157	0	0	100
<b>Total Revenues</b>	<b>40,152</b>	<b>82,691</b>	<b>182,858</b>	<b>5,819</b>	<b>8,058</b>	<b>35,730</b>	<b>10,150</b>	<b>2,859,613</b>	<b>107,081</b>
<b>Expenditures</b>									
Current:									
Security of Persons and Property									
Police	0	0	0	45,819	0	0	0	2,864,217	0
Fire	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Public Health Services	0	0	0	0	0	0	0	0	108,448
Housing and Community Development	80,192	0	467,609	0	0	0	0	0	0
Sanitation and Sewer Service:	0	0	0	0	0	0	0	0	0
Street Maintenance	0	0	0	0	0	0	0	0	0
Public Works - Other	0	0	0	0	0	0	0	0	0
General Government									
Legislative and Executive	0	62,562	0	0	0	0	0	0	0
Judicial System	0	0	0	0	3,943	36,061	5,319	0	0
Debt Service:									
Principal Retirements	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>80,192</b>	<b>62,562</b>	<b>467,609</b>	<b>45,819</b>	<b>3,943</b>	<b>36,061</b>	<b>5,319</b>	<b>2,864,217</b>	<b>108,448</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,040)	20,129	(284,751)	(40,000)	4,115	(331)	4,831	(4,604)	(1,367)
<b>Other Financing Sources (Uses)</b>									
Transfers - In	30,000	0	205,000	8,485	0	0	0	0	0
Transfers - Out	0	0	0	(8,627)	0	0	0	0	(237)
<b>Total Other Financing Sources (Uses)</b>	<b>30,000</b>	<b>0</b>	<b>205,000</b>	<b>(142)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(237)</b>
<b>Net Change in Fund Balance:</b>	<b>(10,040)</b>	<b>20,129</b>	<b>(79,751)</b>	<b>(40,142)</b>	<b>4,115</b>	<b>(331)</b>	<b>4,831</b>	<b>(4,604)</b>	<b>(1,604)</b>
Fund Balances (Deficit) Beginning of Year, Restated	10,040	265,642	650,742	50,839	18,447	38,267	2,020	4,604	1,604
<b>Fund Balances End of Year</b>	<b>\$0</b>	<b>\$285,771</b>	<b>\$570,991</b>	<b>\$10,697</b>	<b>\$22,562</b>	<b>\$37,936</b>	<b>\$6,851</b>	<b>\$0</b>	<b>\$0</b>

**continued**

**City of Shaker Heights, Ohio**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, continued**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2004**

	Special Revenue Funds					Debt Service Funds			Total Nonmajor Governmental Funds
	Special Assessments		Central Services Operations	Law Enforce- ment Trust	Total	Debt Service Admin- istration	Urban Renewal Bond Retirement	Total	
	Street Lighting	Tree Main- tenance							
<b>Revenues</b>									
Property Taxes	\$0	\$0	\$0	\$0	\$436,550	\$0	\$66,162	\$66,162	\$502,712
State Levied Shared Tax:	0	0	0	0	973,707	0	0	0	973,707
Intergovernmental	0	29,181	0	0	3,190,568	0	7,723	7,723	3,198,291
Charges For Services	0	9,750	580,096	0	2,014,089	0	0	0	2,014,089
Interest Earnings	0	0	0	101	64,201	5,239	2,366	7,605	71,806
Fines and Forfeitures	0	0	0	16,881	160,088	0	0	0	160,088
Special Assessment	590,480	786,163	0	0	1,529,226	0	0	0	1,529,226
Other Revenue	0	1,684	0	4,053	8,276	0	0	0	8,276
<b>Total Revenues:</b>	<b>590,480</b>	<b>826,778</b>	<b>580,096</b>	<b>21,035</b>	<b>8,376,705</b>	<b>5,239</b>	<b>76,251</b>	<b>81,490</b>	<b>8,458,195</b>
<b>Expenditures</b>									
Current:									
Security of Persons and Property									
Police	0	0	0	50,586	3,894,970	0	0	0	3,894,970
Fire	0	0	67	0	1,100,823	0	0	0	1,100,823
Other	597,191	0	0	0	597,191	0	0	0	597,191
Public Health Services	0	0	0	0	108,448	0	0	0	108,448
Housing and Community Development	0	655,174	0	0	1,209,081	0	0	0	1,209,081
Sanitation and Sewer Service:	0	0	0	0	635,961	0	0	0	635,961
Street Maintenance	0	0	0	0	805,644	0	0	0	805,644
Public Works - Other	0	0	273,322	0	273,322	0	0	0	273,322
General Government									
Legislative and Executive	0	0	90,651	0	302,413	460	0	460	302,873
Judicial System	0	0	0	0	228,298	0	0	0	228,298
Debt Service:									
Principal Retirements	0	0	0	0	0	40,375	105,000	145,375	145,375
Interest and Fiscal Charges	0	0	0	0	0	0	593,943	593,943	593,943
<b>Total Expenditures:</b>	<b>597,191</b>	<b>655,174</b>	<b>364,040</b>	<b>50,586</b>	<b>9,156,151</b>	<b>40,835</b>	<b>698,943</b>	<b>739,778</b>	<b>9,895,929</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,711)	171,604	216,056	(29,551)	(779,446)	(35,596)	(622,692)	(658,288)	(1,437,734)
<b>Other Financing Sources (Uses)</b>									
Transfers - In	12,100	0	0	6,520	1,909,357	40,375	810,500	850,875	2,760,232
Transfers - Out	0	(220,000)	(535)	(35,617)	(1,639,391)	0	0	0	(1,639,391)
<b>Total Other Financing Sources (Uses)</b>	<b>12,100</b>	<b>(220,000)</b>	<b>(535)</b>	<b>(29,097)</b>	<b>269,966</b>	<b>40,375</b>	<b>810,500</b>	<b>850,875</b>	<b>1,120,841</b>
<b>Net Change in Fund Balance:</b>	<b>5,389</b>	<b>(48,396)</b>	<b>215,521</b>	<b>(58,648)</b>	<b>(509,480)</b>	<b>4,779</b>	<b>187,808</b>	<b>192,587</b>	<b>(316,893)</b>
Fund Balances (Deficit) Beginning of Year, Restated	184,998	497,765	183,374	549,629	6,740,510	325,316	(56,886)	268,430	7,008,940
<b>Fund Balances End of Year</b>	<b>\$190,387</b>	<b>\$449,369</b>	<b>\$398,895</b>	<b>\$490,981</b>	<b>\$6,231,030</b>	<b>\$330,095</b>	<b>\$130,922</b>	<b>\$461,017</b>	<b>\$6,692,047</b>

## Combining Statements – Internal Service Funds

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To account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost – reimbursement basis.

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

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

**City of Shaker Heights, Ohio**  
**Combining Statement of Fund Net Assets**  
**Internal Service Funds**  
**December 31, 2004**

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Assets</b>					
Equity In City Treasury Cash	\$32,485	\$7,963	\$121,332	\$4,079,377	\$4,241,157
Interfund Receivable	11,537	0	89,658	0	101,195
Inventory of Supplies	16,648	0	0	0	16,648
Prepaid Items	0	0	0	1,621	1,621
Total Assets	<u>60,670</u>	<u>7,963</u>	<u>210,990</u>	<u>4,080,998</u>	<u>4,360,621</u>
<b>Liabilities</b>					
Accounts Payable	18,241	0	15,868	17,544	51,653
Accrued Wages and Benefits	0	73	70,783	4,631	75,487
Compensated Absences	0	0	124,339	25,938	150,277
Interfund Payable	42,429	0	0	0	42,429
Claims Payable	0	0	0	1,855,207	1,855,207
Total Liabilities	<u>60,670</u>	<u>73</u>	<u>210,990</u>	<u>1,903,320</u>	<u>2,175,053</u>
<b>Net Assets</b>					
Unrestricted	<u>0</u>	<u>7,890</u>	<u>0</u>	<u>2,177,678</u>	<u>2,185,568</u>
Total Net Assets	<u>\$0</u>	<u>\$7,890</u>	<u>\$0</u>	<u>\$2,177,678</u>	<u>\$2,185,568</u>



**CITY OF SHAKER HEIGHTS, OHIO**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended December 31, 2004**

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Operating Revenues</b>					
Charges For Services	\$224,687	\$88,683	\$1,026,479	\$15,000	#####
<b>Operating Expenses</b>					
Personal Services	0	1,415	858,758	53,471	913,644
Travel and Education	0	0	79	50	129
Contractual Services	1,325	80,301	161,127	1,127,478	1,370,231
Materials and Supplies	264,636	0	30,628	1,028	296,292
Total Operating Expenses	265,961	81,716	1,050,592	1,182,027	2,580,296
Operating Income (Loss)	(41,274)	6,967	(24,113)	(1,167,027)	(1,225,447)
<b>Non Operating Revenues</b>					
Interest Earnings	0	0	0	60,582	60,582
Change in Net Assets	(41,274)	6,967	(24,113)	(1,106,445)	(1,164,865)
Total Net Assets Beginning of Year	41,274	923	24,113	3,284,123	3,350,433
Total Net Assets End of Year	\$0	\$7,890	\$0	\$2,177,678	#####

**City of Shaker Heights, Ohio**  
**Combing Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2004**

	<u>Central Purchasing</u>	<u>Copier Management</u>	<u>Municipal Garage</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Increase (Decrease) In Cash and Cash Equivalents</b>					
<b>Cash Flows from Operating Activities</b>					
Cash Received from Interfund Services	\$258,450	\$90,283	#####	\$15,000	\$1,444,654
Cash Payments to Suppliers for Services	(288,660)	(80,957)	(216,420)	(346,720)	(932,757)
Cash Payments to Employees	0	(4,111)	(864,715)	(90,832)	(959,658)
Net Cash Provided by (Used for) Operating Activities	<u>(30,210)</u>	<u>5,215</u>	<u>(214)</u>	<u>(422,552)</u>	<u>(447,761)</u>
<b>Cash Flows from Investing Activities</b>					
Interest Earned on Investments	0	0	0	60,582	60,582
<b>Cash Flows from Noncapital Financing Activities</b>					
Advances From Other Funds	42,429	0	0	0	42,429
Increase/(Decrease) In Cash and Cash Equivalents	12,219	5,215	(214)	(361,970)	(344,750)
Cash & Cash Equivalents:					
Beginning of Year	20,266	2,748	121,546	4,441,347	4,585,907
End of Year	<u>\$32,485</u>	<u>\$7,963</u>	<u>\$121,332</u>	<u>\$4,079,377</u>	<u>\$4,241,157</u>
<b>Reconciliation of Operating Income/ (Loss) to Net Cash Provided by/ (Used for) Operating Activities</b>					
Operating Income (Loss)	(\$41,274)	\$6,967	(\$24,113)	(\$1,167,027)	(\$1,225,447)
Adjustments:					
(Increase)/ Decrease in Assets:					
Interfund Receivable	33,763	1,600	70,310	0	105,673
Materials and Supplies Inventory	(4,535)	0	0	0	(4,535)
Prepaid Items	0	0	0	109,850	109,850
Increase / (Decrease) in Liabilities:					
Accounts Payable	(18,164)	0	(23,898)	1,932	(40,130)
Accrued Wages and Benefits	0	(2,240)	1,201	(883)	(1,922)
Compensated Absences	0	(1,112)	(23,714)	(38,319)	(63,145)
Self Insurance Claims Payable	0	0	0	671,895	671,895
Total Adjustments	<u>11,064</u>	<u>(1,752)</u>	<u>23,899</u>	<u>744,475</u>	<u>777,686</u>
Net Cash Provided by/ (Used for) Operating Activities	<u>(\$30,210)</u>	<u>\$5,215</u>	<u>(\$214)</u>	<u>(\$422,552)</u>	<u>(\$447,761)</u>

## Combining Statements – Agency Funds

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Trust and Agency Funds are generally used to account for resources received by one governmental unit on behalf of a secondary recipient (\*pass through\*), governmental or other.

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

continued

## Combining Statements – Agency Funds (continued)

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***Recreation Scholarship*** - 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 Center at Sussex*** - 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, recreational and support programs and services.

***Board of Building Standards*** - 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.

***The First Suburbs Consortium Council*** - To account for assets held by the City as fiscal agent for the First Suburbs Consortium Council. The purpose of this non-profit is to provide organizational status in cooperative efforts between the member-municipalities of the Council 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, safety, welfare, education, economic conditions and regional development.

**CITY OF SHAKER HEIGHTS, OHIO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2004**

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<b><u>Public Art Deposit Fund</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$0	\$250	\$0	\$250
<b>Liabilities</b>				
Deposits Held and Due To Others	\$0	\$250	\$0	\$250
<b><u>Obstruction Permit Deposit Fund</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$47,856	\$19,405	\$12,020	\$55,241
<b>Liabilities</b>				
Deposits Held and Due To Others	\$47,856	\$19,405	\$12,020	\$55,241
<b><u>Excavating Permit Deposit Fund</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$8,675	\$3,060	\$0	\$11,735
<b>Liabilities</b>				
Deposits Held and Due To Others	\$8,675	\$3,060	\$0	\$11,735
<b><u>Unclaimed Monies Fund</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$188,915	\$463,826	\$437,103	\$215,638
<b>Liabilities</b>				
Deposits Held and Due To Others	\$188,915	\$463,826	\$437,103	\$215,638
<b><u>Fund for The Future of Shaker Heights</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$481,236	\$194,787	\$81,092	\$594,931
Mortgage Loans Receivable	589,254	64,334	158,019	495,569
<b>Total Assets</b>	<b>\$1,070,490</b>	<b>\$259,121</b>	<b>\$239,111</b>	<b>\$1,090,500</b>
<b>Liabilities</b>				
Deposits Held and Due To Others	\$1,070,490	\$259,121	\$239,111	\$1,090,500
<b><u>Municipal Court</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$449,417	\$3,278,987	\$3,289,526	\$438,878
<b>Liabilities</b>				
Intergovernmental Payable	\$204,836	\$2,623,939	\$2,618,501	\$210,274
Deposits Held and Due To Others	244,581	655,048	671,025	228,604
<b>Total Liabilities</b>	<b>\$449,417</b>	<b>\$3,278,987</b>	<b>\$3,289,526</b>	<b>\$438,878</b>

continued

**CITY OF SHAKER HEIGHTS, OHIO**  
**Combining Statement of Changes in Assets and Liabilities - continued**  
**Agency Funds**  
**For the Year Ended December 31, 2004**

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<b><u>Contractor Deposit Fund</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$141,450	\$0	\$0	\$141,450
<b>Liabilities</b>				
Deposits Held and Due To Others	\$141,450	\$0	\$0	\$141,450
<b><u>Recreation Scholarship Fund</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$31,826	\$7,412	\$6,885	\$32,353
<b>Liabilities</b>				
Deposits Held and Due To Others	\$31,826	\$7,412	\$6,885	\$32,353
<b><u>Shaker Family Resource Center</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$47,589	\$538,596	\$568,756	\$17,429
<b>Liabilities</b>				
Deposits Held and Due To Others	\$47,589	\$538,596	\$568,756	\$17,429
<b><u>Board of Building Standards</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$672	\$1,498	\$1,978	\$192
<b>Liabilities</b>				
Intergovernmental Payable	\$672	\$1,498	\$1,978	\$192
<b><u>First Suburbs Consortium Council</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$192,768	\$136,113	\$328,881	\$0
<b>Liabilities</b>				
Intergovernmental Payable	\$192,768	\$136,113	\$328,881	\$0
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Equity In Pooled Cash and Cash Equivalents	\$1,140,987	\$1,364,947	\$1,436,715	\$1,069,219
Cash and Cash Equivalents in Segregated Accounts	449,417	3,278,987	3,289,526	438,878
Mortgage Loans Receivable	589,254	64,334	158,019	495,569
<b>Total Assets</b>	<b>\$2,179,658</b>	<b>\$4,708,268</b>	<b>\$4,884,260</b>	<b>\$2,003,666</b>
<b>Liabilities</b>				
Intergovernmental Payable	\$398,276	\$2,761,550	\$2,949,360	\$210,466
Deposits Held and Due To Others	1,781,382	1,946,718	1,934,900	1,793,200
<b>Total Liabilities</b>	<b>\$2,179,658</b>	<b>\$4,708,268</b>	<b>\$4,884,260</b>	<b>\$2,003,666</b>

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

**CITY OF SHAKER HEIGHTS, OHIO****General Fund****Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$6,746,764	\$6,775,600	\$6,766,539	(\$9,061)
Municipal Income Taxes	17,099,400	17,312,500	16,324,077	(988,423)
Other Local Taxes	60,000	60,000	64,977	4,977
State Levied Shared Taxes	1,560,367	1,560,400	1,541,305	(19,095)
Intergovernmental	1,226,200	1,368,500	1,368,073	(427)
Charges for Services	4,454,450	4,454,450	4,583,245	128,795
Fees, Licenses and Permits	468,050	618,050	449,452	(168,598)
Investment Earnings	625,000	625,000	535,761	(89,239)
Fines and Forfeitures	630,500	630,500	635,769	5,269
Other Revenues	638,332	640,200	707,845	67,645
<b>Total Revenues</b>	<b>33,509,063</b>	<b>34,045,200</b>	<b>32,977,043</b>	<b>(1,068,157)</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police				
Personal Services	7,719,500	7,751,600	7,505,009	246,591
Other	832,200	832,200	811,017	21,183
<b>Total Police</b>	<b>8,551,700</b>	<b>8,583,800</b>	<b>8,316,026</b>	<b>267,774</b>
Fire				
Personal Services	5,563,000	5,588,200	5,609,627	(21,427)
Other	414,100	414,100	406,724	7,376
<b>Total Fire</b>	<b>5,977,100</b>	<b>6,002,300</b>	<b>6,016,351</b>	<b>(14,051)</b>
Other				
Personal Services	76,300	76,500	32,077	44,423
Other	115,700	115,700	143,733	(28,033)
<b>Total Other</b>	<b>192,000</b>	<b>192,200</b>	<b>175,810</b>	<b>16,390</b>
<b>Total Security of Persons and Property</b>	<b>14,720,800</b>	<b>14,778,300</b>	<b>14,508,187</b>	<b>270,113</b>
Public Health Services				
Personal Services	303,100	315,600	307,618	7,982
Other	206,900	213,000	208,510	4,490
<b>Total Public Health Services</b>	<b>510,000</b>	<b>528,600</b>	<b>516,128</b>	<b>12,472</b>
Leisure Time Activities:				
Culture and Recreation				
Personal Services	2,213,500	2,221,400	2,137,693	83,707
Other	1,001,100	1,003,400	943,255	60,145
<b>Total Culture and Recreation</b>	<b>3,214,600</b>	<b>3,224,800</b>	<b>3,080,948</b>	<b>143,852</b>
Parks and Public Lands Maintenance				
Personal Services	391,200	396,900	415,821	(18,921)
Other	293,200	293,200	256,171	37,029
<b>Total Parks and Public Lands Maintenance</b>	<b>684,400</b>	<b>690,100</b>	<b>671,992</b>	<b>18,108</b>
<b>Total Leisure Time Activities</b>	<b>3,899,000</b>	<b>3,914,900</b>	<b>3,752,940</b>	<b>161,960</b>

continued



**CITY OF SHAKER HEIGHTS, OHIO**

**General Fund**

**Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual - continued  
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Housing and Community Development:				
Housing Inspection				
Personal Services	617,500	619,000	584,018	34,982
Other	40,700	40,700	35,206	5,494
Total Housing	658,200	659,700	619,224	40,476
Building Inspection				
Personal Services	443,200	445,500	443,581	1,919
Other	59,800	59,800	91,131	(31,331)
Total Building	503,000	505,300	534,712	(29,412)
Planning and Development				
Personal Services	447,900	449,700	437,897	11,803
Other	140,500	140,500	143,388	(2,888)
Total Planning and Development	588,400	590,200	581,285	8,915
Neighborhood Revitalization				
Personal Services	537,300	510,200	514,733	(4,533)
Other	20,800	20,800	10,641	10,159
Total Neighborhood Revitalization	558,100	531,000	525,374	5,626
Community Life				
Personal Services	480,900	482,200	437,694	44,506
Other	84,600	84,600	99,250	(14,650)
Total Community Life	565,500	566,800	536,944	29,856
Communication and Outreach				
Personal Services	502,500	503,900	446,720	57,180
Other	356,700	356,700	330,830	25,870
Total Communication and Outreach	859,200	860,600	777,550	83,050
Economic Development				
Personal Services	71,200	71,200	40,403	30,797
Other	61,000	61,000	13,189	47,811
Total Economic Development	132,200	132,200	53,592	78,608
Tree Maintenance and Leaf Collection				
Personal Services	259,500	259,500	256,336	3,164
Other	128,800	128,800	207,394	(78,594)
Total Tree Maintenance and Leaf Collection	388,300	388,300	463,730	(75,430)
Total Housing and Community Development	4,252,900	4,234,100	4,092,411	141,689
Sitation and Sewer Services:				
Sewer Maintenance				
Personal Services	0	0	0	0
Other	38,700	38,700	33,320	5,380
Total Sewer Maintenance	38,700	38,700	33,320	5,380

**continued**

**CITY OF SHAKER HEIGHTS, OHIO**

**General Fund**

**Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual - continued  
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Refuse Collection and Disposal				
Personal Services	1,300,100	1,306,400	1,339,912	(33,512)
Other	995,700	1,001,100	1,065,204	(64,104)
Total Refuse Collection and Disposal	<u>2,295,800</u>	<u>2,307,500</u>	<u>2,405,116</u>	<u>(97,616)</u>
Solid Waste Recycling				
Personal Services	65,400	65,800	74,050	(8,250)
Other	42,500	51,200	42,999	8,201
Total Solid Waste Recycling	<u>107,900</u>	<u>117,000</u>	<u>117,049</u>	<u>(49)</u>
Brush Collection and Disposal				
Personal Services	326,600	327,400	342,409	(15,009)
Other	151,200	151,200	146,484	4,716
Brush Collection and Disposal	<u>477,800</u>	<u>478,600</u>	<u>488,893</u>	<u>(10,293)</u>
Total Saitation and Sewer Services	<u>2,920,200</u>	<u>2,941,800</u>	<u>3,044,378</u>	<u>(102,578)</u>
Street Maintenance and Repair				
Personal Services	309,400	309,800	287,031	22,769
Other	341,100	341,100	630,966	(289,866)
Total Street Maintenance and Repair	<u>650,500</u>	<u>650,900</u>	<u>917,997</u>	<u>(267,097)</u>
Public Works - Other				
Public Works Administration				
Personal Services	616,300	618,300	637,593	(19,293)
Other	82,000	82,000	86,837	(4,837)
Total Public Works Administration	<u>698,300</u>	<u>700,300</u>	<u>724,430</u>	<u>(24,130)</u>
Public Building Maintenance				
Personal Services	566,400	569,700	556,754	12,946
Other	762,400	762,400	740,218	22,182
Total Public Building Maintenance	<u>1,328,800</u>	<u>1,332,100</u>	<u>1,296,972</u>	<u>35,128</u>
Total Public Works - Other	<u>2,027,100</u>	<u>2,032,400</u>	<u>2,021,402</u>	<u>10,998</u>
Legislative and Executive:				
Mayor's Office				
Personal Services	150,600	151,200	156,899	(5,699)
Other	31,600	31,600	20,580	11,020
Total Mayor's Office	<u>182,200</u>	<u>182,800</u>	<u>177,479</u>	<u>5,321</u>
Council				
Personal Services	108,300	108,300	108,276	24
Other	22,900	22,900	18,182	4,718
Total Council	<u>131,200</u>	<u>131,200</u>	<u>126,458</u>	<u>4,742</u>
Chief Administrative Officer				
Personal Services	198,500	199,300	199,307	(7)
Other	16,200	16,200	11,082	5,118
Total Chief Administrative Officer	<u>214,700</u>	<u>215,500</u>	<u>210,389</u>	<u>5,111</u>

**continued**

**CITY OF SHAKER HEIGHTS, OHIO**

**General Fund**

**Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual - continued  
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Information Technology				
Personal Services	228,200	229,000	197,008	31,992
Other	199,000	199,000	184,433	14,567
Total Information Technology	427,200	428,000	381,441	46,559
Contract Charges and Statutory Expenses				
Personal Services	143,100	143,100	107,570	35,530
Other	1,360,900	1,360,900	1,102,943	257,957
Total Contract Charges and Statutory Expenses	1,504,000	1,504,000	1,210,513	293,487
Legal Administration				
Personal Services	423,800	424,800	420,917	3,883
Other	164,500	164,500	345,494	(180,994)
Total Legal Administration	588,300	589,300	766,411	(177,111)
Finance				
Personal Services	642,800	646,900	594,411	52,489
Other	117,100	117,100	112,922	4,178
Total Finance	759,900	764,000	707,333	56,667
Human Resources				
Personal Services	270,800	271,700	256,671	15,029
Other	115,500	115,500	54,688	60,812
Total Human Resources	386,300	387,200	311,359	75,841
Total Legislative and Executive:	4,193,800	4,202,000	3,891,383	310,617
Judicial System				
Personal Services	1,638,200	1,646,700	1,626,351	20,349
Other	113,100	113,100	93,539	19,561
Total Judicial System	1,751,300	1,759,800	1,719,890	39,910
Total Expenditures	34,925,600	35,042,800	34,464,716	578,084
Excess of Revenues Over (Under) Expenditures	(1,416,537)	(997,600)	(1,487,673)	(490,073)
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,168,200	2,170,994	2,170,993	(1)
Transfers Out	(1,636,000)	(1,665,400)	(1,674,306)	(8,906)
Advances In	0	10,000	0	(10,000)
Advances Out	0	0	(96,558)	(96,558)
Total Other Financing Sources (Uses)	532,200	515,594	400,129	(115,465)
Net Change in Fund Balance	(884,337)	(482,006)	(1,087,544)	(605,538)
Beginning Cash Fund Balance	9,190,462	9,190,462	9,190,462	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(87,589)	(87,589)	(87,589)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(952,210)	(952,210)	(760,416)	191,794
Ending Unreserved Cash Fund Balance	<u>\$7,266,326</u>	<u>\$7,668,657</u>	7,254,913	<u>(\$413,744)</u>
Reserved for Encumbrances - All Budget Years			1,269,638	
Total Cash Fund Balance - December 31			<u>\$8,524,551</u>	

**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Street Repair and Maintenance Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State Levied Shared Taxes	\$780,800	\$830,800	\$894,900	\$64,100
<b>Expenditures</b>				
Current:				
Street Maintenance and Repair	934,900	824,700	700,049	124,651
Excess of Revenues Under Expenditures	(154,100)	6,100	194,851	188,751
<b>Other Financing Sources</b>				
Transfers In	131,800	148,100	148,100	0
Transfers Out	0	(112,000)	(112,000)	0
Total Other Financing Sources	131,800	36,100	36,100	0
Net Change in Fund Balance	(22,300)	42,200	230,951	188,751
Beginning Cash Fund Balance	437,376	437,376	437,376	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(2,787)	(2,787)	(2,787)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(144,233)	(144,233)	(75,804)	68,429
Ending Unreserved Cash Fund Balance	<u>\$268,056</u>	<u>\$332,556</u>	589,736	<u>\$257,180</u>
Reserved for Encumbrances - All Budget Years			66,793	
Total Cash Fund Balance - December 31			<u>\$656,529</u>	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
State Highway Maintenance Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State Levied Shared Taxes	\$50,500	\$53,200	\$58,610	\$5,410
Investment Earnings	600	1,300	634	(666)
Other Revenues	0	0	72	72
Total Revenues	51,100	54,500	59,316	4,816
<b>Expenditures</b>				
Current:				
Street Maintenance and Repair	62,900	75,900	115,850	(39,950)
Net Change in Fund Balance	(11,800)	(21,400)	(56,534)	(35,134)
Beginning Cash Fund Balance	73,295	73,295	73,295	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(898)	(898)	(898)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(14,382)	(14,382)	(14,369)	13
Ending Unreserved Cash Fund Balance	\$46,215	\$36,615	1,494	(\$35,121)
Reserved for Encumbrances - All Budget Years			51,038	
Total Cash Fund Balance - December 31			\$52,532	

**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Economic Development Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
Current:				
Housing and Community Development	\$0	\$0	\$0	\$0
<b>Other Financing Sources</b>				
Transfers In	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Beginning Cash Fund Balance	1,000,000	1,000,000	1,000,000	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(37,871)	(37,871)	(37,871)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(12,129)	(12,129)	(12,129)	0
Ending Unreserved Cash Fund Balance	<u>\$950,000</u>	<u>\$950,000</u>	950,000	<u>\$0</u>
Reserved for Encumbrances - All Budget Years			<u>37,871</u>	
Total Cash Fund Balance - December 31			<u>\$987,871</u>	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Sewer Maintenance Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$253	\$253
Special Assessments	2,000	2,000	2,020	20
Charges for Services	1,740,000	1,690,000	1,340,097	(349,903)
Investment Earnings	50,000	50,000	55,104	5,104
Other Revenues	0	0	1,796	1,796
<b>Total Revenues</b>	<b>1,792,000</b>	<b>1,742,000</b>	<b>1,399,270</b>	<b>(342,730)</b>
<b>Expenditures</b>				
Current:				
Sanitation and Sewer Services	955,000	977,000	739,819	237,181
General Government:				
Legislative and Executive	131,200	131,200	147,833	(16,633)
<b>Total Expenditures</b>	<b>1,086,200</b>	<b>1,108,200</b>	<b>887,652</b>	<b>220,548</b>
Excess of Revenues Over Expenditures	705,800	633,800	511,618	(122,182)
<b>Other Financing Uses</b>				
Transfers Out	(1,115,400)	(1,262,400)	(1,262,375)	25
Net Change in Fund Balance	(409,600)	(628,600)	(750,757)	(122,157)
Beginning Cash Fund Balance	2,363,843	2,363,843	2,363,843	0
Prior Year's Reserve For Encumbrances				
Outstanding At December 31	(9,278)	(9,278)	(9,278)	0
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	(87,056)	(87,056)	(54,210)	32,846
Ending Unreserved Cash Fund Balance	<u>\$1,857,909</u>	<u>\$1,638,909</u>	1,549,598	<u>(\$89,311)</u>
Reserved for Encumbrances -				
All Budget Years				
Total Cash Fund Balance - December 31			<u>121,432</u>	
			<u>\$1,671,030</u>	

**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Police Pension Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$217,615	\$218,718	\$218,275	(\$443)
Intergovernmental	30,100	30,100	29,432	(668)
Total Revenues	247,715	248,818	247,707	(1,111)
<b>Expenditures</b>				
Current:				
Security of Persons and Property - Police	952,200	956,100	911,361	44,739
Excess of Revenues Under Expenditures	(704,485)	(707,282)	(663,654)	43,628
<b>Other Financing Sources</b>				
Transfers In	710,091	653,583	646,383	(7,200)
Net Change in Fund Balance	5,606	(53,699)	(17,271)	36,428
Beginning Cash Fund Balance	454,979	454,979	454,979	0
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	(246,955)	(246,955)	(246,806)	149
Ending Unreserved Cash Fund Balance	\$213,630	\$154,325	190,902	\$36,577
Reserved for Encumbrances -				
All Budget Years			256,765	
Total Cash Fund Balance - December 31			\$447,667	



**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Fire Pension Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$217,615	\$218,718	\$218,275	(\$443)
Intergovernmental	30,100	30,100	29,432	(668)
Total Revenues	<u>247,715</u>	<u>248,818</u>	<u>247,707</u>	<u>(1,111)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property - Fire	<u>1,083,300</u>	<u>1,083,300</u>	<u>1,084,852</u>	<u>(1,552)</u>
Excess of Revenues Under Expenditures	(835,585)	(834,482)	(837,145)	(2,663)
<b>Other Financing Sources</b>				
Transfers In	<u>802,700</u>	<u>835,800</u>	<u>835,735</u>	<u>(65)</u>
Net Change in Fund Balance	(32,885)	1,318	(1,410)	(2,728)
Beginning Cash Fund Balance	376,380	376,380	376,380	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance				
	<u>(276,439)</u>	<u>(276,439)</u>	<u>(276,439)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$67,056</u>	<u>\$101,259</u>	98,531	<u>(\$2,728)</u>
Reserved for Encumbrances - All Budget Years				
Total Cash Fund Balance - December 31			<u>297,299</u>	
			<u>\$395,830</u>	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Indigent Driver Alcohol Treatment Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$9,200	\$7,500	\$7,279	(\$221)
Investment Earnings	500	500	435	(65)
Total Revenues	9,700	8,000	7,714	(286)
<b>Expenditures</b>				
Current:				
General Government:				
Judicial System	9,000	9,000	5,080	3,920
Net Change in Fund Balance	700	(1,000)	2,634	3,634
Beginning Cash Fund Balance	30,014	30,014	30,014	0
Total Cash Fund Balance - December 31	\$30,714	\$29,014	\$32,648	\$3,634

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Court Computer Legal Research Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$22,100	\$22,100	\$3,888	(\$18,212)
Investment Earnings	2,000	2,000	2,145	145
Fines and Forfeitures	41,000	35,000	33,208	(1,792)
Other Revenue	0	0	57	57
Total Revenues	65,100	59,100	39,298	(19,802)
<b>Expenditures</b>				
Current:				
General Government:				
Judicial System	81,600	81,600	39,457	42,143
Net Change in Fund Balance	(16,500)	(22,500)	(159)	22,341
Beginning Cash Fund Balance	139,801	139,801	139,801	0
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	(187)	(187)	(187)	0
Ending Unreserved Cash Fund Balance	\$123,114	\$117,114	139,455	\$22,341
Reserved for Encumbrances -				
All Budget Years			9,227	
Total Cash Fund Balance - December 31			\$148,682	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Clerk's Computerization Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment Earnings	\$2,000	\$2,000	\$798	(\$1,202)
Fines and Forfeitures	118,000	115,000	110,634	(4,366)
Other Revenue	0	0	357	357
Total Revenues	120,000	117,000	111,789	(5,211)
<b>Expenditures</b>				
Current:				
General Government:				
Judicial System	158,700	158,700	138,617	20,083
Net Change in Fund Balance	(38,700)	(41,700)	(26,828)	14,872
Beginning Cash Fund Balance	71,733	71,733	71,733	0
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	(26,429)	(26,429)	(5,429)	21,000
Ending Unreserved Cash Fund Balance	\$6,604	\$3,604	39,476	\$35,872
Reserved for Encumbrances -				
All Budget Years			4,436	
Total Cash Fund Balance - December 31			\$43,912	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Exterior Home Maintenance Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$70,000	\$81,154	\$60,185	(\$20,969)
<b>Expenditures</b>				
Current:				
Housing and Community Development	27,760	85,993	90,118	(4,125)
Excess of Revenues Under Expenditures	42,240	(4,839)	(29,933)	(25,094)
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	30,000	30,000	0
Advances In	0	35,000	35,000	0
Advances Out	(27,760)	(78,690)	(43,691)	34,999
Total Other Financing Sources (Uses)	(27,760)	(13,690)	21,309	34,999
Net Change in Fund Balance	14,480	(18,529)	(8,624)	9,905
Beginning Cash Fund Balance	27,434	27,434	27,434	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(8,905)	(8,905)	(5,905)	3,000
Ending Unreserved Cash Fund Balance	\$33,009	\$0	12,905	\$12,905
Reserved for Encumbrances - All Budget Years			12,820	
Total Cash Fund Balance - December 31			\$25,725	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Fair Housing Grant Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$15,200	\$155,000	\$79,000	(\$76,000)
Investment Earnings	4,800	4,800	3,691	(1,109)
Total Revenues	20,000	159,800	82,691	(77,109)
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	155,000	155,000	72,070	82,930
Net Change in Fund Balance	(135,000)	4,800	10,621	5,821
Beginning Cash Fund Balance	267,467	267,467	267,467	0
Ending Unreserved Cash Fund Balance	\$132,467	\$272,267	278,088	\$5,821
Reserved for Encumbrances -				
All Budget Years			8,323	
Total Cash Fund Balance - December 31			\$286,411	

**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Community Preservation Partnership Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$0	\$7,000	\$16,595	\$9,595
Special Assessments	393,400	288,000	150,563	(137,437)
Total Revenues	393,400	295,000	167,158	(127,842)
<b>Expenditures</b>				
Current:				
Housing and Community Development	575,630	775,630	515,550	260,080
Excess of Revenues Under Expenditures	(182,230)	(480,630)	(348,392)	132,238
<b>Other Financing Sources</b>				
Transfers In	275,000	205,000	205,000	0
Net Change in Fund Balance	92,770	(275,630)	(143,392)	132,238
Beginning Cash Fund Balance	670,658	670,658	670,658	0
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	(39,474)	(39,474)	(28,941)	10,533
Ending Unreserved Cash Fund Balance	\$723,954	\$355,554	498,325	\$142,771
Reserved for Encumbrances -				
All Budget Years			98,316	
Total Cash Fund Balance - December 31			\$596,641	

**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Law Enforcement Grants Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$12,000	\$50,243	\$5,447	(\$44,796)
Investment Earnings	0	123	371	248
Total Revenues	<u>12,000</u>	<u>50,366</u>	<u>5,818</u>	<u>(44,548)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	<u>13,700</u>	<u>97,024</u>	<u>49,828</u>	<u>47,196</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,700)</u>	<u>(46,658)</u>	<u>(44,010)</u>	<u>2,648</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	8,485	8,485	0
Transfers Out	<u>(2,300)</u>	<u>(12,935)</u>	<u>(8,627)</u>	<u>4,308</u>
Total Other Financing Sources (Uses)	<u>(2,300)</u>	<u>(4,450)</u>	<u>(142)</u>	<u>4,308</u>
Net Change in Fund Balance	(4,000)	(51,108)	(44,152)	6,956
Beginning Cash Fund Balance	51,220	51,220	51,220	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance				
	<u>(112)</u>	<u>(112)</u>	<u>(112)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$47,108</u>	<u>\$0</u>	6,956	<u>\$6,956</u>
Reserved for Encumbrances - All Budget Years			<u>11,873</u>	
Total Cash Fund Balance - December 31			<u>\$18,829</u>	



**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Court Community Service Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$6,100	\$7,000	\$7,486	\$486
Investment Earnings	200	200	290	90
Total Revenues	6,300	7,200	7,776	576
<b>Expenditures</b>				
Current:				
General Government:				
Judicial System	5,000	5,000	3,640	1,360
Net Change in Fund Balance	1,300	2,200	4,136	1,936
Beginning Cash Fund Balance	17,847	17,847	17,847	0
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	(303)	(303)	(303)	0
Total Cash Fund Balance - December 31	\$18,844	\$19,744	\$21,680	\$1,936

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Court Alternate Dispute Resolution Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$40,000	\$40,000	\$36,054	(\$3,946)
Investment Earnings	700	500	564	64
Other Revenue	0	0	157	157
Total Revenues	40,700	40,500	36,775	(3,725)
<b>Expenditures</b>				
Current:				
General Government:				
Judicial System	37,700	37,700	35,725	1,975
Net Change in Fund Balance	3,000	2,800	1,050	(1,750)
Beginning Cash Fund Balance	37,473	37,473	37,473	0
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	(933)	(933)	(933)	0
Ending Unreserved Cash Fund Balance	\$39,540	\$39,340	37,590	(\$1,750)
Reserved for Encumbrances -				
All Budget Years			918	
Total Cash Fund Balance - December 31			\$38,508	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Ohio Court Security Grant Project Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment Earnings	\$0	\$0	\$9,908	\$9,908
Other Revenue	0	14	68	54
Total Revenues	0	14	9,976	9,962
<b>Expenditures</b>				
Current:				
General Government:				
Judicial System	0	1,400	5,319	(3,919)
Net Change in Fund Balance	0	(1,386)	4,657	6,043
Beginning Cash Fund Balance	1,386	1,386	1,386	0
Total Cash Fund Balance - December 31	\$1,386	\$0	\$6,043	\$6,043

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
High Intensity Drug Trafficking Area Grant Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$2,500,000	\$6,201,563	\$2,262,185	(\$3,939,378)
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	2,700,000	6,219,419	2,820,905	3,398,514
Excess of Revenues Over Expenditures	(200,000)	(17,856)	(558,720)	(540,864)
<b>Other Financing Sources (Uses)</b>				
Advances In	400,000	200,000	540,864	340,864
Advances Out	(200,000)	(200,000)	0	200,000
Total Other Financing Sources (Uses)	200,000	0	540,864	540,864
Net Change in Fund Balance	0	(17,856)	(17,856)	0
Beginning Cash Fund Balance	28,846	28,846	28,846	0
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Balance Reserved For Encumbrance	(10,990)	(10,990)	(10,990)	0
Ending Unreserved Cash Fund Balance	\$17,856	\$0	0	\$0
Reserved for Encumbrances -				
All Budget Years			15,913	
Total Cash Fund Balance - December 31			\$15,913	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Drug Free Community Grant Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$120,000	\$113,071	\$96,570	(\$16,501)
Other Revenue	0	0	100	100
Total Revenues	120,000	113,071	96,670	(16,401)
<b>Expenditures</b>				
Current:				
Public Health Services	110,800	109,324	107,499	1,825
Excess of Revenues Over Expenditures	9,200	3,747	(10,829)	(14,576)
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	4,576	4,576
Advances Out	(10,000)	(10,000)	(237)	9,763
Total Other Financing Sources (Uses)	(10,000)	(10,000)	4,339	14,339
Net Change in Fund Balance	(800)	(6,253)	(6,490)	(237)
Beginning Cash Fund Balance	8,840	8,840	8,840	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance				
	(2,350)	(2,350)	(2,350)	0
Ending Unreserved Cash Fund Balance	\$5,690	\$237	0	(\$237)
Reserved for Encumbrances -				
All Budget Years			2,033	
Total Cash Fund Balance - December 31			\$2,033	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Street Lighting Special Assessment Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special Assessments	\$598,000	\$597,500	\$590,480	(\$7,020)
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Other	594,800	594,800	597,191	(2,391)
Excess of Revenues Over (Under) Expenditures	3,200	2,700	(6,711)	(9,411)
<b>Other Financing Sources</b>				
Transfers In	12,100	12,100	12,100	0
Net Change in Fund Balance	15,300	14,800	5,389	(9,411)
Beginning Cash Fund Balance	184,998	184,998	184,998	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(2,943)	(2,943)	(2,943)	0
Ending Unreserved Cash Fund Balance	\$197,355	\$196,855	187,444	(\$9,411)
Reserved for Encumbrances - All Budget Years			2,943	
Total Cash Fund Balance - December 31			\$190,387	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Tree Maintenance Special Assessment Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$29,181	\$29,181
Special Assessments	785,000	784,000	786,163	2,163
Charges for Services	0	0	9,750	9,750
Other Revenue	0	0	1,684	1,684
Total Revenue	<u>785,000</u>	<u>784,000</u>	<u>826,778</u>	<u>42,778</u>
<b>Expenditures</b>				
Current:				
Housing and Community Development	<u>847,200</u>	<u>849,700</u>	<u>659,005</u>	<u>190,695</u>
Excess of Revenues Over (Under) Expenditures	<u>(62,200)</u>	<u>(65,700)</u>	<u>167,773</u>	<u>233,473</u>
<b>Other Financing Uses</b>				
Transfers Out	<u>(220,000)</u>	<u>(220,000)</u>	<u>(220,000)</u>	<u>0</u>
Net Change in Fund Balance	(282,200)	(285,700)	(52,227)	233,473
Beginning Cash Fund Balance	555,139	555,139	555,139	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(44,018)	(44,018)	(44,018)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(60,608)</u>	<u>(60,608)</u>	<u>(54,530)</u>	<u>6,078</u>
Ending Unreserved Cash Fund Balance	<u>\$168,313</u>	<u>\$164,813</u>	404,364	<u>\$239,551</u>
Reserved for Encumbrances - All Budget Years			<u>87,323</u>	
Total Cash Fund Balance - December 31			<u>\$491,687</u>	

**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Central Services Operations Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$949,100	\$941,216	\$585,426	(\$355,790)
<b>Expenditures</b>				
Current:				
Public Works - Other	600,600	600,600	628,750	(28,150)
General Government:				
Legislative and Executive	98,500	98,500	90,655	7,845
Total Expenditures	699,100	699,100	719,405	(20,305)
Excess of Revenues (Under) Over Expenditures	250,000	242,116	(133,979)	(376,095)
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(600)	(600)	(535)	65
Total Other Financing Sources (Uses)	(600)	(600)	(535)	65
Net Change in Fund Balance	249,400	241,516	(134,514)	(376,030)
Beginning Cash Fund Balance	291,146	291,146	291,146	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(154)	(154)	(154)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(193,738)	(193,738)	(39,667)	154,071
Ending Unreserved Cash Fund Balance	\$346,654	\$338,770	116,811	(\$221,959)
Reserved for Encumbrances - All Budget Years			367,754	
Total Cash Fund Balance - December 31			\$484,565	



**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Law Enforcement Trust Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment Earnings	\$0	\$0	\$101	\$101
Fines and Forfeitures	0	215,000	16,881	(198,119)
Other Revenues	0	0	4,053	4,053
Total Revenues	0	215,000	21,035	(193,965)
<b>Expenditures</b>				
Current:				
Security of Persons and Property Police	0	0	35,225	(35,225)
Excess of Revenues Over Expenditures	0	215,000	(14,190)	(229,190)
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	6,495	6,520	25
Transfers Out	(5,000)	(23,485)	(35,617)	(12,132)
Advances In	100,000	0	0	0
Advances Out	(100,000)	(200,000)	(491,311)	(291,311)
Total Other Financing Sources (Uses)	(5,000)	(216,990)	(520,408)	(303,418)
Net Change in Fund Balance	(5,000)	(1,990)	(534,598)	(532,608)
Beginning Cash Fund Balance	553,757	553,757	553,757	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(19,159)	(19,159)	(19,159)	0
Ending Unreserved Cash Fund Balance	<u>\$529,598</u>	<u>\$532,608</u>	0	<u>(\$532,608)</u>
Reserved for Encumbrances - All Budget Years			0	
Total Cash Fund Balance - December 31			<u>\$0</u>	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Debt Service Administration Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment Earnings	\$3,000	\$3,000	\$5,239	\$2,239
Other Revenue	169,700	169,700	169,702	2
Total Revenues	172,700	172,700	174,941	\$2,241
<b>Expenditures</b>				
Current:				
General Government				
Legislative and Executive	60,000	60,000	4,586	55,414
Debt Service:				
Principal Retirements	2,830,460	2,830,460	2,750,375	80,085
Interest and Fiscal Charges	37,940	37,940	37,940	0
Total Expenditures	2,928,400	2,928,400	2,792,901	135,499
Excess of Revenues Under Expenditures	(2,755,700)	(2,755,700)	(2,617,960)	137,740
<b>Other Financing Sources</b>				
Proceeds from the Sale of Notes	2,120,000	2,120,000	2,120,000	0
Note Premiums	0	0	34,925	34,925
Transfers In	698,500	506,400	496,247	(10,153)
Total Other Financing Sources	2,818,500	2,626,400	2,651,172	24,772
Net Change in Fund Balance	62,800	(129,300)	33,212	162,512
Beginning Cash Fund Balance	327,472	327,472	327,472	0
Ending Cash Fund Balance	\$390,272	\$198,172	\$360,684	\$162,512

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Urban Renewal Bond Retirement Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$57,000	\$57,000	\$66,162	\$9,162
Intergovernmental	10,000	10,000	7,723	(2,277)
Investment Earnings	500	500	2,366	1,866
Total Revenue	67,500	67,500	76,251	8,751
<b>Expenditures</b>				
Current:				
General Government				
Legislative and Executive	15,000	15,000	3,143	11,857
Debt Service:				
Principal Retirements	2,320,000	2,320,000	2,320,000	0
Interest and Fiscal Charges	720,400	720,400	720,391	9
Total Expenditures	3,055,400	3,055,400	3,043,534	11,866
Excess of Revenues Over (Under) Expenditures	(2,987,900)	(2,987,900)	(2,967,283)	20,617
<b>Other Financing Sources</b>				
Proceeds from the Sale of Bonds	2,215,000	2,215,000	2,215,000	0
Bond Premiums	10,000	10,000	11,385	1,385
Transfers In	810,500	810,500	810,500	0
Total Other Financing Sources	3,035,500	3,035,500	3,036,885	1,385
Net Change in Fund Balance	47,600	47,600	69,602	22,002
Beginning Cash Fund Balance	126,928	126,928	126,928	0
Ending Cash Fund Balance	\$174,528	\$174,528	\$196,530	\$22,002

**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -  
Budget (Non-GAAP Basis) and Actual  
Central Purchasing Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$236,900	\$230,000	\$258,450	\$28,450
<b>Expenses</b>				
Contractual Services	0	0	1,325	(1,325)
Materials and Supplies	230,000	230,000	304,491	(74,491)
Total Expenses	230,000	230,000	305,816	(75,816)
Operating Income (Loss)	6,900	0	(47,366)	(47,366)
<b>Nonoperating Revenues</b>				
Advances In	0	0	42,429	42,429
Net Change in Fund Equity	6,900	0	(4,937)	(4,937)
Beginning Cash Fund Equity	20,266	20,266	20,266	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(14,023)	(14,023)	(14,023)	0
Ending Unreserved Cash Fund Equity	\$13,143	\$6,243	1,306	(\$4,937)
Reserved for Encumbrances - All Budget Years			31,179	
Total Cash Fund Equity - December 31			\$32,485	

**CITY OF SHAKER HEIGHTS, OHIO**

Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -

Budget (Non-GAAP Basis) and Actual

Copier Management Fund

For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$129,000	\$129,000	\$90,283	(\$38,717)
<b>Expenses</b>				
Personal Services	31,400	31,400	3,336	28,064
Travel and Education	1,200	1,200	0	1,200
Contractual Services	89,400	89,400	80,958	8,442
Materials and Supplies	7,000	7,000	0	7,000
Total Expenditures	129,000	129,000	84,294	44,706
Net Change in Fund Equity	0	0	5,989	5,989
Beginning Cash Fund Equity	2,748	2,748	2,748	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Equity Reserved For Encumbrance	(774)	(774)	(774)	0
Ending Unreserved Cash Fund Equity	\$1,974	\$1,974	\$7,963	\$5,989

**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -  
Budget (Non-GAAP Basis) and Actual  
Municipal Garage Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$1,112,200	\$1,143,300	\$1,080,921	(\$62,379)
<b>Expenses</b>				
Personal Services	890,400	895,800	863,486	32,314
Travel and Education	0	0	79	(79)
Contractual Services	216,000	216,000	184,629	31,371
Materials and Supplies	31,500	31,500	24,180	7,320
Total Expenditures	1,137,900	1,143,300	1,072,374	70,926
Net Change in Fund Equity	(25,700)	0	8,547	8,547
Beginning Cash Fund Equity	121,546	121,546	121,546	0
Current Year Cash Expenditures				
Against Prior Year's Cash Fund				
Equity Reserved For Encumbrance	(35,885)	(35,885)	(30,682)	5,203
Ending Unreserved Cash Fund Equity	\$59,961	\$85,661	99,411	\$13,750
Reserved for Encumbrances -				
All Budget Years			21,921	
Total Cash Fund Equity - December 31			\$121,332	

**CITY OF SHAKER HEIGHTS, OHIO**  
Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -  
Budget (Non-GAAP Basis) and Actual  
Self Insurance Fund  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$361,400	\$7,500	\$15,000	\$7,500
<b>Expenses</b>				
Personal Services	97,200	97,200	90,728	6,472
Travel and Education	1,000	1,000	50	950
Contractual Services	481,000	481,000	252,471	228,529
Materials and Supplies	3,100	3,100	1,093	2,007
Total Expenditures	582,300	582,300	344,342	237,958
Operating Loss	(220,900)	(574,800)	(329,342)	245,458
<b>Nonoperating Revenues</b>				
Investment Earnings	90,000	90,000	60,582	(29,418)
Net Change in Fund Equity	(130,900)	(484,800)	(268,760)	216,040
Beginning Cash Fund Equity	4,441,347	4,441,347	4,441,347	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(1,043,208)	(1,043,208)	(1,043,208)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Equity Reserved For Encumbrance	(95,713)	(95,713)	(95,713)	0
Ending Unreserved Cash Fund Equity	<u>\$3,171,526</u>	<u>\$2,817,626</u>	3,033,666	<u>\$216,040</u>
Reserved for Encumbrances - All Budget Years			<u>1,045,711</u>	
Total Cash Fund Equity - December 31			<u>\$4,079,377</u>	

## **Statistical Section**

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.



**City of Shaker Heights, Ohio**  
**Governmental Funds Revenues by Source (1)**  
**Last Ten Years**

Year	Taxes (2)	Intergovernmental	Charges for Services	Fines and Forfeitures	Interest	Special Assessments	Fees Licenses and Permits	Other Revenue	Total
2004 (3)	\$33,459,192	\$4,721,227	\$6,607,922	\$799,324	\$339,094	\$1,529,226	\$449,452	\$1,339,428	\$49,244,865
2003 (3)	46,169,662	3,624,484	5,959,401	1,028,445	490,633	1,347,023	487,677	1,082,301	60,189,626
2002	29,652,517	3,805,168	3,812,324	826,383	947,056	1,348,169	409,093	1,918,912	42,719,622
2001	31,257,033	2,920,659	3,276,315	854,688	1,839,948	1,324,288	340,124	1,487,042	43,300,097
2000	28,199,669	2,140,165	3,210,192	983,715	1,780,331	1,239,530	363,509	1,660,238	39,577,349
1999	27,840,208	2,360,440	3,356,057	798,494	506,874	1,247,115	385,808	1,732,223	38,227,219
1998	31,468,595	1,833,574	3,171,843	795,100	772,261	1,213,146	323,482	1,264,611	40,842,612
1997	24,724,744	1,599,068	2,520,557	735,334	1,071,608	1,055,037	290,016	969,981	32,966,345
1996	27,528,366	1,279,043	2,506,119	724,453	953,514	1,084,156	345,587	1,037,575	35,458,813
1995	26,101,290	1,048,624	2,514,435	632,205	978,141	1,092,526	256,017	800,824	33,424,062

(1) Includes General, Special Revenue, Debt Service and Capital Projects funds.

(2) Includes Property, Municipal Income, State Levied Shared, and Other Local Taxes.

(3) Beginning in 2003 the General Fund and Special Revenue Funds includes funds that were previously reported as other fund types.

Information reflected in this table is based on the modified accrual basis of accounting. Information for the Government Wide activities will be presented there are enough years of information to make comparisons.

Source: City of Shaker Heights, Finance Department

**City of Shaker Heights, Ohio**  
**Governmental Funds Expenditures by Function (1)**  
**Last Ten Years**

Year	Security of Persons and Property	Public Health Services	Leisure Time Activities	Housing and Community Development	Sanitation and Sewer Services	Street Maintenance and Repair	General Government	Debt Service	Total
2004 (2)	\$21,581,448	\$624,730	\$4,039,570	\$6,049,968	\$8,710,562	\$4,676,644	\$10,718,641	\$809,979	\$57,211,542
2003 (2)	22,718,906	629,242	3,702,571	5,648,055	4,073,814	2,588,086	9,046,886	345,002	48,752,562
2002	18,760,663	512,140	640,800	6,438,074	4,752,158	5,964,716	8,738,780	259,457	46,066,788
2001	17,800,087	402,169	755,527	4,998,072	3,624,834	3,658,688	8,045,556	231,498	39,516,431
2000	16,466,716	376,824	788,349	5,019,176	3,252,533	3,108,120	8,825,405	144,307	37,981,430
1999	14,901,762	378,668	852,519	4,862,567	3,780,852	3,663,259	8,411,694	2,276,151	39,127,472
1998	14,181,475	356,838	706,873	4,174,050	3,260,457	2,864,055	7,656,109	287,548	33,487,405
1997	13,726,873	348,387	617,427	4,198,847	3,084,081	3,039,035	6,957,206	350,497	32,322,353
1996	13,619,767	348,235	679,025	4,446,577	3,363,717	3,954,725	7,048,001	418,835	33,878,882
1995	13,591,351	359,446	721,066	4,029,334	2,955,578	3,618,384	6,745,707	461,283	32,482,149

(1) Includes General, Special Revenue, Debt Service and Capital Projects funds.

(2) Beginning in 2003 the General Fund and Special Revenue Funds includes funds that were previously reported as other fund types.

Information reflected in this table is based on the modified accrual basis of accounting. Information for the Government Wide activities will be pre there are enough years of information to make comparisons.

Source: City of Shaker Heights, Finance Department

**City of Shaker Heights, Ohio  
Municipal Income Tax Collections by Type  
Last Ten Years**

<b>Year</b>	<b>Employer Withholding</b>	<b>Individual</b>	<b>Net Profits</b>	<b>Penalties &amp; Interest</b>	<b>Total Revenue</b>
2004	\$5,353,559	\$12,993,713	\$76,721	\$359,055	\$18,783,048
2003	6,253,899	15,711,901	300,104	383,262	22,649,166
2002	5,293,177	12,415,761	506,343	433,627	18,648,908
2001	5,201,142	12,739,568	556,797	429,954	18,927,461
2000	5,405,606	11,236,797	348,985	273,409	17,264,797
1999	4,899,988	11,900,607	342,527	343,580	17,486,702
1998	4,718,786	11,311,885	418,982	333,675	16,783,328
1997	4,673,804	10,649,215	298,504	346,740	15,968,263
1996	4,380,569	10,585,399	397,200	333,512	15,696,680
1995	4,191,481	9,924,539	290,241	363,062	14,769,323

SOURCE: City of Shaker Heights, Finance Department

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

Tax Year/ Collection Year	Real Property (1)		General Tangible Personal Property (2)		Public Utilities Tangible Personal Property (3)		Total		Ratio of Total Assessed to Estimated Actual Value
	Assessed Value	Estimated Actual	Assessed Value	Estimated Actual	Assessed Value	Estimated Actual	Assessed Value	Estimated Actual	
2004/2005	\$806,356,400	\$2,303,875,429	\$10,246,645	\$44,550,630	\$15,654,670	\$17,789,398	\$832,257,715	\$2,366,215,457	35.17%
2003/2004	806,459,520	2,304,170,057	13,064,821	59,385,550	15,799,910	17,954,443	835,324,251	2,381,510,050	35.08%
2002/2003	706,996,220	2,019,989,200	16,864,140	73,322,348	15,306,100	17,393,295	739,166,460	2,110,704,843	35.02%
2001/2002	708,065,810	2,023,045,171	14,106,723	58,778,013	16,032,480	18,218,727	738,205,013	2,100,041,911	35.15%
2000/2001	704,415,330	2,012,615,229	12,360,677	49,442,708	20,868,560	23,714,273	737,644,567	2,085,772,210	35.37%
1999/2000	620,415,390	1,772,615,400	11,173,500	44,694,000	21,083,660	23,958,705	652,672,550	1,841,268,105	35.45%
1998/1999	620,808,980	1,773,739,943	10,729,785	42,919,140	23,210,870	26,375,989	654,749,635	1,843,035,072	35.53%
1997/1998	619,672,050	1,770,491,571	11,525,825	46,103,300	23,242,590	24,401,660	654,440,465	1,840,996,531	35.55%
1996/1997	578,333,810	1,652,382,314	11,372,730	45,490,920	24,401,660	24,401,660	614,108,200	1,722,274,894	35.66%
1995/1996	576,319,840	1,646,628,114	9,705,218	38,820,872	25,243,350	27,310,960	611,268,408	1,712,759,946	35.69%

- (1) The assessed valuation level for real property in Cuyahoga County is 35% of market value, except for certain agricultural land.
- (2) From 1992 to 2001, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25% of its true value. Beginning in collection year 2002, the inventory assessment will be reduced 1% each year until it is completely phased out.
- (3) The true value of tangible personal property of public utilities is based upon composite annual allowances and is assessed at 88%, with some exceptions.

Source: Cuyahoga County Auditor's Office

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

Tax Year/ Collection Year	City of Shaker Heights			Total City Rate	County	Schools	Library	Total
	General Fund	Police Pension	Fire Pension					
2004/2005	\$9.30	\$0.30	\$0.30	\$9.90	\$18.30	\$159.20	\$4.00	\$191.40
2003/2004	9.30	0.30	0.30	9.90	18.00	158.90	4.00	190.80
2002/2003	9.30	0.30	0.30	9.90	16.20	150.00	4.00	180.10
2001/2002	9.30	0.30	0.30	9.90	16.20	150.50	4.00	180.60
2000/2001	9.30	0.30	0.30	9.90	16.20	150.50	4.00	180.60
1999/2000	9.30	0.30	0.30	9.90	15.30	141.00	4.00	170.20
1998/1999	9.30	0.30	0.30	9.90	15.30	139.80	4.00	169.00
1997/1998	9.30	0.30	0.30	9.90	16.60	139.60	4.00	170.10
1996/1997	9.30	0.30	0.30	9.90	16.60	139.80	3.00	169.30
1995/1996	9.30	0.30	0.30	9.90	16.60	139.70	3.00	169.20

Source: Cuyahoga County Auditor's Office

**City of Shaker Heights, Ohio  
Property Tax Levies and Collections  
Real and Public Property  
Last Ten Years**

Tax Year/ Collection Year	Current		Percent of Current Levy Collected	Collections Including Deficiencies	Total Collections As Percent of Current Levy	Accumulated Delinquency
	Levy	Collections				
2003/2004	\$8,139,415	\$7,758,017	95.31%	\$8,128,689	99.87%	\$644,490
2002/2003	7,167,586	6,776,892	94.55%	7,113,988	99.25%	652,146
2001/2002	7,162,530	6,774,784	94.59%	7,131,454	99.57%	542,690
2000/2001	7,178,496	6,827,641	95.11%	7,091,176	98.78%	492,465
1999/2000	6,377,232	6,106,668	95.76%	6,375,098	99.97%	371,021
1998/1999	6,374,373	6,134,194	96.23%	6,416,944	100.67%	386,184
1997/1998	6,336,703	6,127,383	96.70%	6,313,531	99.63%	409,787
1996/1997	6,087,228	5,888,637	96.74%	6,057,119	99.51%	350,966
1995/1996	6,065,921	5,923,440	97.65%	6,082,444	100.27%	346,309
1994/1995	5,999,464	5,813,092	96.89%	5,958,437	99.32%	322,450

Source: Cuyahoga County Auditor's Office

**City of Shaker Heights, Ohio  
Special Assessment Levies and Collections  
Last Ten Years**

<b>Tax Year/ Collection Year</b>	<b>Current Assessment</b>	<b>Total Current Collections</b>	<b>Total Collection as a Percentage of Current Assessments</b>	<b>Accumulated Delinquencies</b>
2003/2004	\$1,675,289	\$1,434,809	85.65%	\$343,974
2002/2003	1,393,962	1,363,061	97.78%	222,320
2001/2002	1,429,912	1,322,690	92.50%	200,102
2000/2001	1,398,137	1,291,124	92.35%	202,546
1999/2000	1,222,534	1,163,227	95.15%	148,957
1998/1999	1,265,865	1,176,131	92.91%	161,779
1997/1998	1,248,875	1,168,021	93.53%	172,717
1996/1997	1,117,810	1,066,278	95.39%	104,940
1995/1996	1,099,686	1,066,210	96.96%	71,867
1994/1995	1,090,916	1,058,282	97.01%	66,692

SOURCE: Cuyahoga County Auditor

**City of Shaker Heights, Ohio**  
**Computation of Legal Debt Margin**  
**December 31, 2004**

<b>TOTAL ASSESSED VALUATION</b>	<u><u>\$832,257,715</u></u>
<u>Overall Debt Limitation</u>	
10 1/2% of Assessed Valuation	\$87,387,060
Gross Indebtedness	\$25,781,900
Less: Debt Outside Limitations	
Ohio Public Works Commission Loans	(4,021,900)
<u>Temporary Urban Renewal Bonds</u>	
Shaker Towne Centre Revitalization Project	(2,215,000)
<u>Permanent Urban Renewal Bonds</u>	
Sussex Area Revitalization Project	(2,725,000)
Shaker Towne Centre Revitalization Project	(7,645,000)
Firehouse Construction Project	<u>(4,895,000)</u>
Debt within 10 1/2% Limitation:	
<u>Bond Anticipation Notes</u>	
Library Building Renovation Project	\$965,000
2000 Fire Truck Acquisition	80,000
2001 Ambulance Acquisition	60,000
2002 Fire Truck Acquisition	255,000
2002 Public Works Projects	760,000
2004 Public Safety System Project	800,000
2004 Traffic Signalization Project	510,000
2004 Waterline/Street Improvement Project	455,000
2004 Lee Road Construction Project	<u>395,000</u>
Total Debt within 10 1/2% Limitation	\$4,280,000
Less: Debt Service Fund Balance	<u>(461,017)</u>
<b>Net Debt within 10 1/2% Limitation</b>	<u><u>3,818,983</u></u>
<b>Overall Legal Debt Margin within 10 1/2% Limitation</b>	<u><u>\$83,568,077</u></u>
<u>Unvoted Debt Limitation</u>	
5 1/2% of Assessed Valuation	\$45,774,174
Gross Indebtedness Authorized by Council	\$25,781,900
Less: Debt Outside Limitations	
Ohio Public Works Commission Loan	(4,021,900)
<u>Temporary Urban Renewal Bonds</u>	
Shaker Towne Centre Revitalization Project	(2,215,000)
<u>Permanent Urban Renewal Bonds</u>	
Sussex Area Revitalization Project	(2,725,000)
Shaker Towne Centre Revitalization Project	(7,645,000)
Firehouse Construction Project	<u>(4,895,000)</u>
Debt within 5 1/2% Limitation	
<u>Bond Anticipation Notes</u>	
Library Building Renovation Project	\$965,000
2000 Fire Truck Acquisition	80,000
2001 Ambulance Acquisition	60,000
2002 Fire Truck Acquisition	255,000
2002 Public Works Projects	760,000
2004 Public Safety System Project	800,000
2004 Traffic Signalization Project	510,000
2004 Waterline/Street Improvement Project	455,000
2004 Lee Road Construction Project	<u>395,000</u>
Total Debt within 5 1/2% Limitation	\$4,280,000
Less: Debt Service Fund Balance	<u>(461,017)</u>
<b>Net Debt within 5 1/2% Limitation</b>	<u><u>3,818,983</u></u>
<b>Legal Debt Margin within 5 1/2% Limitation</b>	<u><u>\$41,955,191</u></u>

Source: City of Shaker Heights, Finance Department



**City of Shaker Heights, Ohio  
Computation of Direct and Overlapping Debt  
December 31, 2004**

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Shaker Heights	Amount Applicable to City of Shaker Heights
<u>Direct:</u>			
City of Shaker Heights General Obligation Bond Anticipation Notes	\$21,760,000	100.00%	\$21,760,000
<u>Overlapping:</u>			
City of Shaker Heights - School District	16,259,223	94.48%	15,361,714
Cuyahoga County	251,154,636	2.72%	6,831,406
Greater Cleveland Regional Transit	147,025,000	2.72%	3,999,080
Total Overlapping	414,438,859		26,192,200
<b>GRAND TOTAL</b>	<b>\$436,198,859</b>		<b>\$47,952,200</b>

SOURCE: (a) City of Shaker Heights, Finance Department

(b) Cuyahoga County Auditor's Office

**City of Shaker Heights, Ohio**  
**Ratio of Net General Bonded Debt to**  
**Assessed Valuation and Net Bonded Debt per Capita**  
**Last Ten Years**

<b>Year</b>	<b>Population</b>	<b>Assessed Value (1)</b>	<b>Gross General Bonded Debt (2)</b>	<b>Less Balance In Debt Service Fund</b>	<b>Net Gross General Bonded Debt</b>	<b>Ratio of Net Debt To Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
2004	29,405	\$832,257,715	\$21,760,000	\$461,017	\$21,298,983	2.559%	\$724.33
2003	29,405	835,324,251	20,295,000	325,971	19,969,029	2.391%	679.10
2002	29,405	739,166,460	17,800,000	324,434	17,475,566	2.364%	594.31
2001	29,405	738,205,013	7,600,000	318,875	7,281,125	0.986%	247.62
2000	29,405	737,644,567	3,935,000	306,054	3,628,946	0.492%	123.41
1999	30,867	652,672,550	3,845,000	291,224	3,553,776	0.544%	115.13
1998	30,867	654,749,635	2,360,000	279,597	2,080,403	0.318%	67.40
1997	30,867	654,440,465	3,065,000	263,693	2,801,307	0.428%	90.75
1996	30,867	614,108,200	3,890,000	225,195	3,664,805	0.597%	118.73
1995	30,867	611,268,408	5,110,000	222,206	4,887,794	0.800%	158.35

(1) SOURCE: Cuyahoga County Auditor

(2) Includes Both Exempt and Non-Exempt Bond Anticipation Notes

Population is from the 1990 and 2000 Federal Census

**City of Shaker Heights, Ohio**  
**Ratio of Annual Debt Service Expenditures for General**  
**Bonded Debt to Total Governmental Funds Expenditures**  
**Last Ten Years**

Year	Principal	Interest (1)	Total Debt Service On General Bonded Debt	Governmental Funds Expenditures	Ratio of Tax Supported Debt Service to Governmental Funds Expenditures
2004	\$2,360,375	\$664,604	\$3,024,979	\$57,211,542	5.29%
2003	2,265,000	304,627	2,569,627	48,752,562	5.27%
2002	835,000	219,082	1,054,082	46,066,788	2.29%
2001	335,000	191,123	526,123	39,516,431	1.33%
2000	310,000	103,922	413,922	37,981,430	1.09%
1999	675,000	82,335	757,335	39,127,472	1.94%
1998	705,000	87,988	792,988	33,487,405	2.37%
1997	825,000	150,937	975,937	32,322,353	3.02%
1996	1,220,000	219,275	1,439,275	33,878,882	4.25%
1995	1,130,000	281,910	1,411,910	32,482,149	4.35%

(1) Includes Interest Expense on both Bonds and Short-Term Note Obligations

SOURCE: City of Shaker Heights, Finance Department

**City of Shaker Heights, Ohio**  
**Demographic Statistics**  
**December 31, 2004**

	<u>1980</u>	<u>1990</u>	<u>2000</u>
Population .....	32,487	30,867	29,405
Per capita income .....	\$15,669	\$32,708	\$41,354
Number of dwelling units .....	13,241	13,279	12,982
Persons per household .....	2.54	2.43	2.39
Median Age .....	36.5	37.8	39.6
% owner - occupied dwelling units .....	65.30%	61.40%	64.90%
Median Family Income .....	\$34,241	\$65,913	\$85,893
<b>Family income distribution:</b>			
\$ 0 - \$ 9,999 .....	\$1,666	\$767	\$764
\$10,000 - \$ 24,999 .....	3,916	1,921	1,515
\$25,000 - \$ 34,999 .....	2,341	1,415	1,151
\$35,000 - \$ 49,999 .....	2,041	2,054	1,481
over \$50,000 .....	2,815	6,443	7,355
<b>Total families</b>	<b><u>\$12,779</u></b>	<b><u>\$12,600</u></b>	<b><u>\$12,266</u></b>
<b>Education distribution/grades years completed:</b>			
<b>( Population 25 years or older )</b>			
0 - 8 .....	3.32%	1.69%	1.58%
9 - 11 .....	5.99%	5.67%	3.79%
12 .....	19.13%	10.54%	11.05%
13 - 15 .....	20.98%	21.09%	21.88%
16 or more .....	<u>50.58%</u>	<u>61.01%</u>	<u>61.69%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

SOURCE: Federal Census and City of Shaker Heights Planning Department

**City of Shaker Heights, Ohio  
Employment Distribution by Occupation  
December 31, 2004**

<b><u>Residents' employment distribution by occupation:</u></b>	<b><u>Number Employed</u></b>	<b><u>% of Total</u></b>
Professional, Scientific, Management, Administrative and Waste Management Services	2,093	22.76%
Educational, Health and Social Services	5,135	55.85%
Arts, Entertainment, Recreation, Accommodation and Food Services	820	8.92%
Public Administration	556	6.05%
Other	<u>591</u>	<u>6.43%</u>
Total Employment	<u><u>9,195</u></u>	<u><u>100.00%</u></u>

SOURCE: 2000 Federal Census and Cuyahoga County Planning Commission

**City of Shaker Heights, Ohio  
Principal Property Tax Payers  
December 31, 2004**

<b>Taxpayer</b>	<b>Assessed Valuation (1)</b>	<b>Percentage of Total Assessed Valuation</b>
OfficeMax Incorporated	\$6,933,570	0.83%
Ohio Bell Telephone Company	6,482,700	0.78%
The Cleveland Electric Illuminating Company	6,301,650	0.76%
Tower East Operating Association	5,906,590	0.71%
Shaker Towne Centre E&A LLC	3,748,500	0.45%
East End School Association	3,085,220	0.37%
Somerset Point LTD Partnership	2,678,620	0.32%
Oliver Family LTD Partnership	2,275,000	0.27%
Deborah Salzberg Trust	1,913,800	0.23%
Shaker Heights Country Club	<u>1,575,820</u>	<u>0.19%</u>
Total	<u>\$40,901,470</u>	<u>4.91%</u>
Total Assessed Valuation of City	<u>\$832,257,715</u>	

(1) Property assessed at 35% of Fair Market Value

SOURCE: Cuyahoga County Auditor

**City of Shaker Heights, Ohio**  
**Property Value, New Construction and Bank Deposits**  
**Last Ten Years**

Tax Year/ Collection Year	Construction (1)		Cuyahoga County Bank Deposits (2) (In Thousands)	Total Assessed Value (1)	
	Commercial/ Industrial	Residential		Commercial	Residential
2004/2005	\$698,350	\$3,195,520	\$101,838,959	\$79,064,110	\$727,292,290
2003/2004	2,500,910	1,551,980	97,519,187	80,074,430	726,385,090
2002/2003	2,463,260	764,260	95,761,917	76,418,240	630,577,980
2001/2002	2,240,210	1,124,710	63,893,769	77,190,760	630,875,050
2000/2001	1,216,100	1,613,690	61,942,764	74,268,190	630,147,140
1999/2000	280,700	516,010	57,816,942	63,754,230	556,661,160
1998/1999	1,360,940	435,630	58,904,596	64,301,600	556,507,380
1997/1998	10,330	403,540	53,941,971	62,695,010	556,977,040
1996/1997	2,462,770	466,180	27,068,211	60,614,950	517,718,860
1995/1996	671,960	967,500	22,694,304	58,661,040	517,658,800

(1) SOURCE: Cuyahoga County Auditor

(2) SOURCE: Federal Reserve Bank of Cleveland (total demand, time and savings deposits)  
for Cuyahoga County, Ohio Banks.

**City of Shaker Heights, Ohio**  
**Other Statistics**  
**December 31, 2004**

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Year incorporated as a village	1912
Year incorporated as a city	1931
City Charter adopted	1931
Form of government	Mayor/Council
Area	6.3 square miles
Miles of streets	142
Number of street lights	4,565
Sworn Fire protection:	
Number of stations	2
Number of firemen and officers	64
Sworn Police protection:	
Number of stations	1
Number of policemen and officers	72
Sewers:	
Miles of storm sewers	102
Miles of sanitary sewers	99
Miles of water mains	127
Building:	
2004 Permits issued	3,357
2004 Valuation of construction	\$15,431,905
Parks and Recreation:	
Number of parks	14
Number of pools	1
Number of ice rinks	1
Number of tennis courts	10
Number of baseball diamonds	6

SOURCE: City of Shaker Heights, Public Works, Building and Recreation



**City of Shaker Heights, Ohio**  
**Governmental Activities Revenues by Source and Expenses**  
**by Function and Change in Net Assets**  
**Last Two Years**

	<u>2004</u>	<u>2003</u>
<b>Program Revenues:</b>		
Charges for Services	\$9,338,810	\$14,425,718
Operating Grants and Contributions	4,539,781	3,578,180
Capital Grants and Contributions	181,446	46,304
<b>General Revenues:</b>		
Property Taxes	7,264,319	6,475,426
Municipal Income Taxes	18,461,533	22,563,048
Other Local Taxes	69,372	62,961
Grants and Entitlements not Restricted to Specific Programs	7,615,993	17,076,027
Investment Earnings	399,676	584,972
<b>Total Revenues</b>	<b><u>47,870,930</u></b>	<b><u>64,812,636</u></b>
<b>Expenses:</b>		
Security of Persons and Property:		
Police	13,085,133	11,365,210
Fire	6,958,483	7,773,319
Other	866,015	747,403
Public Health services	632,970	633,129
Leisure Time Activities:		
Culture and Recreation	3,271,108	3,313,964
Parks and Public Land Maintenance	721,010	658,592
Housing and Community Development	5,989,338	5,149,752
Sanitation and Sewer Services	5,576,738	4,212,867
Street Repair and Maintenance	2,962,286	2,742,224
Public Works - Other	3,922,743	2,645,335
General Government:		
Legislative and Executive	6,491,202	4,815,453
Judicial System	1,963,479	1,894,600
Interest and Fiscal Charges	491,535	304,627
<b>Total Expenses</b>	<b><u>52,932,040</u></b>	<b><u>46,256,475</u></b>
<b>Change in Net Assets</b>	<b><u>(\$5,061,110)</u></b>	<b><u>\$18,556,161</u></b>

SOURCE: City of Shaker Heights, Finance Department

# **City Of Shaker Heights, Ohio**

**Single Audit Reports**

**December 31, 2004**

# City of Shaker Heights, Ohio

For the Year Ended December 31, 2004

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**Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Members of the City Council  
City of Shaker Heights, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights as of and for the year ended December 31, 2004, which collectively comprise the City of Shaker Heights basic financial statements and have issued our report thereon dated June 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Shaker Heights's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated June 30, 2005.

**Compliance and Other Matters**

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

Members of the City Council  
City of Shaker Heights, Ohio

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

*Cini & Parichi, Inc.*

Cleveland, Ohio  
June 30, 2005

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

Members of the City Council  
City of Shaker Heights, Ohio

**Compliance**

We have audited the compliance of the City of Shaker Heights, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2004. The City of Shaker Heights's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Shaker Heights's management. Our responsibility is to express an opinion on the City of Shaker Heights's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance occurred 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 of Shaker Heights's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Shaker Heights's compliance with those requirements.

In our opinion, the City of Shaker Heights complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2004.

Members of the City Council  
City of Shaker Heights, Ohio

### **Internal Control over Compliance**

The management of the City of Shaker Heights is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Shaker Heights's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights as of and for the year ended December 31, 2004, which collectively comprise the City of Shaker Heights's basic financial statements and have issued our report thereon dated June 30, 2005.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Shaker Heights's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Cini & Parichi, Inc.*

Cleveland, Ohio  
June 30, 2005

**City of Shaker Heights, Ohio**

**Schedule of Expenditures of Federal Awards**

**For The Year Ended December 31, 2004**

<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>Program or Award Amount</u>	<u>Federal Cash Receipts</u>	<u>Federal Cash Disbursements</u>
<b>U.S. Department of Health and Human Services</b>					
<b>Passed Through the Ohio Department on Aging and the Western Reserve Area Agency on Aging:</b>					
Title III B Senior Adults - 2003	93.044	N/A	\$ <u>43,000</u>	\$ <u>30,961</u>	\$ <u>43,000</u>
Total Department of Health & Human Services			<u>43,000</u>	<u>30,961</u>	<u>43,000</u>
<b>U.S. Department of Housing &amp; Urban Development</b>					
<b>Direct Program:</b>					
Fair Housing Assistance Program State and Local	14.401	FF205K985030	<u>155,000</u>	<u>79,000</u>	<u>63,747</u>
Total Direct Programs			<u>155,000</u>	<u>79,000</u>	<u>63,747</u>
<b>Passed Through Cuyahoga County:</b>					
<b>Community Development Block Grants/Entitlement Grants</b>					
CDBG – 2002 Exterior Maintenance Program	14.218	CE-12590-01	60,000	2,463	2,463
CDBG – 2003 Exterior Maintenance Program	14.218	CE-12590-01	55,000	43,691	20,993
CDBG – 2004 Exterior Maintenance Program	14.218	CE-12590-01	35,000	35,000	35,000
CDBG – ADA Compliance for Municipal Service Center	14.218	CE-12811-01	88,205	-	-
CDBG – Lee Road/Scottsdale Streetscaping	14.218	CE-0400233	<u>150,000</u>	<u>150,000</u>	<u>4,235</u>
Total Pass-Through Programs			<u>388,205</u>	<u>231,154</u>	<u>62,691</u>
Total U.S. Department of Housing & Urban Development			<u>543,205</u>	<u>310,154</u>	<u>126,438</u>

The accompanying notes are an integral part of this schedule



**City of Shaker Heights, Ohio**

**Schedule of Expenditures of Federal Awards (continued)**

**For The Year Ended December 31, 2004**

<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>Program or Award Amount</u>	<u>Federal Cash Receipts</u>	<u>Federal Cash Disbursements</u>
<b>U.S. Department of Justice Direct Program</b>					
<b>Direct Programs:</b>					
<b>Drug-Free Communities Support Program Grant</b>					
Drug Free Community Grant	93.276	01-JN-FX-0115	<u>100,000</u>	<u>98,344</u>	<u>108,053</u>
Total Drug Free Communities Support Program Grant			<u>100,000</u>	<u>98,344</u>	<u>108,053</u>
<b>Local Law Enforcement Block Grants Program</b>					
Local Law Enforcement Block Grants Program - #1	16.592	2002-LB-BX-2727	13,268	-	-
Local Law Enforcement Block Grants Program - #2	16.592	2003-LB-BX-2418	<u>10,589</u>	<u>10,589</u>	-
Total Direct Programs			<u>23,857</u>	<u>10,589</u>	-
<b>Passed Through the State of Ohio Office of Criminal Justice Services:</b>					
<b>Juvenile Accountability Incentive Block Grant Program</b>					
Safe City Hotline Program Overtime	16.523	02-JB-MUN-0008	12,819	1,244	617
Playground Security	16.523	03-JB-MUN-0008	<u>9,400</u>	-	-
Total Pass-Through Program			<u>22,219</u>	<u>1,244</u>	<u>617</u>
Total U.S. Department of Justice			<u>146,076</u>	<u>110,177</u>	<u>108,670</u>

The accompanying notes are an integral part of this schedule

**City of Shaker Heights, Ohio**

**Schedule of Expenditures of Federal Awards (Continued)**

**For The Year Ended December 31, 2004**

<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>Program or Award Amount</u>	<u>Federal Cash Receipts</u>	<u>Federal Cash Disbursements</u>
<b>Executive Office of the President - Office of National Drug Control Policy Direct Program:</b>					
High Intensity Drug Trafficking Area - Ohio - 1999	N/A	I9POHP501	700,000	1,074	1,074
High Intensity Drug Trafficking Area - Ohio - 2000	N/A	I0POHP501	1,301,000	18,082	17,299
High Intensity Drug Trafficking Area - Ohio - 2001	N/A	I1POHP501	2,500,000	216,625	222,379
High Intensity Drug Trafficking Area - Ohio - 2002	N/A	I2POHP501	2,700,000	386,615	425,570
High Intensity Drug Trafficking Area - Ohio - 2003	N/A	I3POHP501	2,500,000	594,911	725,340
High Intensity Drug Trafficking Area - Ohio - 2004	N/A	I4POHP501	313,300	1,044,878	1,431,281
High Intensity Drug Trafficking Area – Toledo DTF - 2004	N/A	I4POH99Z	<u>50,000</u>	-	-
Total Executive Office of the President			<u>10,064,300</u>	<u>2,262,185</u>	<u>2,822,943</u>
<b>U.S. Department of Transportation Federal Highway Administration</b>					
<b>Passed through the Ohio Department of Transportation:</b>					
ODOT Railroad Safety Grant	20.205	#9243, PID 15393	24,000	-	-
Highway Planning and Construction Grant	20.205	PID 21777	<u>439,742</u>	-	<u>341,783</u>
Total U.S. Department of Transportation Federal Highway Administration			<u>463,742</u>	-	<u>341,783</u>
<b>Total Federal Assistance</b>			<b>\$ <u>11,260,323</u></b>	<b>\$ <u>2,713,477</u></b>	<b>\$ <u>3,442,834</u></b>

The accompanying notes are an integral part of this schedule

# City of Shaker Heights, Ohio

## Notes to the Schedule of Expenditures of Federal Awards

**For The Year Ended December 31, 2004**

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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, Ohio

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

**December 31, 2004**

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### 1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

### 3. FINDINGS FOR FEDERAL AWARDS

There were no findings for federal awards to report in 2004.

**City of Shaker Heights, Ohio**

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

**December 31, 2004**

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<b>Item No.</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Explanation</b>
03-1	Purchase orders dated after invoice	Yes	The City had no noncompliance in this area again in year 2004.

# City of Shaker Heights

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

Response to Findings Associated with Audit Conducted  
in Accordance with *Government Auditing Standards*  
For the Year Ended December 31, 2004

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
---------------------------	--	--	---

Not applicable.



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF SHAKER HEIGHTS**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 30, 2005**