
Citizen Auditors of Ohio

Loren Sengstock, Citizen Auditor – Gary Sherck, Citizen Auditor

2704 Arbor Glen, Suite 105, Twinsburg, OH 44087-3084

Phone: (330) 888-9459

E-mail: citizenauditorohio@yahoo.com Website: <http://www.citizenauditorohio.com>

September 27, 2016

Historical Analysis Summary

This Citizen Auditors Annual Financial Report (CAAFR) of the Governmental Funds (combination of General, Special Revenue, Debt Service, and Capital Funds) often referred to as the Operational/Governmental Funds of local governments and are recorded for the past ten (10) years, averaged for revenues and expenditures, then graphically presented for analysis (Exhibits 'A' – 'J'). The purpose of this report is to provide a 'citizen/taxpayer' the historical summary of financial operations including where tax dollars were sourced from and on what government programs they were spent.

Exhibit 'A' – Is the ten year historical representation of revenue, expenditures, funds balances, and Government Finance Officers Association (GFOA) recommended minimum funds balances. The numbers are taken directly from audited financial reports from the State of Ohio Auditor website. Any data fields being calculated are clearly marked as such.

Exhibit 'B' – Represents the most current year of operations compared to the 10 year average for revenues, expenditures, and funds balance. The information is derived from the database created in Exhibit 'A'.

Exhibit 'C' - Is a trending average of historical annual revenues, expenditures, accumulated carryover Fund Balance, and recommended minimum Governmental Fund Officers Association (GFOA) to analyze financial resources (revenues, expenditures, fund balance) for trending analysis. This trend is used for determining sustainability of program services, revenue sources, and trending of carryover funds balance. The GFOA

minimum recommendation is used as a benchmark and the actual carryover funds balance is subject to various factors including unknown financial risks to revenue sources; however, any funds balance below 25% or above 100% could be indications of under or over surplus.

Exhibit 'D' – Is a graphic representation of program expenditures from the current financial report compared to the 10 year average. This is valuable for determining the increase or decrease in various program expenditures and the priority placed on each by the community leaders.

Exhibit 'E' – Is a graphic representation of revenues from the current financial report compared to the 10 year average. This is valuable in determining the major revenues sources and displaying the increases or decrease in revenues sources.

Exhibit 'F' - Is a historical graphic of accumulated funds balance and annual net changes (gain or loss) of the operations of the governmental funds. This is used to determine the overall sustainability of governmental funds operations and whether the community is heading into financial trouble or maintaining balance in providing for services to the 'citizens/taxpayers'. Fiscal stability results from maintaining a zero Net Change in Funds balance and a stable Carryover Funds Balance. Fiscal crisis results from repeated deficit spending leading to depleted accumulated carryover funds balance.

Exhibit 'G' - Are pie charts showing the amounts and percentages of Governmental Revenue Sources and Program Expenditures for the current fiscal year from the audited financial report. Effectively this can be viewed as where my tax dollar comes from and on what program(s) they are being expended.

Exhibit(s) 'H – J' are ten year historical graphs of major revenue sources and major program expenditures along with a 2 year moving average trend line. The program(s) expenditure(s) are major cost center/departamental accounting classifications such as the following (these are not all inclusive but examples):

- **General Government** (City Council, Mayor, City Manager, Civil Service, Human Resources, Information Technology, Law Director, Finance Department, Engineering Department, Building Department, Planning Department, and Economic Development) expenditures;
- **Security of Persons & Property** (Police, Fire, Dispatch, and EMT) expenditures;
- **Leisure Time Activities** (Parks, Recreation Centers, Pools, Fitness Center, etc) expenditures;

-
- **Transportation** (Roads, Sidewalks, Storm Sewers, Snow Plowing, etc) expenditures;
 - **Capital Outlay** (Investments in land, buildings, roads, storm sewers, fire/police equipment, dump trucks, and other capital assets) expenditures;
 - **Debt Service** (Principal & Interest on bonds, etc) expenditures; Public Health (County Health Department, etc) expenditures;
 - **Community Development** (includes depreciation expenses) expenditures.

Analysis and Summary Report

The City of Shaker Heights in Cuyahoga County, Ohio, in Exhibit 'A' and 'B', shows an increase in total revenues for 2015 of 3.7% over the 10 year average and total expenditures are (-2.7%) below the 10 year average. The substantial increase in revenues is the result of a ½ % increase in income taxes in 2012 by the voters which annually increase income taxes by approximately \$8-\$12 million dollars. The overall reduction of expenditures is due to a overall program reductions, however, there were major increases in General Government and Street Maintenance & Repairs, and these should be addressed by City Administration. The accumulated carryover governmental funds balance as of 2015 is 199.4% above the GFOA minimum. The total carryover Governmental Funds Balance for 2015 is \$42,316,207 or 74.9% of total 2015 annual expenditures.

The graph in Exhibit 'C' of the annual totals of revenues, expenditures, accumulated governmental funds balance Vs. the GFOA recommended minimum indicates total revenues are increasing along with program expenditures and that the carryover funds balance is substantially above the GFOA recommended minimum balance. Most communities are better served when the increases/decreases in accumulated carryover Funds balance are disclosed in the notes as to what public use(s) are intended for the surplus or provide explanation(s) for revenue risks that warrant such surpluses.

The graph in Exhibits 'D' and 'E' provide a graph of the current year's financial revenues and program expenditures compared to the 10 year averages.

The graph in Exhibit 'F' indicates that the accumulated governmental funds balance and annual net changes in funds balance are indicating relative stability over the last ten (10) years.

The pie charts in Exhibit ‘G’ provide a representation of revenue sources and program expenditures for 2015. If you look at the graphs as a tax dollar of revenue and expenditures you would see by percentage where your tax dollar is coming from and what it is going for

Exhibits ‘H’, ‘I’, and ‘J’ provide historical graphs of the individual major revenue sources and program expenditures clearly indicating past and possible future trending.

In summary, our analysis reports indicate a community that is watching its budgets closely and maintaining their selected service programs within the resources provided, however, with the considerable accumulated funds balance carried by the City of Shaker Heights, additional disclosure is advisable regarding what the future public uses/needs for such an excessive surplus are. The City should pay closer attention to the annual increases exceeding 5% in program expenditures and consider a higher priority to capital outlay requirements for infrastructure such as roads, storm sewers, sidewalks, public buildings, and other capital assets.

This report is prepared and presented for an analysis of historical data from the audited financial reports (State Auditor Website) of the governmental funds. The primary purpose of this report is to provide a summarized financial report/analysis for citizen/taxpayers to determine whether or not their community is providing for the sustainable utilization of governmental fund(s) resources for the basic governmental service operations of their community. It appears from our analysis reports that the City of Shaker Heights is providing for the sustainable and stable provision of basic health, safety, and welfare of its residents, however, additional disclosure in the areas of annual increases in program expenditures along with surpluses in accumulated governmental funds balance should be considered for inclusion in the notes to the financial statements.

If anyone reviewing this report has any questions, issue(s), or concerns, please contact Citizen Auditors of Ohio at the contact information contained hereon. The data contained in this report was input by Mr. Loren Sengstock. The reports and any opinions contained herein are those of Citizen Auditors of Ohio only and no charges for or expenses were incurred in the production thereof.

City of Shaker Heights, Cuyahoga County, Ohio

Historical Report of Governmental Funds

Exhibit 'A'

Description	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Average (1)	Average % (1)
Revenues:												
Property Taxes	\$ 6,318,907	\$ 6,435,800	\$ 6,350,984	\$ 6,754,730	\$ 6,768,107	\$ 6,992,558	\$ 8,399,301	\$ 8,256,559	\$ 8,889,841	\$ 7,428,674	\$ 7,259,546	13.2%
Municipal Income Tax	\$ 32,322,789	\$ 31,341,737	\$ 28,058,616	\$ 22,230,968	\$ 21,185,654	\$ 19,562,027	\$ 20,144,932	\$ 20,840,303	\$ 20,246,324	\$ 19,886,483	\$ 23,581,983	42.9%
Other Local Taxes	\$ 47,244	\$ 65,231	\$ 78,817	\$ 48,432	\$ 63,867	\$ 46,219	\$ 53,478	\$ 55,599	\$ 68,772	\$ 72,795	\$ 60,045	0.1%
Estate Taxes & Intergovernmental	\$ 7,810,605	\$ 8,319,959	\$ 10,295,949	\$ 11,348,788	\$ 13,177,336	\$ 11,158,151	\$ 12,338,984	\$ 14,936,366	\$ 10,218,683	\$ 29,295,902	\$ 12,890,072	23.4%
Charges for Services	\$ 6,850,563	\$ 6,648,614	\$ 6,659,388	\$ 7,106,179	\$ 6,949,653	\$ 7,042,983	\$ 6,538,429	\$ 6,591,980	\$ 6,508,530	\$ 6,843,816	\$ 6,774,014	12.3%
Fees, Licenses, & Permits	\$ 1,272,257	\$ 1,186,841	\$ 1,023,505	\$ 684,178	\$ 639,272	\$ 674,820	\$ 577,437	\$ 764,096	\$ 746,352	\$ 848,307	\$ 841,707	1.5%
Fines & Forfeitures	\$ 570,441	\$ 813,715	\$ 1,018,393	\$ 914,175	\$ 940,688	\$ 740,453	\$ 1,069,127	\$ 995,703	\$ 1,007,083	\$ 1,007,772	\$ 907,755	1.7%
Special Assessments	\$ 1,492,221	\$ 1,485,323	\$ 1,489,288	\$ 1,476,080	\$ 1,559,342	\$ 1,805,098	\$ 1,830,121	\$ 1,767,705	\$ 1,437,429	\$ 1,551,355	\$ 1,589,396	2.9%
Interest Earnings	\$ 2,500	\$ 63,187	\$ 40,290	\$ 61,853	\$ 352,822	\$ 514,234	\$ 254,263	\$ 585,912	\$ 1,851,297	\$ 2,310,585	\$ 603,694	1.1%
Miscellaneous	\$ 343,664	\$ 319,100	\$ 225,324	\$ 286,778	\$ 321,243	\$ 694,612	\$ 669,754	\$ 490,070	\$ 633,891	\$ 879,638	\$ 486,407	0.9%
Total Revenues	\$ 57,031,191	\$ 56,679,507	\$ 55,240,554	\$ 50,912,161	\$ 51,957,984	\$ 49,231,155	\$ 51,875,826	\$ 55,284,293	\$ 51,608,202	\$ 70,125,327	\$ 54,994,620	100.0%
Expenditures:												
Security of Persons & Property	\$ 22,357,798	\$ 23,536,042	\$ 23,148,941	\$ 21,899,899	\$ 21,747,850	\$ 22,096,210	\$ 23,577,387	\$ 24,202,081	\$ 23,574,673	\$ 22,052,139	\$ 22,819,302	39.3%
Public Health Services	\$ 414,237	\$ 421,555	\$ 401,993	\$ 559,412	\$ 596,372	\$ 584,712	\$ 572,755	\$ 529,080	\$ 558,251	\$ 556,927	\$ 519,529	0.9%
Leisure Time Activities	\$ 3,764,184	\$ 3,574,222	\$ 3,853,301	\$ 3,508,357	\$ 3,513,027	\$ 4,155,613	\$ 3,634,079	\$ 3,750,314	\$ 7,555,496	\$ 4,832,651	\$ 4,214,124	7.3%
Housing & Community Development	\$ 6,217,708	\$ 5,645,429	\$ 7,030,086	\$ 6,106,375	\$ 5,935,701	\$ 6,748,290	\$ 7,555,641	\$ 8,985,556	\$ 7,347,631	\$ 8,487,286	\$ 7,005,970	12.1%
Sanitation & Sewer Services	\$ 4,799,429	\$ 4,805,347	\$ 4,631,355	\$ 4,359,148	\$ 4,023,249	\$ 4,697,166	\$ 5,031,160	\$ 7,498,220	\$ 4,242,460	\$ 4,719,322	\$ 4,880,686	8.4%
Street Maintenance & Repair	\$ 5,214,263	\$ 3,876,660	\$ 3,268,737	\$ 3,609,356	\$ 3,552,894	\$ 3,598,187	\$ 3,345,052	\$ 3,280,365	\$ 4,300,875	\$ 2,520,981	\$ 3,656,737	6.3%
Public Works - Other	\$ 2,856,532	\$ 2,826,772	\$ 2,680,815	\$ 2,557,354	\$ 2,515,800	\$ 2,428,497	\$ 2,692,495	\$ 2,611,414	\$ 3,454,788	\$ 3,980,129	\$ 2,860,460	4.9%
General Government	\$ 7,704,541	\$ 7,332,496	\$ 7,197,757	\$ 6,895,735	\$ 7,510,586	\$ 6,952,171	\$ 6,400,685	\$ 7,113,939	\$ 6,645,189	\$ 5,732,134	\$ 6,948,523	133.8%
Debt Services [P & I]	\$ 3,204,531	\$ 3,420,621	\$ 3,851,581	\$ 4,300,562	\$ 4,887,016	\$ 2,897,140	\$ 10,337,490	\$ 3,374,182	\$ 4,044,905	\$ 11,621,718	\$ 5,193,975	8.9%
Total Expenditures	\$ 56,533,223	\$ 55,439,144	\$ 56,064,566	\$ 53,796,198	\$ 54,282,495	\$ 54,157,986	\$ 63,146,744	\$ 61,345,151	\$ 61,724,268	\$ 64,503,287	\$ 58,099,306	221.8%
Operating Income (Loss)	\$ 497,968	\$ 1,240,363	\$ (824,012)	\$ (2,884,037)	\$ (2,324,511)	\$ (4,926,831)	\$ (11,270,918)	\$ (6,060,858)	\$ (10,116,066)	\$ 5,622,040	\$ (3,104,686)	
Other Financing Sources (Transfers)	\$ 139,037	\$ 1,807,258	\$ 2,478,214	\$ 2,141,198	\$ 1,743,970	\$ 2,941,635	\$ 7,216,831	\$ 8,360,000	\$ 2,265,000	\$ 2,800,000	\$ 3,189,314	
Net Change in Fund Balance	\$ 637,005	\$ 3,047,621	\$ 1,654,202	\$ (742,839)	\$ (580,541)	\$ (1,985,196)	\$ (4,054,087)	\$ 2,299,142	\$ (7,851,066)	\$ 8,422,040	\$ 84,628	
Fund Balance (Deficit) Beginning of Year	41,679,202	38,631,581	36,977,379	37,720,218	38,300,759	40,285,955	44,340,042	42,040,900	47,967,846	47,500,228	\$ 41,544,411	
Fund Balance (Deficit) End of Year	\$ 42,316,207	\$ 41,679,202	\$ 38,631,581	\$ 36,977,379	\$ 37,720,218	\$ 38,300,759	\$ 40,285,955	\$ 44,340,042	\$ 40,116,780	\$ 55,922,268	\$ 41,629,039	
Ending Fund Balance as % of Expenditures (1)	74.9%	75.2%	68.9%	68.7%	69.5%	70.7%	63.8%	72.3%	65.0%	86.7%	71.7%	
Ending Fund Balance at GFOA 25% Average(1)	\$ 14,133,306	\$ 13,859,786	\$ 14,016,142	\$ 13,449,050	\$ 13,570,624	\$ 13,539,497	\$ 15,786,686	\$ 15,336,288	\$ 15,431,067	\$ 16,125,822	\$ 14,524,827	
Ending Fund Balance as % = GFOA 25% Average (1)	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Excess Ending Fund Balance Vs. GFOA 25% Average (1)	\$ 28,182,901	\$ 27,819,416	\$ 24,615,440	\$ 23,528,330	\$ 24,149,594	\$ 24,761,263	\$ 24,499,269	\$ 29,003,754	\$ 24,685,713	\$ 39,796,446	\$ 27,104,213	
Excess % Fund Balance More (Less) than GFOA Average (1)	199.4%	200.7%	175.6%	174.9%	178.0%	182.9%	155.2%	189.1%	160.0%	246.8%	186.6%	
Cash & Cash Equivalents - End of Year	38,577,747	38,159,311	35,196,269	33,215,014	34,954,715	35,921,763	37,472,889	42,961,604	48,169,311	55,090,312	\$ -	
Cash & Cash Equivalents as % of Expenditures (1)	68.2%	68.8%	62.8%	61.7%	64.4%	66.3%	59.3%	70.0%	78.0%	85.4%	0.0%	

Data Source: Audited Financial Reports - Ohio State Auditor GAAP Basis Governmental Funds

(1) Calculated Fields - GFOA is Government Finance Officers Association

City of Shaker Heights, Cuyahoga County, Ohio

Historical Report of Governmental Funds - Variance Report 2015 Vs. 10 Year Average

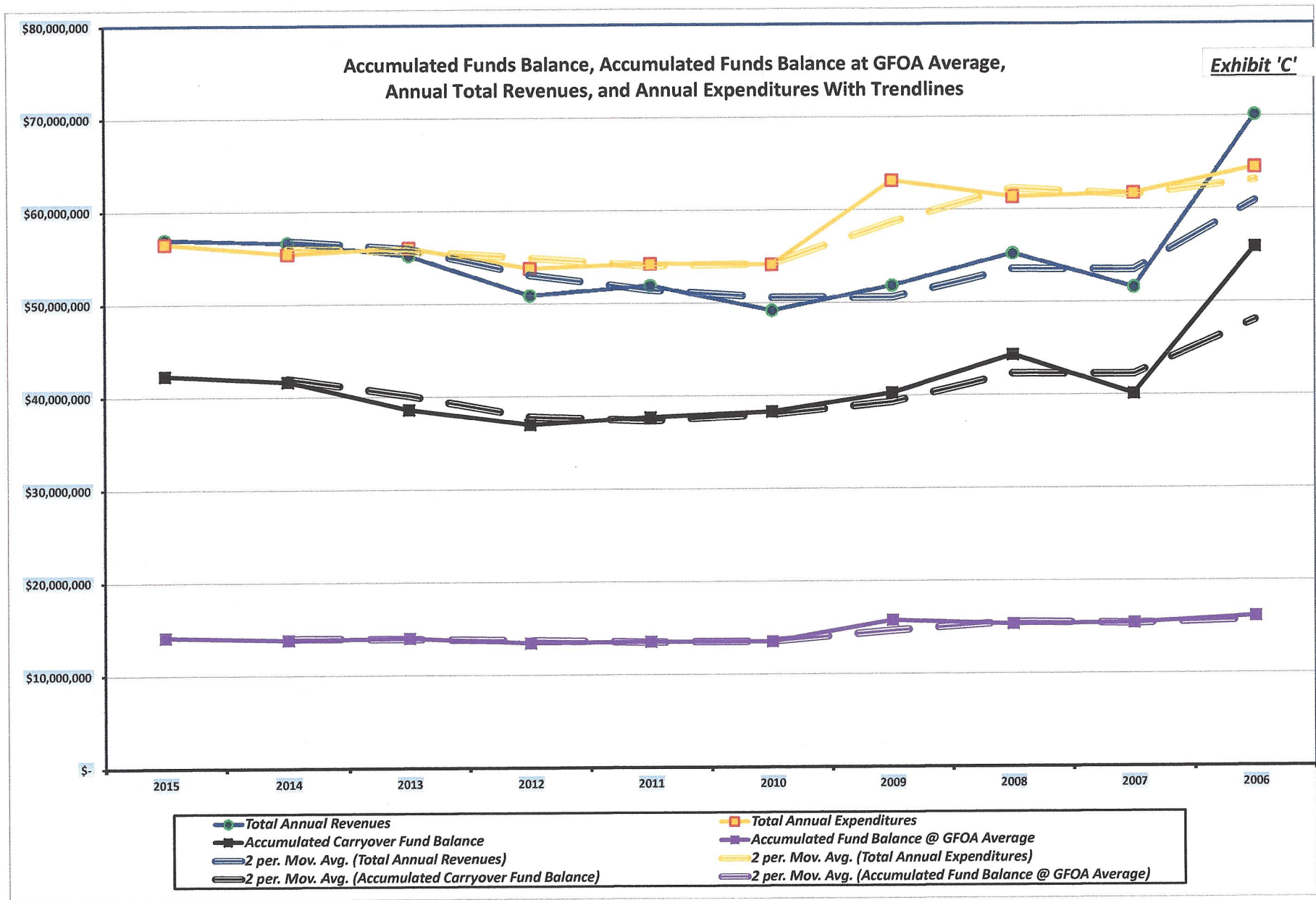
Exhibit 'B'

Description	2015	2015 % of Total	Ten Year Average	Ten Year % of Total	Variance 2015 to 10 Yr Average	Variance 2015 to 10 Yr %
			(1)	(1)	(1)	(1)
Revenues:						
Property Taxes	\$ 6,318,907	11.1%	\$ 7,259,546	\$ 0	\$ (940,639)	-13.0%
Municipal Income Tax	\$ 32,322,789	56.7%	\$ 23,581,983	\$ 0	\$ 8,740,806	37.1%
Other Local Taxes	\$ 47,244	0.1%	\$ 60,045	\$ 0	\$ (12,801)	-21.3%
Estate Taxes & Intergovernmental	\$ 7,810,605	13.7%	\$ 12,890,072	\$ 0	\$ (5,079,467)	-39.4%
Charges for Services	\$ 6,850,563	12.0%	\$ 6,774,014	12.3%	\$ 76,550	1.1%
Fees, Licenses, & Permits	\$ 1,272,257	2.2%	\$ 841,707	1.5%	\$ 430,551	51.2%
Fines & Forfeitures	\$ 570,441	1.0%	\$ 907,755	1.7%	\$ (337,314)	-37.2%
Special Assessments	\$ 1,492,221	2.6%	\$ 1,589,396	2.9%	\$ (97,175)	-6.1%
Interest Earnings	\$ 2,500	0.0%	\$ 603,694	1.1%	\$ (601,194)	-99.6%
Miscellaneous	\$ 343,664	0.6%	\$ 486,407	0.9%	\$ (142,743)	-29.3%
Total Revenues	\$ 57,031,191	100.0%	\$ 54,994,620	100.0%	\$ 2,036,571	3.7%
Expenditures:						
Security of Persons & Property	\$ 22,357,798	39.5%	\$ 22,819,302	39.3%	\$ (461,504)	-2.0%
Public Health Services	\$ 414,237	0.7%	\$ 519,529	0.9%	\$ (105,292)	-20.3%
Leisure Time Activities	\$ 3,764,184	6.7%	\$ 4,214,124	7.3%	\$ (449,940)	-10.7%
Housing & Community Development	\$ 6,217,708	11.0%	\$ 7,005,970	12.1%	\$ (788,262)	-11.3%
Sanitation & Sewer Services	\$ 4,799,429	8.5%	\$ 4,880,686	8.4%	\$ (81,257)	-1.7%
Street Maintenance & Repair	\$ 5,214,263	9.2%	\$ 3,656,737	6.3%	\$ 1,557,526	42.6%
Public Works - Other	\$ 2,856,532	5.1%	\$ 2,860,460	4.9%	\$ (3,928)	-0.1%
General Government	\$ 7,704,541	13.6%	\$ 5,193,975	8.9%	\$ 2,510,566	48.3%
Debt Services [P & I]	\$ 3,204,531	5.7%	\$ 5,193,975	8.9%	\$ (1,989,444)	-38.3%
Total Expenditures	\$ 56,533,223	100.0%	\$ 58,099,306	221.8%	\$ (1,566,083)	-2.7%
Operating Income (Loss)	\$ 497,968		\$ (3,104,686)		\$ 3,602,654	-116.0%
Other Financing Sources (Transfers)	\$ 139,037		\$ 3,189,314		\$ (3,050,277)	-95.6%
Net Change in Fund Balance	\$ 637,005		\$ 84,628		\$ 552,377	652.7%
Fund Balance (Deficit) Beginning of Year	\$ 41,679,202		\$ 41,544,411		\$ 134,791	100.3%
Fund Balance (Deficit) End of Year	\$ 42,316,207		\$ 41,629,039		\$ 687,168	101.7%
Ending Fund Balance as % of Expenditures (1)	74.9%		71.7%		3.2%	

Data Source: Audited Financial Reports - Ohio State Auditor GAAP Basis Governmental Funds
(1) Calculated Fields

City of Shaker Heights, Cuyahoga County, Ohio

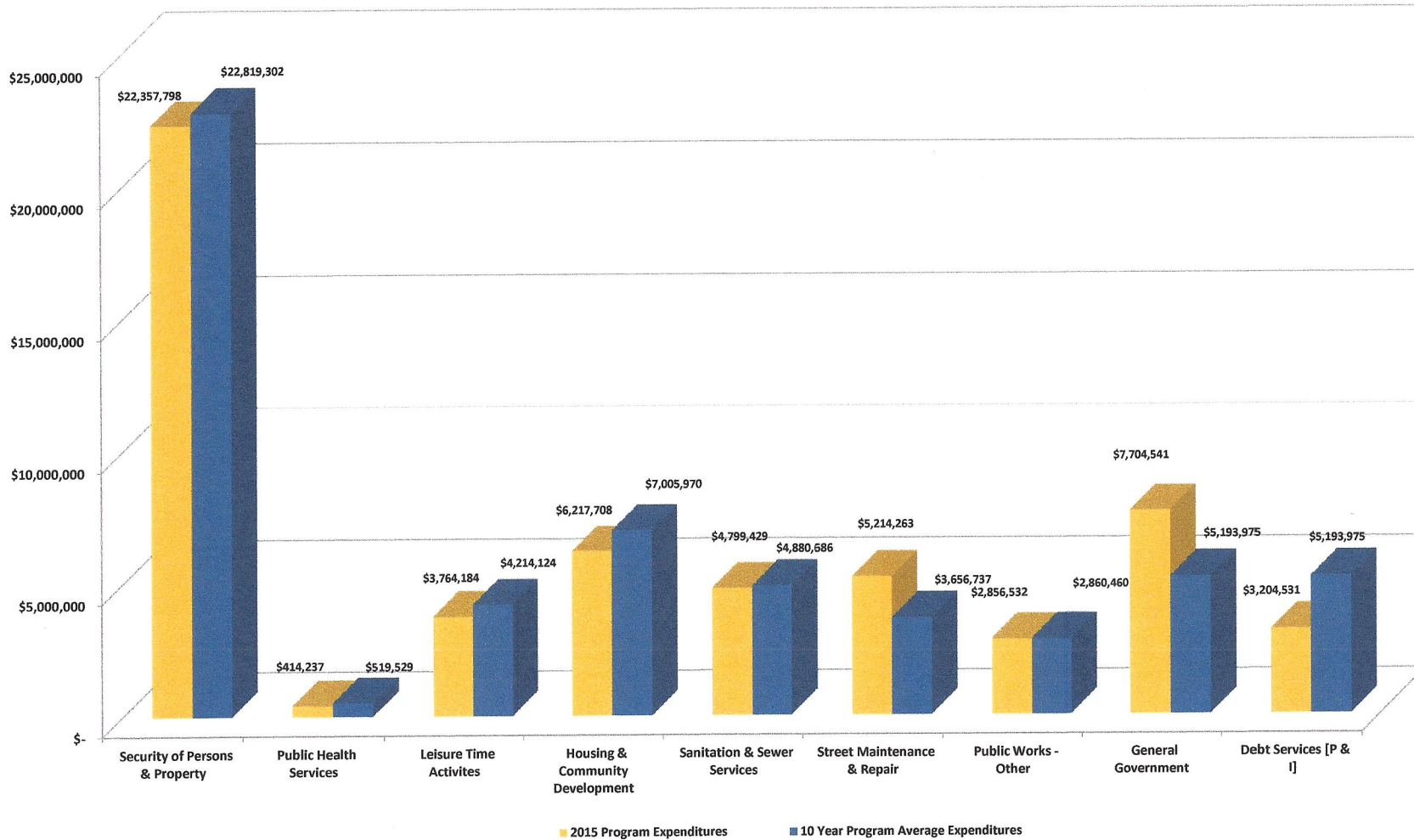
Data Source: Audited Annual Financial Reports -Ohio Auditor Website



City of Shaker Heights, Cuyahoga County, Ohio

Comparative 2015 Vs. 10 Year Average Expenditures by Program

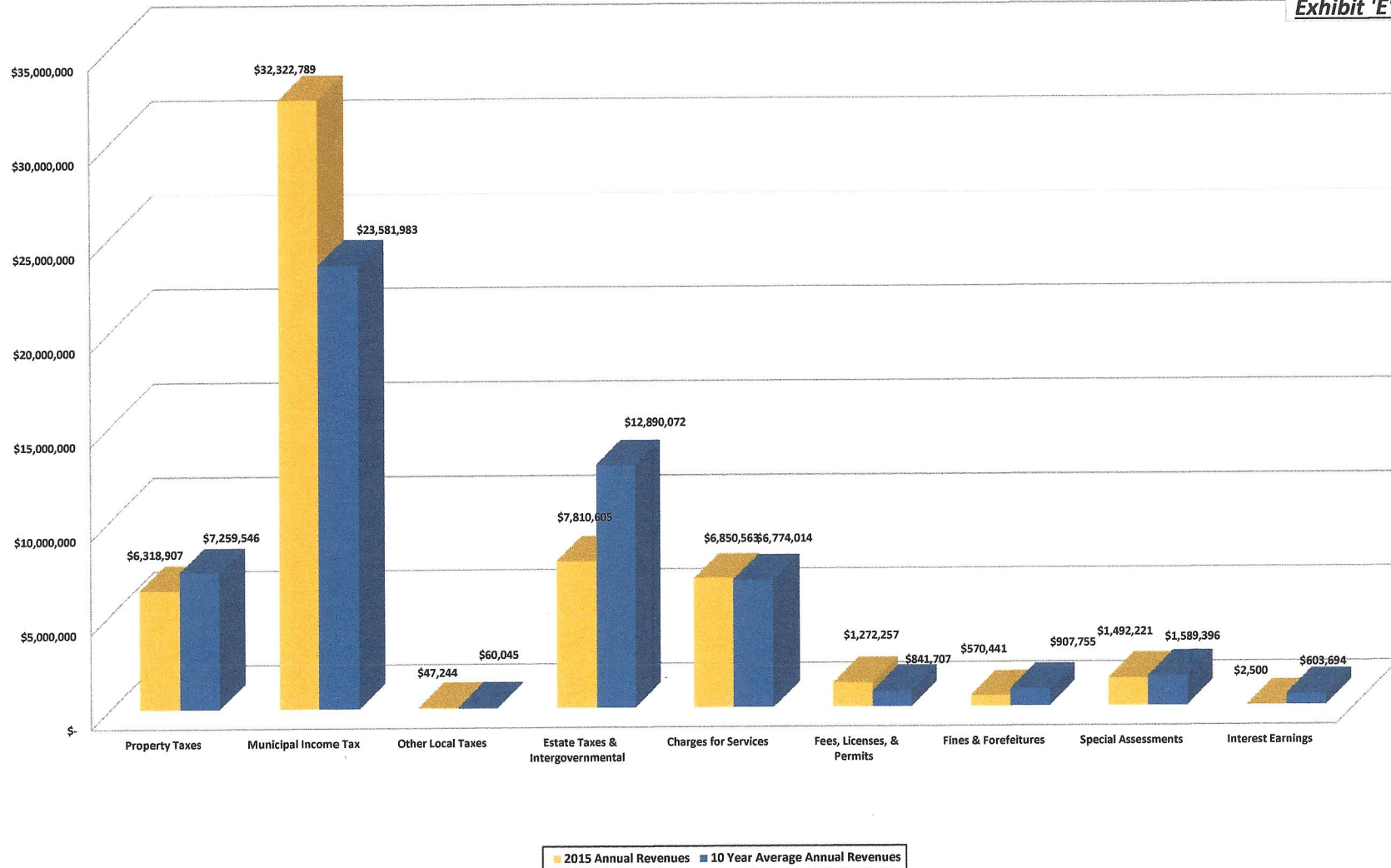
Exhibit 'D'



City of Shaker Heights, Cuyahoga County, Ohio

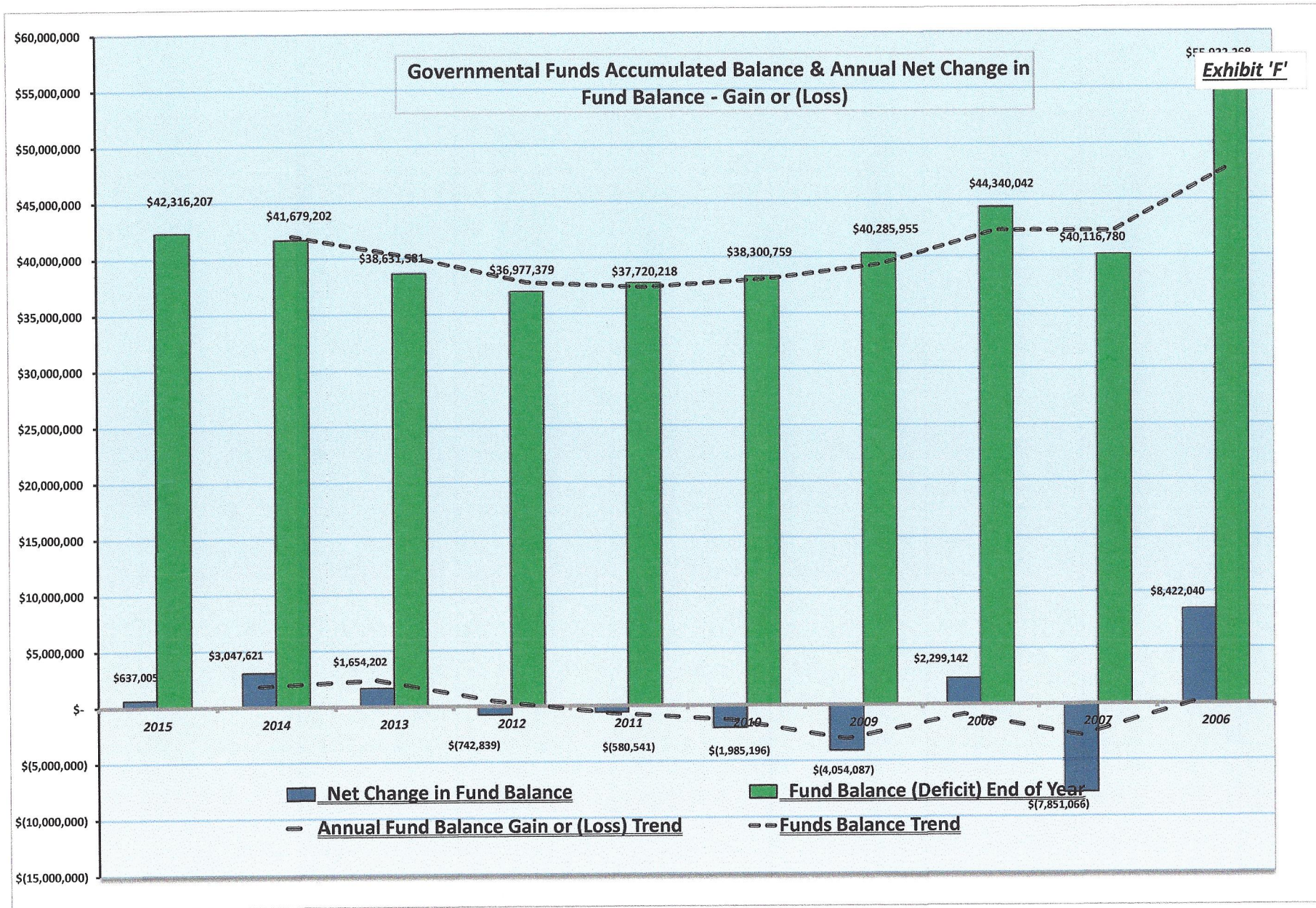
Comparative 2015 Vs. 10 Year Average Revenues by Source

Exhibit 'E'



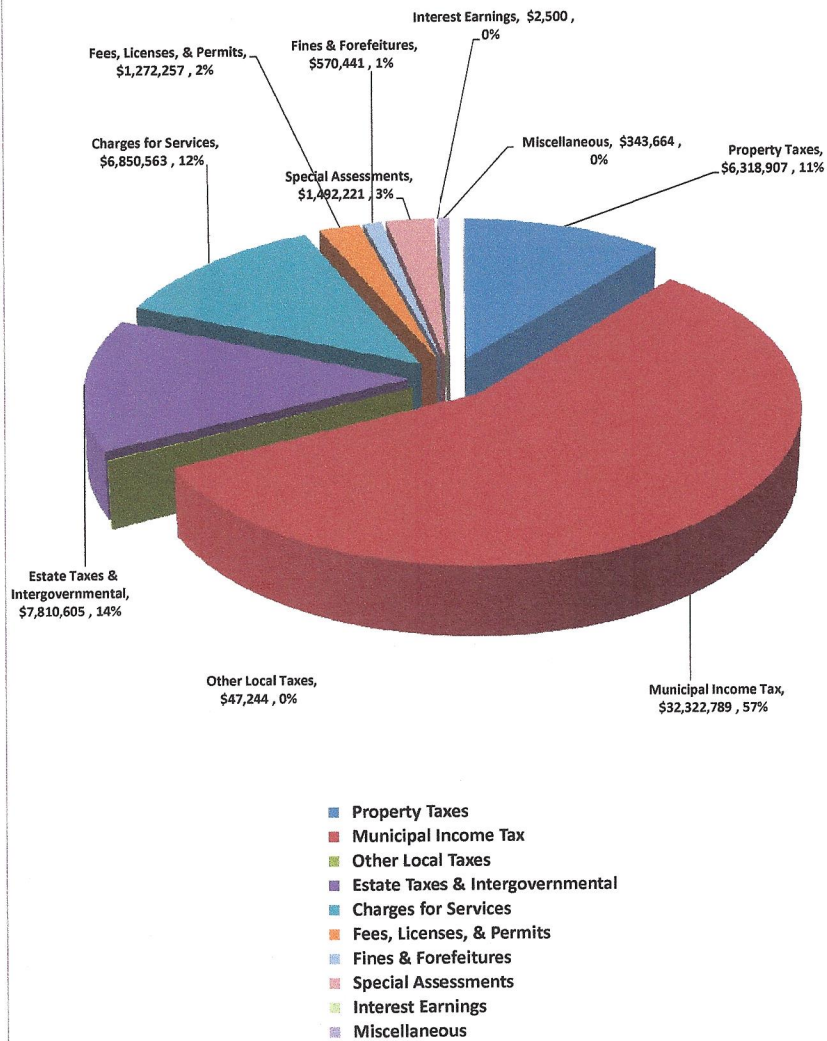
(1) Calculated Fields

City of Shaker Heights, Cuyahoga County, Ohio



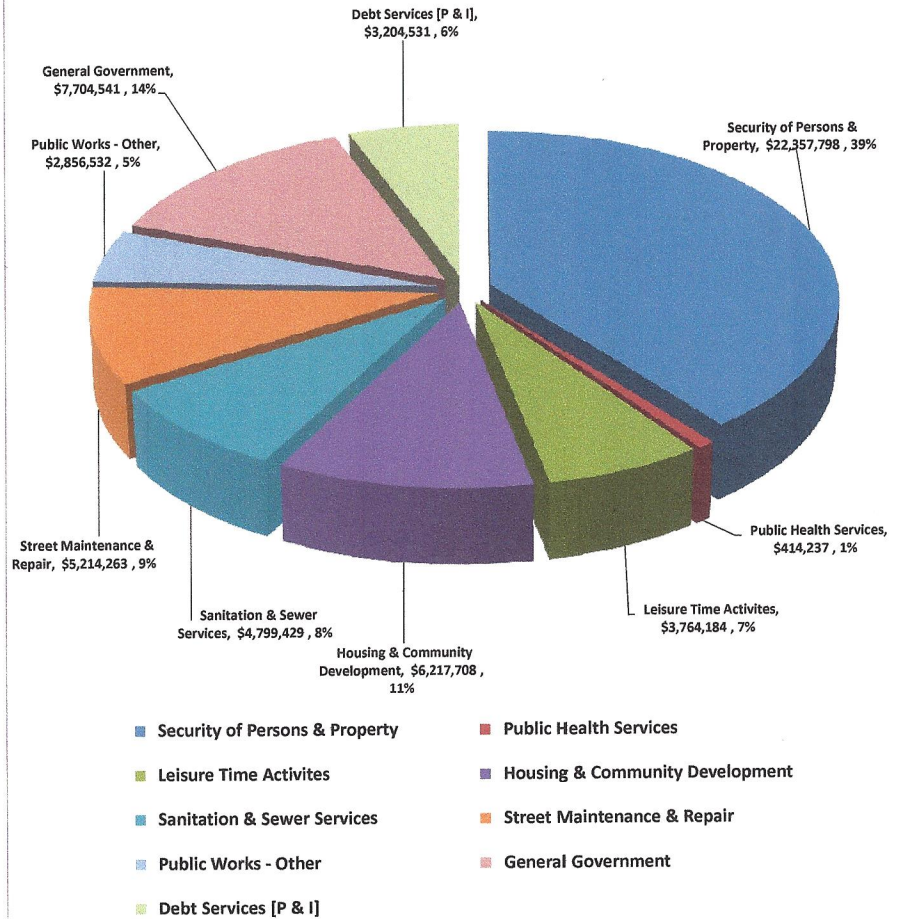
City of Shaker Heights, Cuyahoga County, Ohio

2015 Annual Revenues



2015 Annual Expenditures by Program

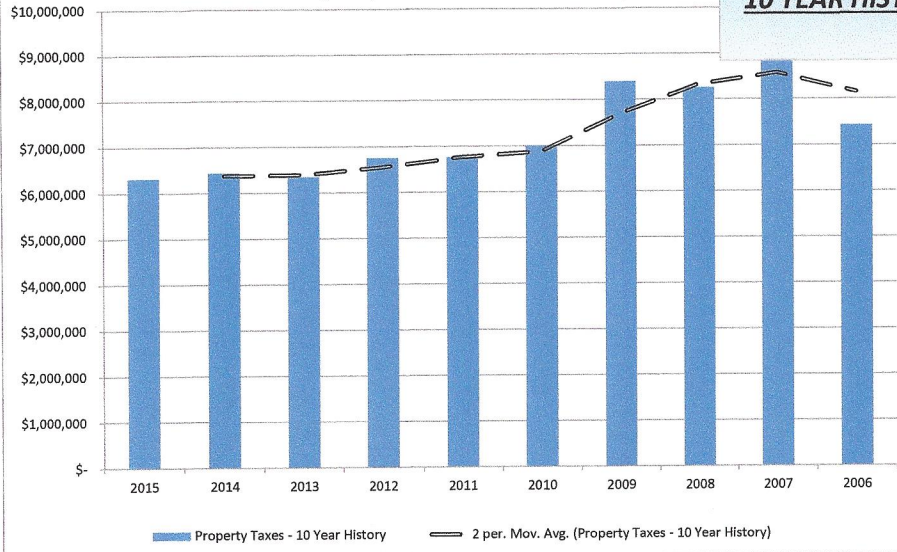
Exhibit 'G'



City of Shaker Heights, Cuyahoga County, Ohio

MAJOR REVENUE SOURCES 10 YEAR HISTORICAL GRAPHS

Property Taxes - 10 Year History



Municipal Income Tax - 10 Year History

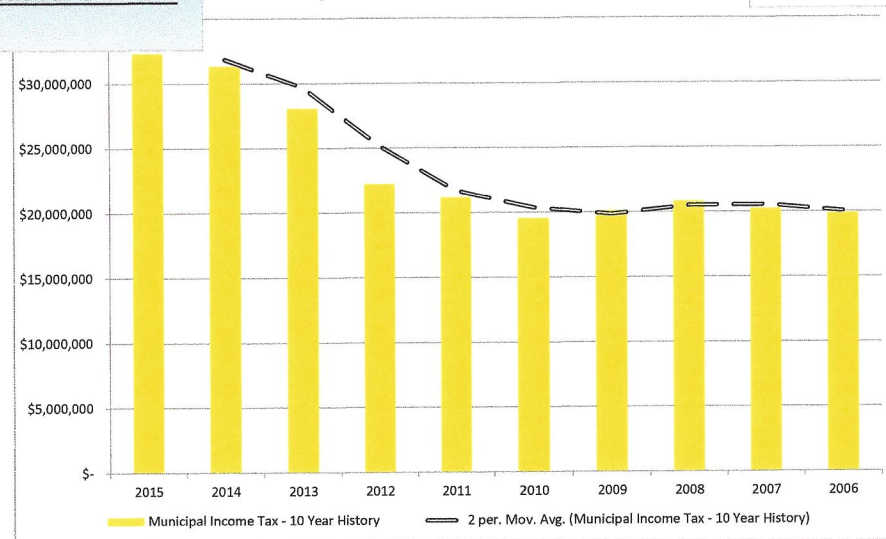
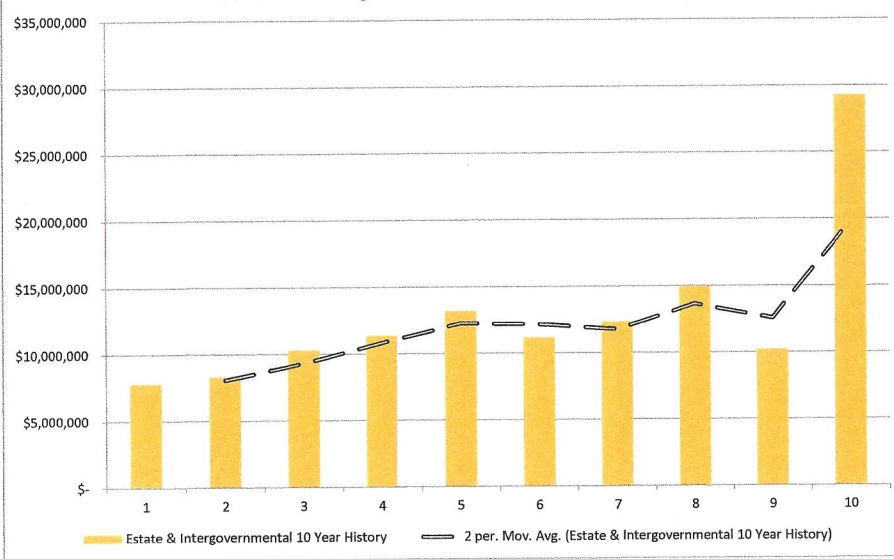
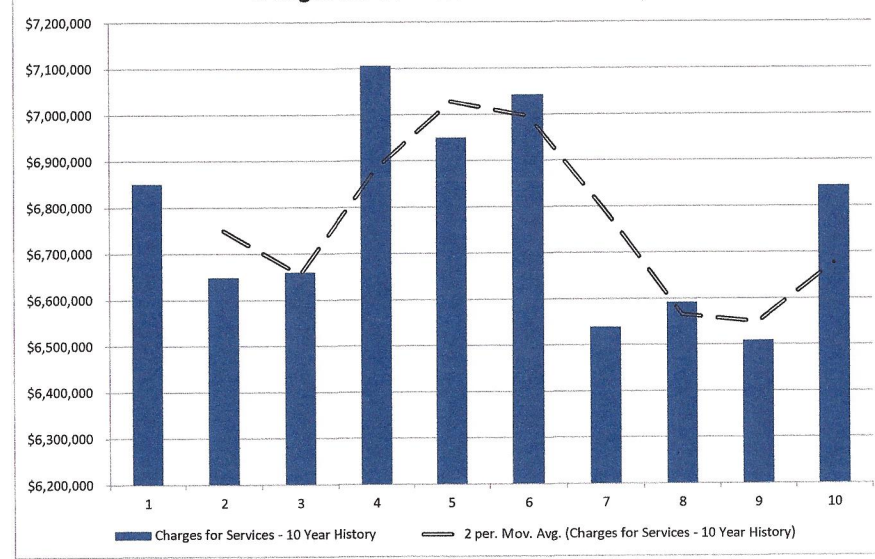


Exhibit 'H'

Estate & Intergovernmental - 10 Year History



Charges for Services - 10 Year History



City of Shaker Heights, Cuyahoga County, Ohio

Data Source: Audited Annual Financial Reports -Ohio Auditor Website



City of Shaker Heights, Cuyahoga County, Ohio

Data Source: Audited Annual Financial Reports -Ohio Auditor Website

