
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>

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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'). This report will provide a 'citizen/taxpayer' with 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/departmental 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;

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- **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 Pepper Pike in Cuyahoga County, Ohio, in Exhibit 'A' and 'B', shows an decrease in total revenues for 2014 of (–4.0%) over the 10 year average and total expenditures are (-8.5%) below the 10 year average. The decrease in revenues is the result of a reduction in interest earnings and loss of estate taxes which were offset by an increase in municipal income taxes. The overall reduction of expenditures is primarily due to program cost reductions which began in the fiscal years 2010 – 2011 and have been continued. The accumulated carryover funds balance as of 2014 is 296.7% above the GFOA minimum. The total carryover Governmental Funds Balance for 2014 is \$12,167,723 or 99.2% of total 2014 annual expenditures which could be considered excessive.

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 relatively stable along with program expenditures and that the carryover funds balance is substantially above the GFOA recommended minimum balance and grew commencing in 2013. 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 decreasing with five of the last ten years indicated as (losses) or more money was spent than received in those years. ***Given the fact that municipal income taxes for 2014 are up 20.8% over the ten year average, it would be fiscally responsible to consider either a reduction in taxes/revenues or full***

disclosure of future operating/capital spending requirements for the excessive accumulations of governmental funds balances which amounts to \$9,100,415.

The pie charts in Exhibit ‘G’ provide a representation of revenue sources and program expenditures for 2014. 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 Pepper Pike, additional disclosure is advisable regarding what the future public uses/needs for such an excessive surplus are. The City should 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 Pepper Pike is providing for the sustainable and stable provision of basic health, safety, and welfare of its residents, however, additional disclosure in the area of 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 Pepper Pike, Cuyahoga County, Ohio

Historical Report of Governmental Funds

Exhibit 'A'

Description	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	Average (1)	Average % (1)
Revenues:												
Property Taxes	\$ 3,419,342	\$ 3,332,235	\$ 3,280,905	\$ 3,298,273	\$ 3,299,646	\$ 3,293,155	\$ 3,173,381	\$ 3,264,982	\$ 3,375,407	\$ 3,312,469	\$ 3,304,980	27.6%
Municipal Income Tax	\$ 5,344,744	\$ 5,523,037	\$ 4,580,388	\$ 4,451,604	\$ 4,076,116	\$ 3,994,028	\$ 4,211,006	\$ 4,026,993	\$ 4,014,105	\$ 4,008,614	\$ 4,423,064	37.0%
Estate Taxes	\$ -	\$ 1,030,780	\$ 3,538,074	\$ 400,071	\$ 1,260,280	\$ 615,662	\$ 2,212,357	\$ 2,464,586	\$ 1,068,477	\$ 547,957	\$ 1,313,824	11.0%
Admissions Taxes	\$ 280,791	\$ 289,302	\$ 254,697	\$ 257,036	\$ 262,349	\$ 279,130	\$ 273,353	\$ 220,473	\$ -	\$ -	\$ 211,713	1.8%
Charges for Services	\$ 156,943	\$ 162,629	\$ 149,362	\$ 128,424	\$ 113,522	\$ 165,991	\$ 314,587	\$ 372,133	\$ 382,684	\$ 222,093	\$ 216,837	1.8%
Fees, Licenses, & Permits	\$ 281,336	\$ 321,533	\$ 321,123	\$ 295,882	\$ 231,429	\$ 204,750	\$ 55,951	\$ 59,938	\$ -	\$ -	\$ 177,194	1.5%
Intergovernmental	\$ 1,067,529	\$ 2,452,353	\$ 897,301	\$ 1,303,625	\$ 1,694,195	\$ 930,971	\$ 890,910	\$ 905,244	\$ 822,568	\$ 2,394,163	\$ 1,335,886	11.2%
Special Assessments	\$ 584,093	\$ 630,673	\$ 612,988	\$ 649,688	\$ 630,147	\$ 891,635	\$ 603,056	\$ 102,496	\$ 26,365	\$ 44,057	\$ 477,520	4.0%
Interest Earnings	\$ 10,966	\$ 11,349	\$ 11,071	\$ 17,432	\$ 7,400	\$ 69,409	\$ 326,191	\$ 667,345	\$ 582,176	\$ 320,906	\$ 202,425	1.7%
Rentals	\$ 73,347	\$ 87,734	\$ 72,060	\$ 69,630	\$ 67,096	\$ 40,410	\$ 93,570	\$ 36,099	\$ 34,615	\$ 41,760	\$ 61,632	0.5%
Franchise Taxes	\$ 80,227	\$ 45,896	\$ 108,502	\$ 84,551	\$ 63,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,306	0.3%
Fines & Forfeitures	\$ 36,253	\$ 51,061	\$ 37,300	\$ 44,404	\$ 51,194	\$ 49,278	\$ 70,934	\$ 70,102	\$ 79,089	\$ 64,774	\$ 55,439	0.5%
Miscellaneous	\$ 148,447	\$ 248,012	\$ 205,931	\$ 118,662	\$ 118,790	\$ 96,664	\$ 161,763	\$ 108,411	\$ 97,937	\$ 72,912	\$ 137,753	1.2%
Total Revenues	\$ 11,484,018	\$ 14,186,594	\$ 14,069,702	\$ 11,119,282	\$ 11,876,051	\$ 10,631,083	\$ 12,387,059	\$ 12,298,802	\$ 10,483,423	\$ 11,029,705	\$ 11,956,572	100.0%
Expenditures:												
General Government	\$ 1,063,969	\$ 1,070,769	\$ 1,182,492	\$ 1,414,137	\$ 1,302,417	\$ 2,150,523	\$ 1,572,570	\$ 1,609,868	\$ 1,380,979	\$ 1,288,242	\$ 1,403,597	10.5%
Security of Persons & Property	\$ 4,162,465	\$ 3,960,439	\$ 4,679,734	\$ 4,895,950	\$ 4,857,791	\$ 6,285,404	\$ 6,203,318	\$ 5,376,675	\$ 5,635,342	\$ 5,782,203	\$ 5,183,932	38.7%
Basic Utility Services	\$ 1,170,580	\$ 1,071,275	\$ 1,237,572	\$ 1,259,663	\$ 1,175,476	\$ 1,823,922	\$ 1,873,257	\$ 1,707,260	\$ 1,673,950	\$ 1,498,007	\$ 1,449,096	10.8%
Transportation	\$ 1,001,383	\$ 1,208,529	\$ 1,291,407	\$ 1,359,826	\$ 1,239,780	\$ 2,077,072	\$ 2,459,229	\$ 2,354,904	\$ 1,653,523	\$ 2,145,498	\$ 1,679,115	12.5%
Community Environment	\$ 233,408	\$ 282,568	\$ 309,786	\$ 316,663	\$ 266,977	\$ 302,368	\$ 285,714	\$ 337,784	\$ 304,228	\$ 243,512	\$ 288,301	2.2%
Public Health Services	\$ 29,051	\$ 28,595	\$ 51,067	\$ 29,471	\$ 28,103	\$ 32,048	\$ 27,300	\$ 36,173	\$ 29,906	\$ 28,859	\$ 32,057	0.2%
Capital Outlay	\$ 3,829,274	\$ 2,147,690	\$ 284,025	\$ 444,505	\$ 234,465	\$ 1,124,257	\$ 2,381,619	\$ 329,645	\$ 1,688,966	\$ 3,803,266	\$ 1,626,771	12.1%
Debt Service	\$ 779,101	\$ 774,028	\$ 788,093	\$ 1,100,302	\$ 1,096,425	\$ 891,757	\$ 1,208,613	\$ 1,198,800	\$ 6,675,851	\$ 2,942,713	\$ 1,745,568	13.0%
Total Expenditures	\$ 12,269,231	\$ 10,543,893	\$ 9,824,176	\$ 10,820,517	\$ 10,201,434	\$ 14,687,351	\$ 16,011,620	\$ 12,951,109	\$ 19,042,745	\$ 17,732,300	\$ 13,408,438	100.0%
Operating Income (Loss)	\$ (785,213)	\$ 3,642,701	\$ 4,245,526	\$ 298,765	\$ 1,674,617	\$ (4,056,268)	\$ (3,624,561)	\$ (652,307)	\$ (8,559,322)	\$ (6,702,595)	\$ (1,451,866)	
Other Financing Sources (Transfers)	\$ 398,387	\$ 851,420		\$ -	\$ 245,000	\$ 3,498,282	\$ 1,260,000	\$ 3,791,098	\$ -	\$ 5,508,827	\$ 1,555,301	
Net Change in Fund Balance	\$ (386,826)	\$ 4,494,121	\$ 4,245,526	\$ 298,765	\$ 1,919,617	\$ (557,986)	\$ (2,364,561)	\$ 3,138,791	\$ (8,559,322)	\$ (1,193,768)	\$ 103,436	
Fund Balance (Deficit) Beginning of Year	\$ 12,554,549	\$ 8,060,428	\$ 3,814,902	\$ 3,516,137	\$ 1,596,520	\$ 2,154,506	\$ 4,519,067	\$ 1,380,276	\$ 9,939,598	\$ 11,133,366	\$ 5,866,935	
Fund Balance (Deficit) End of Year	\$ 12,167,723	\$ 12,554,549	\$ 8,060,428	\$ 3,814,902	\$ 3,516,137	\$ 1,596,520	\$ 2,154,506	\$ 4,519,067	\$ 1,380,276	\$ 9,939,598	\$ 5,970,371	
Ending Fund Balance as % of Expenditures (1)	99.2%	119.1%	82.0%	35.3%	34.5%	10.9%	13.5%	34.9%	7.2%	56.1%	44.5%	
Ending Fund Balance at GFOA 25% Average(1)	\$ 3,067,308	\$ 2,635,973	\$ 2,456,044	\$ 2,705,129	\$ 2,550,359	\$ 3,671,838	\$ 4,002,905	\$ 3,237,777	\$ 4,760,686	\$ 4,433,075	\$ 3,352,109	
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)	\$ 9,100,415	\$ 9,918,576	\$ 5,604,384	\$ 1,109,773	\$ 965,779	\$ (2,075,318)	\$ (1,848,399)	\$ 1,281,290	\$ (3,380,410)	\$ 5,506,523	\$ 2,618,261	
Excess % Fund Balance More (Less) than GFOA Average (1)	296.7%	376.3%	228.2%	41.0%	37.9%	-56.5%	-46.2%	39.6%	-71.0%	124.2%	78.1%	
Cash & Cash Equivalents - End of Year	\$ 11,984,401	\$ 12,201,779	\$ 8,108,981	\$ 3,777,558	\$ 3,441,302	\$ 1,754,574	\$ 7,091,053	\$ 9,390,792	\$ 10,284,639	\$ 10,305,579	\$ 7,834,066	
Cash & Cash Equivalents as % of Expenditures (1)	97.7%	115.7%	82.5%	34.9%	33.7%	11.9%	44.3%	72.5%	54.0%	58.1%	58.4%	

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

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

City of Pepper Pike, Cuyahoga County, Ohio

Historical Report of Governmental Funds - Variance Report 2014 Vs. 10 Year Average

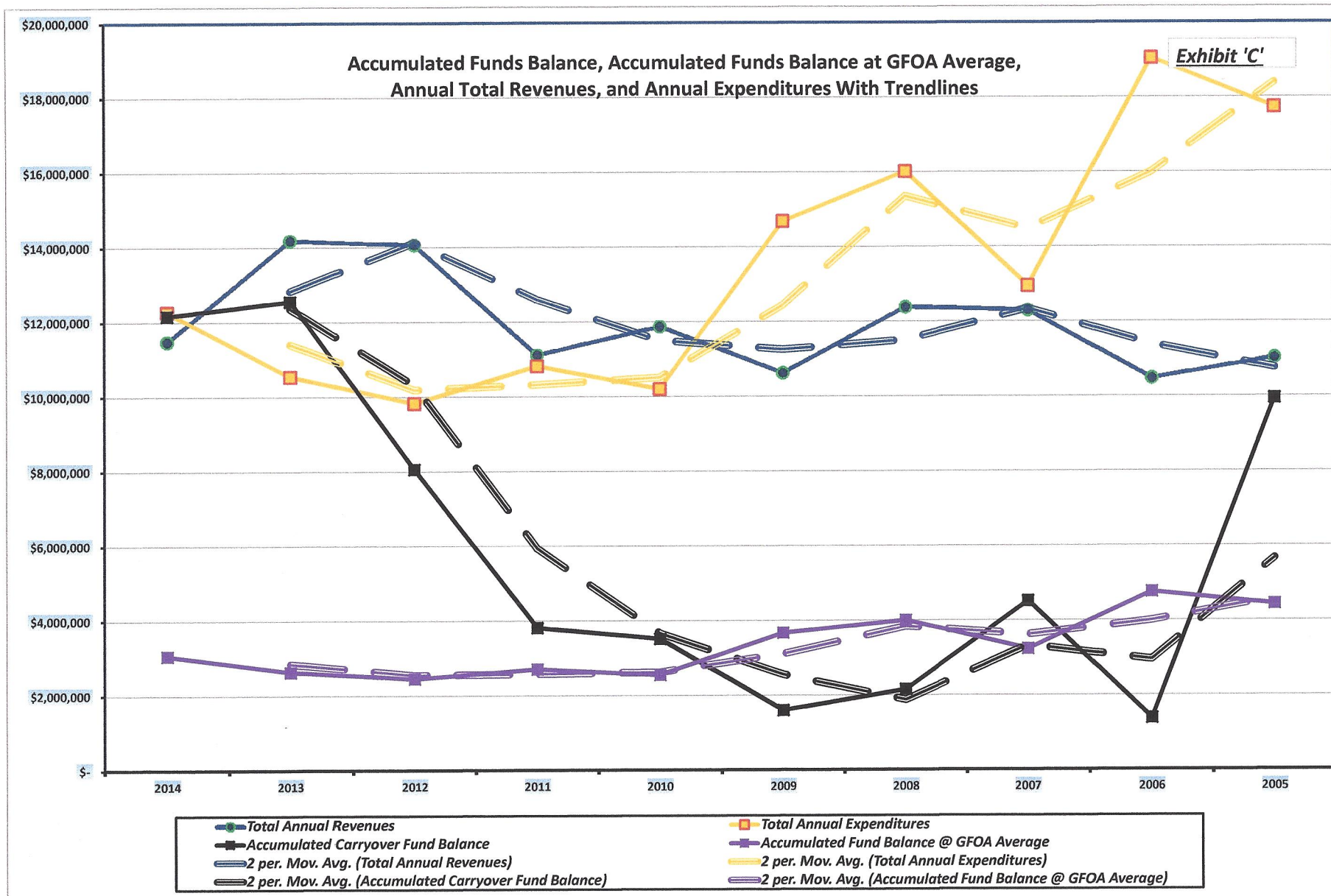
Exhibit 'B'

Description	2014	2014 % of Total	Ten Year Average (1)	Ten Year % of Total (1)	Variance 2014 to 10 Yr Average (1)	Variance 2014 to 10 Yr % (1)
Revenues:						
Property Taxes	\$ 3,419,342	29.8%	\$ 3,304,980	\$ 0	\$ 114,363	3.5%
Municipal Income Tax	\$ 5,344,744	46.5%	\$ 4,423,064	\$ 0	\$ 921,681	20.8%
Estate Taxes	\$ -	0.0%	\$ 1,313,824	\$ 0	\$ (1,313,824)	-100.0%
Admissions Taxes	\$ 280,791	2.4%	\$ 211,713	\$ 0	\$ 69,078	32.6%
Charges for Services	\$ 156,943	1.4%	\$ 216,837	1.8%	\$ (59,894)	-27.6%
Fees, Licenses, & Permits	\$ 281,336	2.4%	\$ 177,194	1.5%	\$ 104,142	58.8%
Intergovernmental	\$ 1,067,529	9.3%	\$ 1,335,886	11.2%	\$ (268,357)	-20.1%
Special Assessments	\$ 584,093	5.1%	\$ 477,520	4.0%	\$ 106,573	22.3%
Interest Earnings	\$ 10,966	0.1%	\$ 202,425	1.7%	\$ (191,459)	-94.6%
Rentals	\$ 73,347	0.6%	\$ 61,632	0.5%	\$ 11,715	19.0%
Franchise Taxes	\$ 80,227	0.7%	\$ 38,306	0.3%	\$ 41,921	109.4%
Fines & Forfeitures	\$ 36,253	0.3%	\$ 55,439	0.5%	\$ (19,186)	-34.6%
Miscellaneous	\$ 148,447	1.3%	\$ 137,753	1.2%	\$ 10,694	7.8%
Total Revenues	\$ 11,484,018	100.0%	\$ 11,956,572	100.0%	\$ (472,554)	-4.0%
Expenditures:						
General Government	\$ 1,063,969	8.7%	\$ 1,403,597	10.5%	\$ (339,628)	-24.2%
Security of Persons & Property	\$ 4,162,465	33.9%	\$ 5,183,932	38.7%	\$ (1,021,467)	-19.7%
Basic Utility Services	\$ 1,170,580	9.5%	\$ 1,449,096	10.8%	\$ (278,516)	-19.2%
Transportation	\$ 1,001,383	8.2%	\$ 1,679,115	12.5%	\$ (677,732)	-40.4%
Community Environment	\$ 233,408	1.9%	\$ 288,301	2.2%	\$ (54,893)	-19.0%
Public Health Services	\$ 29,051	0.2%	\$ 32,057	0.2%	\$ (3,006)	-9.4%
Capital Outlay	\$ 3,829,274	31.2%	\$ 1,626,771	12.1%	\$ 2,202,503	135.4%
Debt Service	\$ 779,101	6.4%	\$ 1,745,568	13.0%	\$ (966,467)	-55.4%
Total Expenditures	\$ 12,269,231	100.0%	\$ 13,408,438	100.0%	\$ (1,139,207)	-8.5%
Operating Income (Loss)	\$ (785,213)		\$ (1,451,866)		\$ 666,653	-45.9%
Other Financing Sources (Transfers)	\$ 398,387		\$ 1,555,301		\$ (1,156,914)	-74.4%
Net Change in Fund Balance	\$ (386,826)		\$ 103,436		\$ (490,262)	-474.0%
Fund Balance (Deficit) Beginning of Year	\$ 12,554,549		\$ 5,866,935		\$ 6,687,614	214.0%
Fund Balance (Deficit) End of Year	\$ 12,167,723		\$ 5,970,371		\$ 6,197,352	203.8%
Ending Fund Balance as % of Expenditures (1)	99.2%		44.5%		54.6%	

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

(1) Calculated Fields

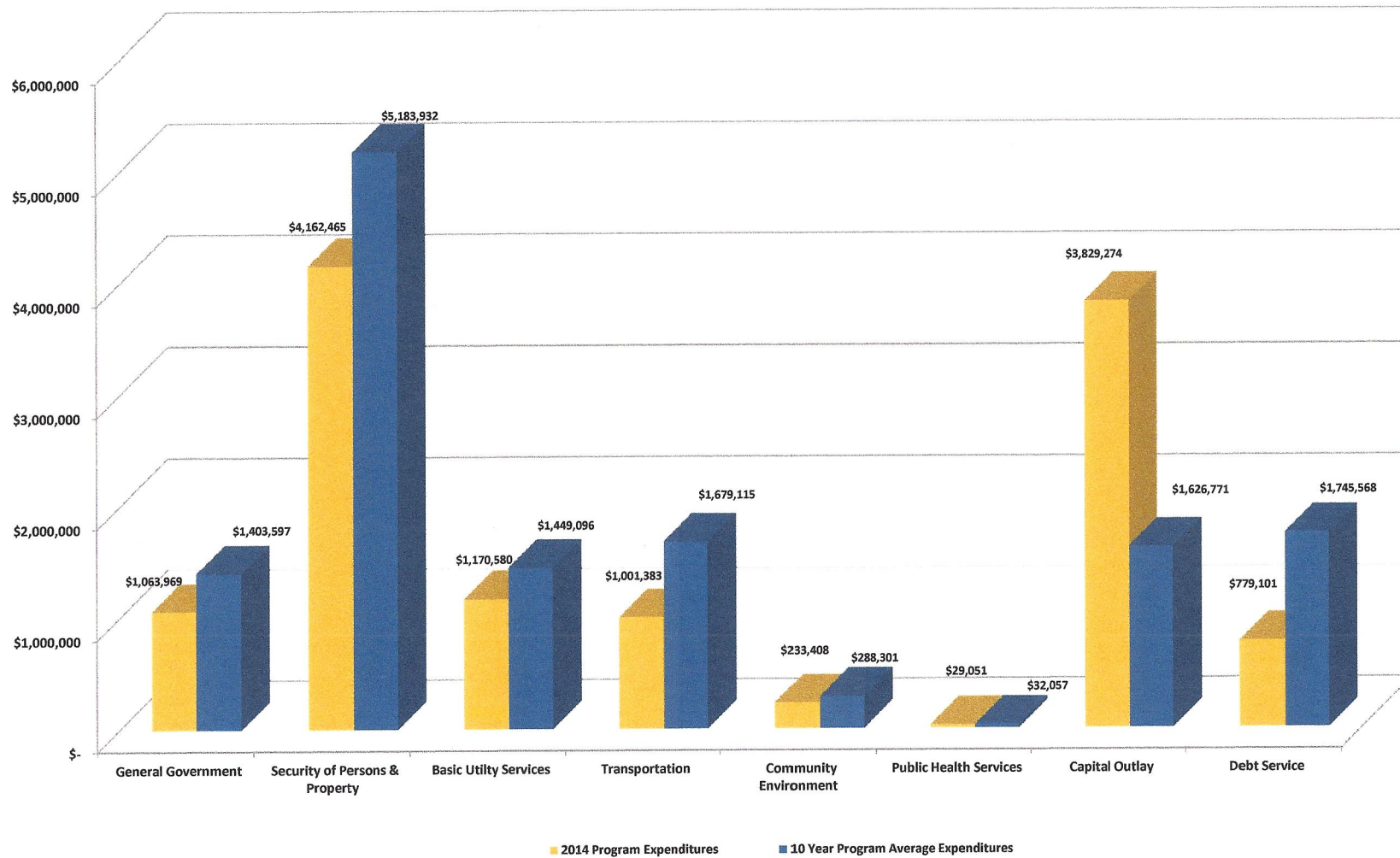
City of Pepper Pike, Cuyahoga County, Ohio



City of Pepper Pike, Cuyahoga County, Ohio

Comparative 2014 Vs. 10 Year Average Expenditures by Program

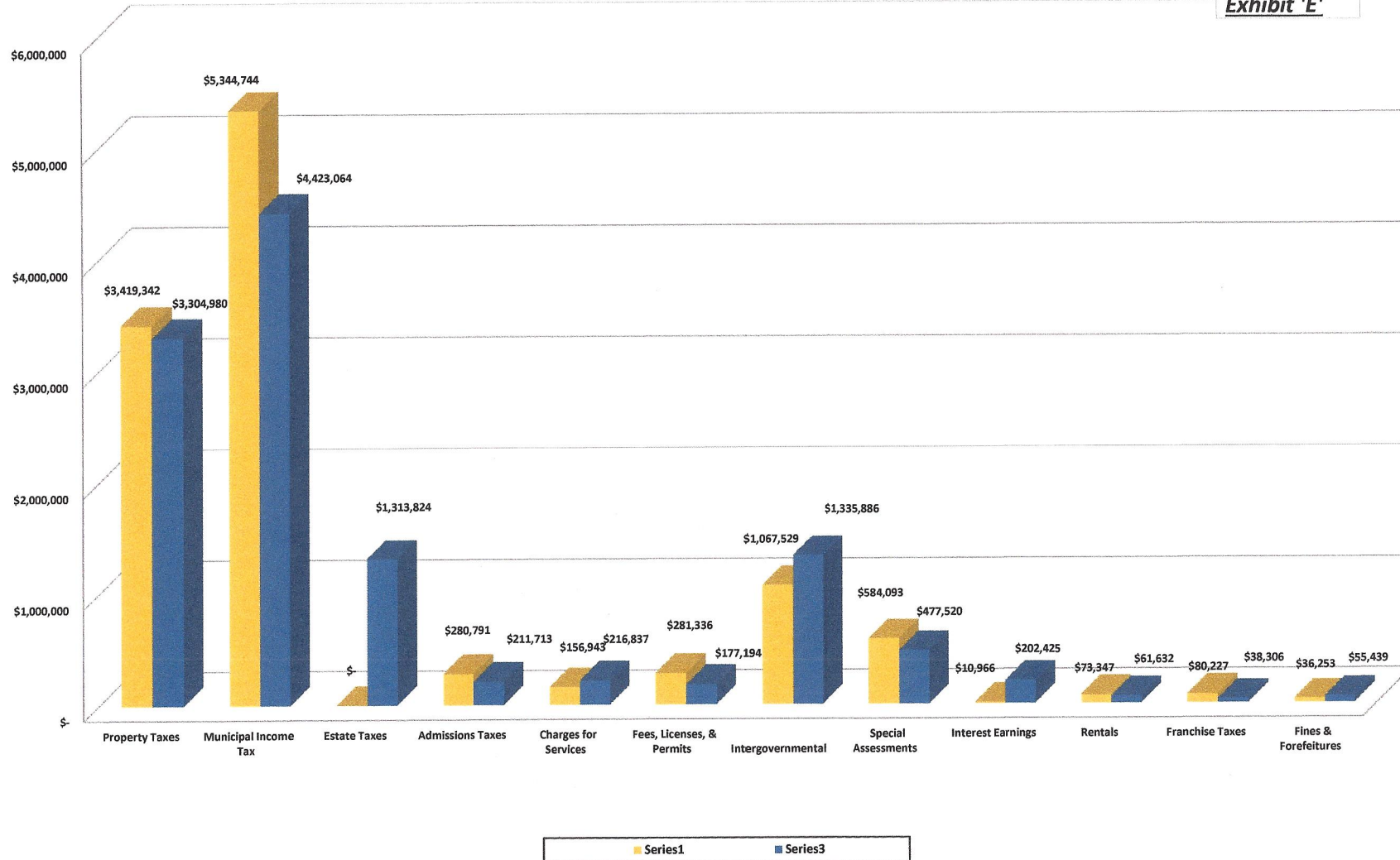
Exhibit 'D'



City of Pepper Pike, Cuyahoga County, Ohio

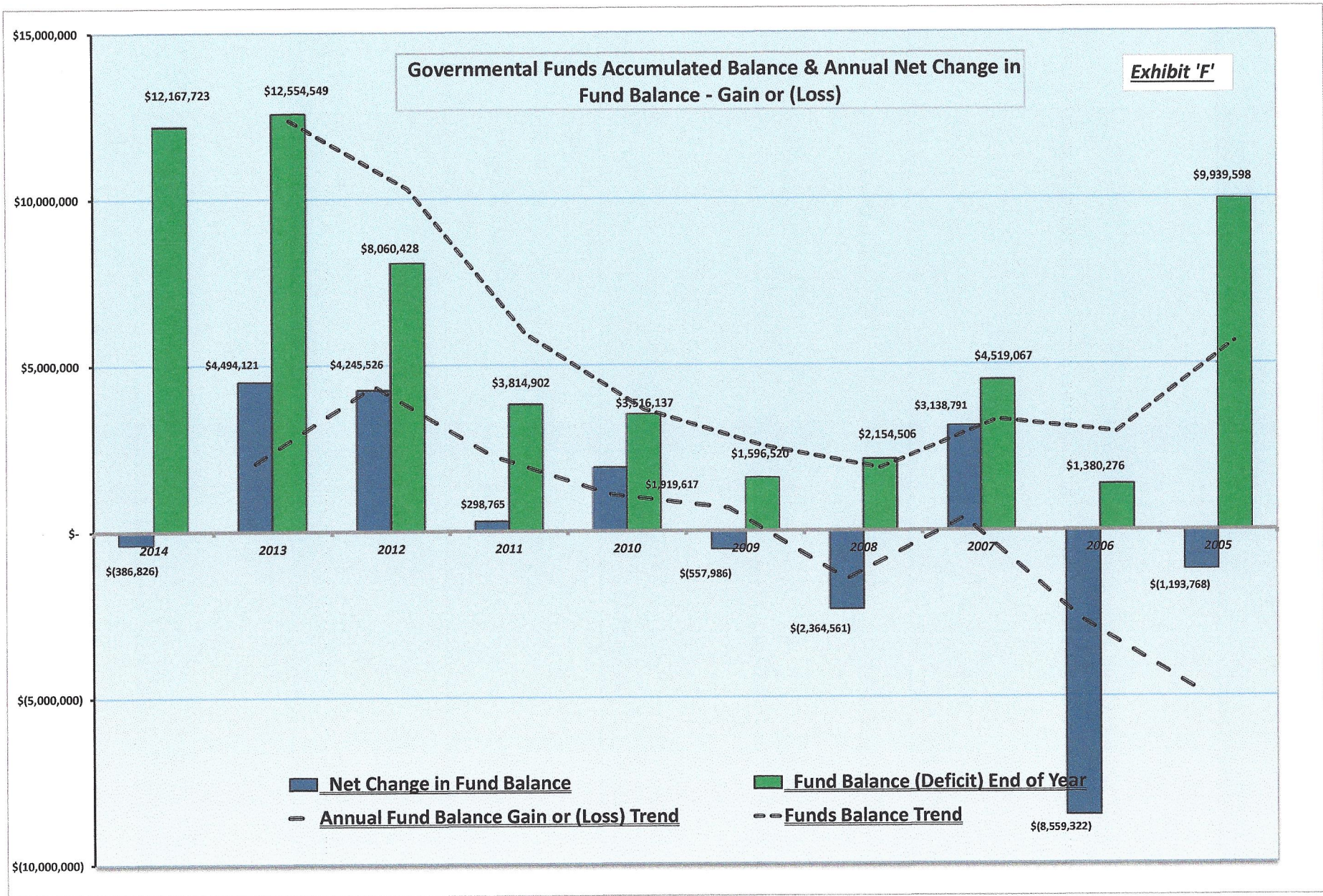
Comparative 2014 Vs. 10 Year Average Revenues by Source

Exhibit 'E'



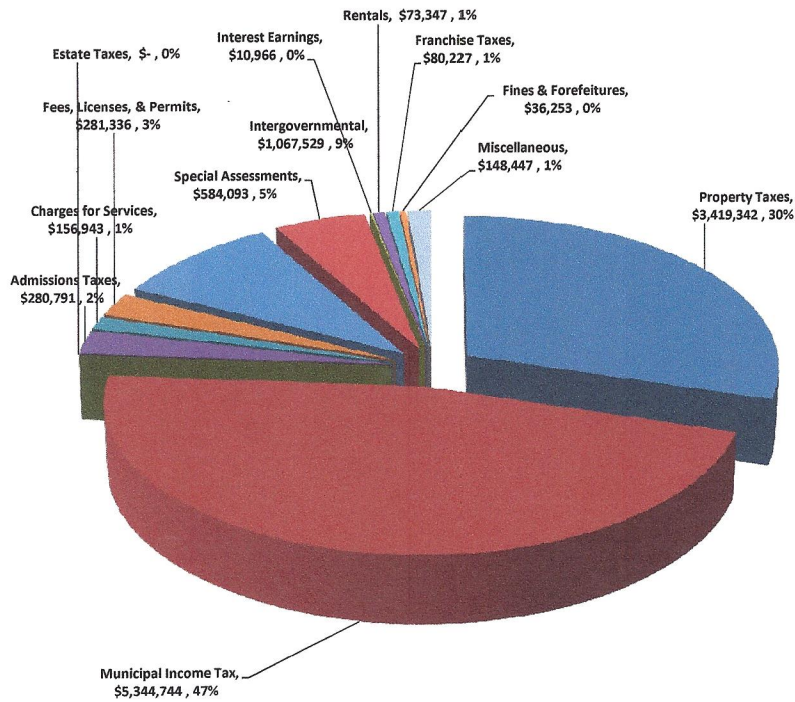
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City of Pepper Pike, Cuyahoga County, Ohio



City of Pepper Pike, Cuyahoga County, Ohio

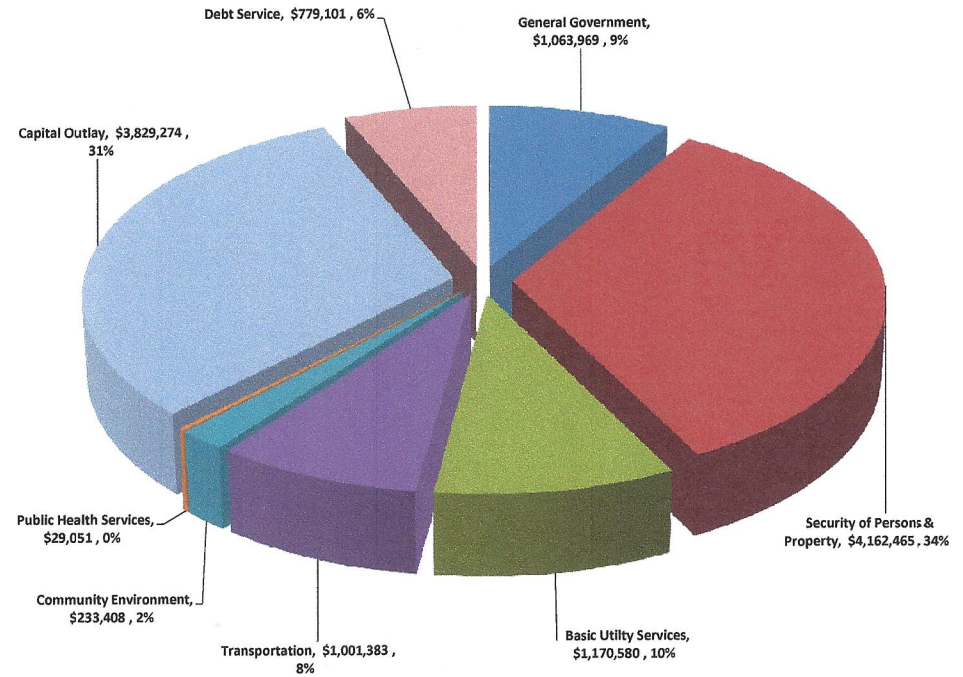
2014 Annual Revenues



- Property Taxes
- Estate Taxes
- Charges for Services
- Intergovernmental
- Interest Earnings
- Franchise Taxes
- Miscellaneous
- Municipal Income Tax
- Admissions Taxes
- Fees, Licenses, & Permits
- Special Assessments
- Rentals
- Fines & Forefeitures

2014 Annual Expenditures by Program

Exhibit 'G'

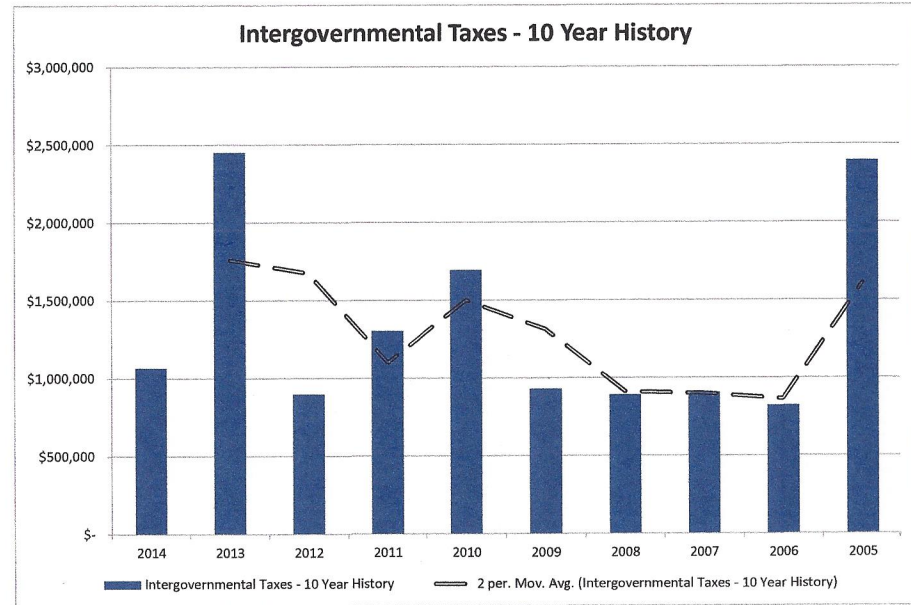
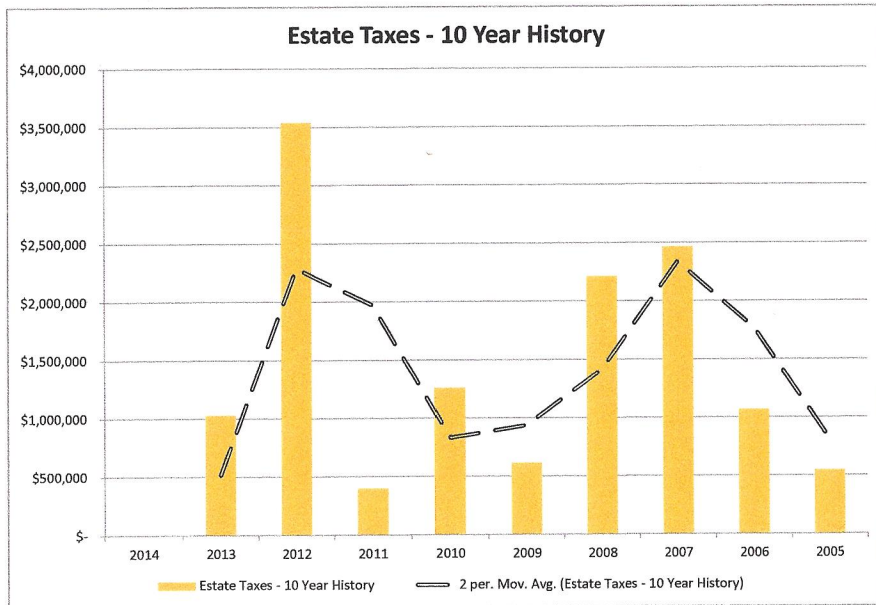
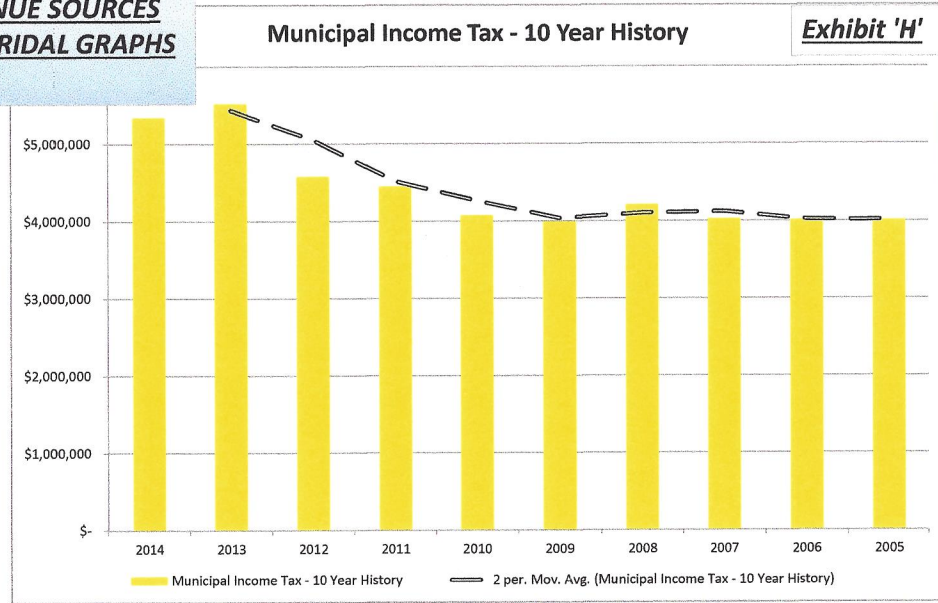
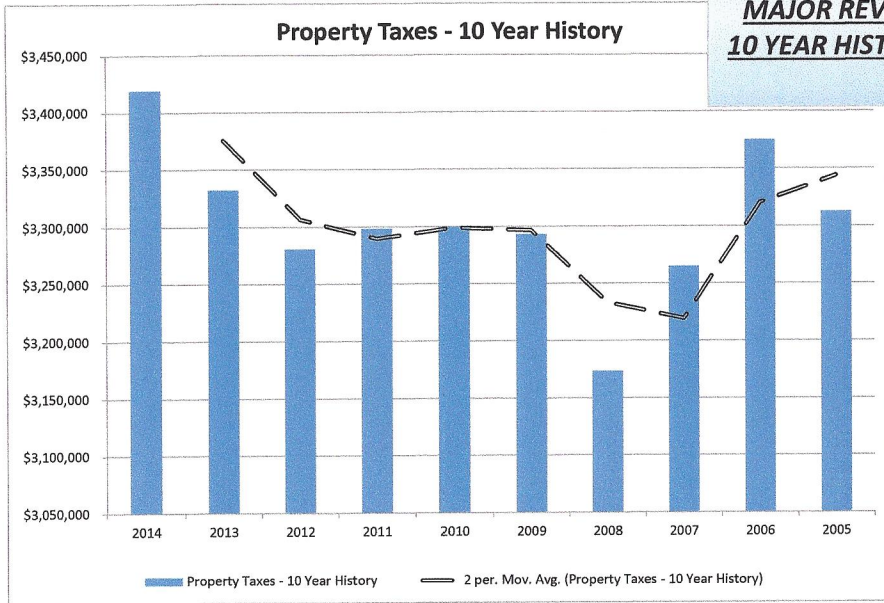


- General Government
- Basic Utility Services
- Community Environment
- Capital Outlay
- Security of Persons & Property
- Transportation
- Public Health Services
- Debt Service

City of Pepper Pike, Cuyahoga County, Ohio

MAJOR REVENUE SOURCES 10 YEAR HISTORICAL GRAPHS

Exhibit 'H'



City of Pepper Pike, Cuyahoga County, Ohio



City of Pepper Pike, Cuyahoga County, Ohio

