City of Richmond Heights
Department of Finance
2014 Annual Report
CITY OF RICHMOND HEIGHTS
FINANCE DEPARTMENT
2014 ROSTER

DIRECTOR OF FINANCE, MITCH MICHALEC
ASSISTANT FINANCE DIRECTOR, TOM DILELIO
PAYROLL CLERK, PHYLLIS DYKES
FINANCE CLERK (A/P & A/R), SUZY WHELAN
CITY OF RICHMOND HEIGHTS

FINANCE DEPARTMENT

MISSION STATEMENT

Major General Fund Revenue Sources

- Municipal Income Taxes
- Real Property Taxes
- Intergovernmental
- Special Assessments
- Other
Real Property Tax – Valuation Trend 2009-2014

2009-2014 Total Assessed Valuation by Collection Year
Real Property Tax Distribution

2014 Real Estate Tax - (Eff. Millage)

- RHSD: 57%
- CCC: 3%
- Library: 3%
- Metro Park: 3%
- County Health: 16%
- City of Richmond Hts. - Bond Retirement: 4%
- City of Richmond Hts. - Other: 14%
- Fire Pension: 1%
- Police Pension: 1%
- General Fund: 5%
- Fire Service: 7%
Real Property Tax

- Ohio Revised Code and Ohio Administrative Code mandate a reappraisal by the County Fiscal Officer/Auditor of all Real Property located in each county every six (6) years, an update of appraised values every three (3) years, and annual valuation of improvements to Real Property based upon building permits received annually from each city.

- The last reappraisal took place in 2012.
Real Property Tax (Cont.)

- Assessed values for Real Property in the City of Richmond Heights declined from a high of $317,731,853 in 2009 to an estimated $255,812,010 in 2014, a decrease of 19.4% over that period.

- Real Property Taxes are distributed among a variety of different public entities according to the millage levied by each entity.

- A mill equals $1 for every $1,000 of Assessed Valuation.

- Real Property Taxes support the City, the Local School District, Libraries, and County Agencies, including the Health Department, Metroparks, Port Authority and Cuyahoga Community College.
Real Property Tax (Cont.)

- The majority of Real Property Tax Collections go to support Local School Districts. For the majority of Properties located in the City of Richmond Heights, 57% of Real Property taxes collected go to the Richmond Heights School District.

- Approximately 18% of the total Real Property Tax collected is remitted to the City. Only 5% of this balance is Unrestricted and available for General Fund operations.

- The remaining 13% is earmarked for specific purposes as follows: 4% is dedicated to General Obligation Debt Retirement; 7% to Fire Operations, and approximately 1% each to both the Fire and Police Pension Funds.
Municipal Income Tax Trends

Income Tax Gross Revenue for 2010-2014
% of General Fund Revenue by Source 2014

<table>
<thead>
<tr>
<th>Source</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Revenues (GF)</td>
<td>15.8%</td>
<td>8.9%</td>
<td>0.0%</td>
<td>11.8%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Admission Taxes</td>
<td>0.8%</td>
<td>0.8%</td>
<td>0.9%</td>
<td>0.9%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Special Assessments</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.4%</td>
<td>5.1%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Sin Taxes</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>CAT Tax</td>
<td>2.9%</td>
<td>1.0%</td>
<td>0.0%</td>
<td>0.4%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Inheritance Taxes</td>
<td>3.3%</td>
<td>7.4%</td>
<td>3.4%</td>
<td>3.4%</td>
<td>1.7%</td>
</tr>
<tr>
<td>State/County Local Government</td>
<td>4.3%</td>
<td>4.5%</td>
<td>3.3%</td>
<td>1.0%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Unassigned Real Property Taxes (GF)</td>
<td>17.1%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>14.4%</td>
<td>73.5%</td>
</tr>
<tr>
<td>Municipal Income Taxes</td>
<td>55.8%</td>
<td>60.7%</td>
<td>62.6%</td>
<td>62.8%</td>
<td>73.5%</td>
</tr>
</tbody>
</table>
As a Percentage of Total General Fund Revenue from 2010 to 2015:

- Municipal Income Taxes increased from 55.8 to 73.5%
- Real Property Taxes decreased from 17.1 to 12.4%
- State and County Local Government Funding decreased from 4.3 to 1.7%
- Inheritance Taxes increased from 3.1% of total revenues to 3.9%. However, after 2014, no further Inheritance Tax revenue is anticipated.
- CAT Tax decreased from 3.1% of total revenues to zero.
- Sin Taxes (Liquor and Cigarettes) remained stable at .1% of total revenues.
- Admission taxes remained stable at .8% of total revenues.
- Special Assessments increased from zero to 5.4% of total revenues.
- Other Revenues decreased from 15.8 to 2.2%
## General Fund Revenue/Expense Indicators

### CITY OF RICHMOND HEIGHTS

**General Fund Financial Condition Indicators**

### REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>1,386,105</td>
<td>1,360,692</td>
<td>1,368,128</td>
<td>1,290,706</td>
<td>1,158,400</td>
<td>1,015,208</td>
<td></td>
</tr>
<tr>
<td>Income Taxes</td>
<td>4,296,162</td>
<td>4,438,243</td>
<td>4,601,360</td>
<td>4,706,185</td>
<td>5,164,511</td>
<td>6,023,163</td>
<td></td>
</tr>
<tr>
<td>Other Revenue</td>
<td>1,946,034</td>
<td>2,183,442</td>
<td>1,744,726</td>
<td>1,614,630</td>
<td>1,410,861</td>
<td>1,234,067</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>7,128,301</td>
<td>7,982,377</td>
<td>7,717,614</td>
<td>7,205,911</td>
<td>7,793,872</td>
<td>8,285,437</td>
<td></td>
</tr>
</tbody>
</table>

### EXPENDITURES

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td>2,085,808</td>
<td>2,069,920</td>
<td>2,093,171</td>
<td>2,443,317</td>
<td>2,383,593</td>
<td>2,576,823</td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>717,493</td>
<td>1,477,626</td>
<td>1,462,904</td>
<td>1,391,858</td>
<td>1,478,062</td>
<td>1,456,274</td>
<td></td>
</tr>
<tr>
<td>Community Environment</td>
<td>1,432,574</td>
<td>1,097,010</td>
<td>956,419</td>
<td>982,481</td>
<td>1,094,612</td>
<td>1,156,035</td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>226,303</td>
<td>212,242</td>
<td>187,070</td>
<td>247,130</td>
<td>93,032</td>
<td>124,830</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>7,413,422</td>
<td>6,851,319</td>
<td>7,484,516</td>
<td>7,932,094</td>
<td>7,693,167</td>
<td>7,816,247</td>
<td></td>
</tr>
</tbody>
</table>

### ANNUAL SURPLUS/(DEFICIT)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>(241,672)</td>
<td>(900,542)</td>
<td>95,344</td>
<td>489,808</td>
<td>1,223,385</td>
<td>856,935</td>
<td>2,780,338</td>
<td>10,846</td>
</tr>
</tbody>
</table>

### FUND BALANCE

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>724,930</td>
<td>123,938</td>
<td>219,232</td>
<td>760,939</td>
<td>1,033,404</td>
<td>10,844</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### REVENUE INDICATORS

| Total Revenues per capita | $ 706.71 | $ 753.38 | $ 710.97 | $ 718.04 | $ 716.40 | $ 783.18 | $ 622.41 |
| Income Taxes per capita   | $ 326.48 | $ 326.94 | $ 318.85 | $ 322.84 | $ 447.91 | $ 113.16 | $ 90.28  |

### EXPENDITURE INDICATORS

| Expenditures per capita   | $ 736.49 | $ 816.32 | $ 710.40 | $ 669.28 | $ 698.51 | $ 741.18 | $ 744.53 |
| Public Safety Exp per capita | $ 251.11 | $ 261.48 | $ 246.48 | $ 232.54 | $ 226.92 | $ 226.92 | $ 226.92 |
| General Government Exp per capita | $ 159.62 | $ 140.92 | $ 138.78 | $ 121.46 | $ 140.53 | $ 140.53 | $ 138.09 |
| Community Environment Exp per capita | $ 141.15 | $ 139.39 | $ 21.85 | $ 32.25 | $ 32.25 | $ 32.25 | $ 32.25 |
| Leisure Time Exp per capita | $ 43.53  | $ 27.92  | $ 25.99  | $ 26.16  | $ 27.26  | $ 27.26  | $ 27.26 |
| Transfers Out Exp per capita | $ 28.20  | $ 35.44  | $ 33.92  | $ 33.92  | $ 33.92  | $ 33.92  | $ 33.92 |

### GP Surplus/(Deficit) as % of Total Revenues

| GP Surplus/(Deficit) | -3.36% | -7.59% | 1.28% | 6.40% | 14.87% | 9.88% |

### GP Balance as % of Total Revenues

| GP Balance | 10.11% | 1.06% | 2.09% | 9.32% | 23.38% | 32.06% |

### Employee per capita

| Employees per capita | 0.020 | 0.017 | 0.016 | 0.016 | 0.016 | 0.016 |
2014 General Fund Revenue Trends

- **2014 Real Property Tax Collections decreased by 14.6%** (Down to $1.05 M from $1.18 M in 2013).

- **2014 Income Tax Collections Increased by 16.6%**, from $5.16 M to $6.02 M.

- **Other General Fund Revenues decreased by 12.7%**, from $1.87 M to $1.63 M.

- **Overall, General Fund Revenues were up 5.43% in 2014** ($8.67 M compared to 8.23 M in 2013).

- **As other sources of revenue have decreased, a greater portion of General Fund operations have relied upon the Income Tax and Special Assessments to offset the losses in other revenue streams.**
2014 General Fund Ending Balance Trends

- Overall Fund Balance grew from $1.9 to $2.7 M, an increase of 44.5% – While much of this increase was due to the increase in Income Taxes collected, another portion of this increase was due to Interfund transfers from prior years that were disallowed by the Auditor of State and reversed in 2014, which had a net positive effect on the General Fund ending balance.

- The ending General Fund Balance of $2.7 M represents 32.06% of the Total General Fund Revenue for 2014, up from 23.4% in 2013.
2014 Percentage of Operational Expenditures by Type
(Includes General, Fire Service, Street Construction and Recreation Program Funds)

- Contractual: 3.6%
- Equipment: 22.9%
- Supplies/Materials: 15.4%
- Personnel: 57.9%
- Refunds: 0.2%
- Transfers: 0.1%
2014 Expenditure Trends

- General Fund Public Safety (Police) increased by 8.1% in 2014 ($2.58 M vs. $2.38 M in 2013).
- Transportation Expenditures (Service), increased by 5.9% in 2014 ($1.16 M vs. $1.09 M in 2013).
- Community/Environment Expenditures (Building Dept.) decreased by 34.5% in 2014 ($187 K v. 286 K in 2013.)
- Leisure Time Activities (Recreation) expenditures increased by 34.2% in 2014 ($124 K vs. 93 K in 2013)
- General Government (All Other General Fund Departments) Expenditures decreased by 1.3 % ($1.46 M vs. 1.76 M in 2013).
- Transfers from the General Fund to Other Funds increased by 38.3% in 2014 (up to $2.31 M from $1.66 M in 2013).
  - The increase in transfers was mainly due to the resumption of the road program, an increase in the transfer to the Bond Retirement Fund, due to the decrease in property tax collected, and the return of Recreation Programming.
2014 Expenditure Trends

- General Fund Expenditures grew to $7.81 M from 7 M, an increase of 11.6%.

- The vast majority of this increase, $.65 M was due to increased transfers from General Fund to Other Funds in 2014, the majority of which was made up of the following:
  - $10,000 increase in transfers to Payroll Stabilization Fund.
  - $35,000 increase in transfers to Recreation Program Fund due to the re-opening of the pool and re-establishment of Recreation Programs.
  - $3,000 increase in transfers to the Police Training Fund
  - $440,000 increase in transfers to the Bond Retirement Fund
  - $75,000 increase in transfers to the Capital Improvement Fund
  - $300,000 increase in transfers to the Street Improvement Fund due to the resumption of the Road Improvement Program.

**Note: Some of the increase in the overall fund transfer amount in 2014 was offset by a reduction in transfers to other funds.**