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Historical Analysis Summary – City of Macedonia

The Governmental Funds (combination of General, Special Revenue, Debt Service, and Capital Funds) often referred to as the Operational/Governmental Funds of local governments are recorded for the past ten (10) years, averaged for revenues and expenditures, then graphically presented for analysis in Exhibits 'A – K' with data from audited financial reports of the Governmental Funds. The overarching principal for reporting on Governmental Funds is for the 'big picture' of the major operational programs provided by a community for the public health, safety, and welfare of its shareholders.

Exhibit 'B' shows that the City of Macedonia in Summit County, Ohio had an ***increase in total revenues in 2017 of 6.3% above the 10 year average*** and is primarily due to increases in Income Taxes and User Charges [Includes Fire/EMS Intergovernmental Charges for Sagamore Hills & Northfield Center Twp.], however, without the fire service contracts, total revenues are estimated to have not increased but remained relatively flat. Total ***2017 expenditures have increased by 14.3% above the 10 year average*** which reflects increases in Security of Persons & Property [Includes Fire/EMS costs for intergovernmental services for Sagamore Hills & Northfield Center Twp.], basic utilities, capital outlay, and reductions in debt service programs over the 10 year average, however, without the fire service contracts, total expenditures would have increased

This summary analysis is being provided in an effort to explain the financial results of the attached reports and in no way is an endorsement or approval of any actions taken by the government unit but is simply a presentation of the audited financial data of the Governmental Funds. We assume no accuracy in or errors or omissions herein and although this information is deemed reliable, it is not guaranteed.

by approximately 7.3%. ***The city should consider noting the fire service contracts in Notes to Financial Statements with the fire service contract revenues and expenditures so that year-over-year comparisons can avoid the appearance of over stating the Security of Persons & Property program costs and user charges thereof.***

Exhibit 'C' is a trending average of the total revenues, expenditures, accumulated carryover Fund Balance, and recommended minimum Governmental Fund Officers Association (GFOA) to analyze financial resources (revenues, expenditures, fund balance) for sustainability of programs, capital outlay, and stability of Governmental 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 50% could be indications of under or over surplus.

Exhibit 'C' also indicates relative stability in overall operations with expenditures exceptions in capital outlays deviations in 2011 and 2012, revenues increased in 2011-2012 with a temporary .25% increase in income taxes (not subject to any credit) and Accumulated Funds Balance increasing above the GFOA recommended minimum balance commencing in 2011, however, the .25% increase was allowed to lapse in 2014 by City Council. The income tax rate was raised by vote of the people by .50% in 2017 that resulted in a 2.25% income tax rate that should lead to continued increases in income tax revenues and will continue to rise in 2018. The Citizen Auditors of Ohio recommends that communities should invest the time and effort in developing a minimum funds balance policy for their major operating funds for financial planning purposes of both the City Council and administration.

Exhibit 'D' is a historical graph of accumulated funds balance and annual net changes (gain or loss) of the operations of the Governmental Funds. The City has a carryover funds balance above the GFOA minimum that as of 2017 amounts to 16.8% more than the GFOA minimum with a total of $6,065,324 or 30.1% of total annual expenditures. ***Our recommendation of a minimum funds balance policy for major operating funds is again indicated here.***

Exhibits 'E-H' are informational graphs displaying the revenues and expenditures for the past ten years averaged and comparisons of the 2017 financial results compared to the ten year averages. Averaging financial history is one method or

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factor in preparing financial forecasts into the future, subject of course, to many variables that can be unique to specific communities along with their proportions of residential, commercial, and industrial development.

Exhibit 'I – K' are historical graphs of major revenue sources and program expenditures over the last ten (10) years.

The concept of sustainability is defined as the utilization of recurring annual revenue source(s) for core operating programs, such as Debt Service, Security of Persons & Property, Transportation, General Government, Community Environment, Basic Utilities, Leisure Time Activities, and Capital Outlay. The utilization of 'one time' or non-recurring tax dollars should be directed to maintaining minimum funds balance policy requirements and then applying excess surplus to additional Capital Outlay projects or retained therefore with disclosure in the notes to the annual financial report.

In summary, our analysis reports indicate a community that has been accumulating positive net changes in funds balance while maintaining their selected service programs within the revenue resources provided. Exhibit 'D' indicates a ***stable spending trend (excepting 2015 and 2009) and with the increase in income taxes of .50% in 2017 should provide a more stable financing source for capital*** improvements. The average spending on capital outlay averages around 15.4% which should be sufficient for the depletion of capital assets including the increased income tax revenue source secured in 2017. With stable carryover funds balance and revenues stable, the City and its taxpayers have addressed long-term financial stability for the capital outlay needs into the future; subject to income tax collections that are dependent on overall economic stability.

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 purpose is to report whether or not a community is providing for the sustainable utilization of governmental funds and there financial resources in providing for the core governmental funds program(s) of the City of Macedonia. It appears from our analysis reports that the City of Macedonia is providing for the sustainable and stable provision of basic health, safety, and welfare of its residents. The Citizen Auditors of Ohio concurs with the GFOA and State Auditor's office in recommending all communities invest in the process of financial planning and preparing budgetary forecasts for 3-5 years which it appears the City has done.

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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.

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City of Macedonia - Summit County, Ohio Analysis Report

Historical Report of Governmental Funds

Exhibit 'A'

Description	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Annual 10 Year Average (1)	Annual 10 Year Average % (1)
Revenues:												
Property & Other Taxes	$ 2,365,341	$ 2,304,848	$ 2,369,935	$ 2,218,370	$ 2,222,903	$ 2,210,299	$ 2,206,374	$ 2,298,343	$ 2,260,651	$ 1,965,774	$ 2,242,284	13.5%
Municipal Income Tax	$ 8,836,347	$ 8,349,286	$ 8,555,193	$ 8,790,940	$ 8,867,712	$ 8,377,742	$ 6,828,506	$ 6,182,596	$ 6,253,348	$ 6,933,607	$ 7,797,528	47.0%
Payments in Lieu of Taxes	$ -	$ 603,429	$ 529,215	$ 767,735	$ 361,184	$ 44,719	$ 563,220	$ 171,002	$ -	$ -	$ 304,050	1.8%
Intergovernmental	$ 2,006,509	$ 2,043,819	$ 1,935,585	$ 1,588,008	$ 3,959,574	$ 6,235,926	$ 2,762,764	$ 4,579,453	$ 3,306,863	$ 2,233,144	$ 3,065,165	18.5%
Charges for Services	$ 2,754,299	$ 2,190,754	$ 1,551,387	$ 1,494,907	$ 1,677,236	$ 1,766,091	$ 1,543,201	$ 1,745,658	$ 1,479,196	$ 1,710,047	$ 1,791,278	10.8%
Licenses, Permits, Fines & Forfeitures	$ 639,063	$ 729,678	$ 758,274	$ 896,635	$ 627,425	$ 910,499	$ 722,788	$ 771,415	$ 783,420	$ 671,891	$ 751,109	4.5%
Special Assessments	$ 260,275	$ 273,640	$ 256,844	$ 285,677	$ 276,120	$ 314,245	$ 398,930	$ 262,338	$ 229,964	$ 218,591	$ 277,662	1.7%
Investment Income	$ 49,273	$ 29,125	$ 21,294	$ 29,997	$ 625	$ 26,520	$ 70,129	$ 87,672	$ 73,061	$ 186,684	$ 57,438	0.3%
Contributions, Donations, Rental Income	$ -	$ 158,415	$ 127,016	$ 150,244	$ 48,843	$ 34,120	$ 61,571	$ 38,972	$ 60,937	$ 63,990	$ 74,411	0.4%
Miscellaneous Income	$ 731,412	$ 584,358	$ 44,749	$ 360,894	$ 133,320	$ 76,887	$ 155,442	$ 68,761	$ 85,035	$ 131,870	$ 237,273	1.4%
Total Revenues	$ 17,642,519	$ 17,267,352	$ 16,149,492	$ 16,583,407	$ 18,174,942	$ 19,997,048	$ 15,312,925	$ 16,206,210	$ 14,532,475	$ 14,115,598	$ 16,598,197	100.0%
Expenditures:												
Security of Persons & Property	$ 7,859,684	$ 6,739,733	$ 6,041,992	$ 5,943,892	$ 5,535,756	$ 5,194,107	$ 4,666,378	$ 5,010,294	$ 5,062,630	$ 5,230,222	$ 5,728,469	32.5%
Public Health	$ 218,900	$ 223,870	$ 220,079	$ 209,714	$ 202,662	$ 203,547	$ 126,339	$ 204,600	$ 212,259	$ 201,280	$ 202,325	1.1%
Leisure Time Activities	$ 2,055,731	$ 1,922,871	$ 1,626,271	$ 1,618,658	$ 1,585,424	$ 1,540,106	$ 1,417,839	$ 1,385,834	$ 1,585,060	$ 1,591,611	$ 1,632,941	9.3%
Community Environment	$ 492,884	$ 1,052,248	$ 1,075,737	$ 1,288,903	$ 894,478	$ 512,131	$ 1,045,452	$ 436,497	$ 474,299	$ 481,068	$ 775,370	4.4%
Basic Utility Services	$ 306,914	$ 127,811	$ 158,525	$ 165,827	$ 183,032	$ 312,452	$ 206,701	$ 206,823	$ 178,695	$ 305,533	$ 215,231	1.2%
Transportation	$ 2,057,768	$ 1,870,599	$ 1,809,150	$ 1,630,047	$ 1,658,611	$ 1,658,787	$ 1,634,766	$ 1,707,632	$ 1,774,689	$ 1,931,881	$ 1,773,393	10.0%
General Government	$ 2,730,095	$ 2,316,710	$ 2,450,278	$ 2,311,491	$ 2,059,145	$ 2,024,145	$ 2,112,577	$ 2,191,980	$ 2,424,564	$ 2,665,156	$ 2,328,614	13.2%
Capital Outlay	$ 3,502,163	$ 1,147,451	$ 3,325,086	$ 2,137,388	$ 3,376,883	$ 6,272,193	$ 397,357	$ 566,848	$ 3,733,006	$ 3,878,147	$ 2,833,652	16.1%
Debt Service	$ 957,331	$ 1,707,907	$ 1,679,066	$ 1,634,321	$ 1,658,244	$ 1,670,240	$ 1,872,371	$ 6,847,598	$ 2,096,494	$ 1,494,099	$ 2,161,767	12.2%
Total Expenditures	$ 20,181,470	$ 17,109,200	$ 18,386,184	$ 16,940,241	$ 17,154,235	$ 19,387,708	$ 13,479,780	$ 18,558,106	$ 17,541,696	$ 17,778,997	$ 17,651,762	100.0%
Operating Income (Loss)	$ (2,538,951)	$ 158,152	$ (2,236,692)	$ (356,834)	$ 1,020,707	$ 609,340	$ 1,833,145	$ (2,351,896)	$ (3,009,221)	$ (3,663,399)	$ (1,053,565)	
Other Financing Sources (Transfers)	$ 931,900	$ 521,947	$ 271,778	$ 757,676	$ 215,305	$ -	$ 100,638	$ 5,290,093	$ 1,085,957	$ 2,997,630	$ 1,217,292	
											$ -	
Net Change in Fund Balance	$ (1,607,051)	$ 680,099	$ (1,964,914)	$ 400,842	$ 1,236,012	$ 609,340	$ 1,933,783	$ 2,938,197	$ (1,923,264)	$ (665,769)	$ 163,728	
Fund Balance (Deficit) Beginning of Year	$ 7,730,265	$ 7,050,166	$ 9,015,080	$ 8,614,238	$ 7,378,226	$ 6,768,886	$ 4,835,103	$ 1,896,906	$ 3,820,170	$ 4,485,939	$ 6,159,498	
Fund Balance (Deficit) End of Year	$ 6,065,324	$ 7,730,265	$ 7,050,166	$ 9,015,080	$ 8,614,238	$ 7,378,226	$ 6,768,886	$ 4,835,103	$ 1,896,906	$ 3,820,170	$ 6,317,436	
Ending Fund Balance as % of Expenditures (1)	30.1%	45.2%	38.3%	53.2%	50.2%	38.1%	50.2%	26.1%	10.8%	21.5%	35.8%	
Ending Fund Balance at GFOA 25% Average(1)	$ 5,045,368	$ 4,277,300	$ 4,596,546	$ 4,235,060	$ 4,288,559	$ 4,846,927	$ 3,369,945	$ 4,639,527	$ 4,385,424	$ 4,444,749	$ 4,412,940	
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 (	$ 1,019,957	$ 3,452,965	$ 2,453,620	$ 4,780,020	$ 4,325,679	$ 2,531,299	$ 3,398,941	$ 195,577	$ (2,488,518)	$ (624,579)	$ 1,904,496	
Excess % Fund Balance More (Less) than GFOA 25% A	16.8%	44.7%	34.8%	53.0%	50.2%	34.3%	50.2%	4.0%	-131.2%	-16.3%	30.1%	
Cash & Cash Equivalents - End of Year	$ 6,629,744	$ 5,865,454	$ 6,067,746	$ 7,682,170	$ 7,459,061	$ 6,026,731	$ 5,926,386	$ 4,166,389	$ 3,441,073	$ 5,178,696	$ 6,317,436	
Cash & Cash Equivalents as % of Expenditures (1)	32.9%	34.3%	33.0%	45.3%	43.5%	31.1%	44.0%	22.5%	19.6%	29.1%	35.8%	

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

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City of Macedonia - Summit County, Ohio Analysis Report

Historical Report of Governmental Funds - Variance Report 2017 Vs. 10 Year Average

Exhibit 'B'

Description	2017	2017 % of Total	Annual 10 Year Average	Annual 10 Year % of Total	Variance 2017 to 10 Yr Average	Variance 2017 to 10 Yr %
Revenues:	$ -		(1)	(1)	(1)	
Property & Other Taxes	$ 2,365,341	13.4%	$ 2,242,284	13.5%	$ 123,057	5.5%
Municipal Income Tax	$ 8,836,347	50.1%	$ 7,797,528	47.0%	$ 1,038,819	13.3%
Payments in Lieu of Taxes	$ -	0.0%	$ 304,050	1.8%	$ (304,050)	-100.0%
Intergovernmental	$ 2,006,509	11.4%	$ 3,065,165	18.5%	$ (1,058,656)	-34.5%
Charges for Services	$ 2,754,299	15.6%	$ 1,791,278	10.8%	$ 963,021	53.8%
Licenses, Permits, Fines & Forfeitures	$ 639,063	3.6%	$ 751,109	4.5%	$ (112,046)	-14.9%
Special Assessments	$ 260,275	1.5%	$ 277,662	1.7%	$ (17,387)	-6.3%
Investment Income	$ 49,273	0.3%	$ 57,438	0.3%	$ (8,165)	-14.2%
Contributions, Donations, Rental Income	$ -	0.0%	$ 74,411	0.4%	$ (74,411)	-100.0%
Miscellaneous Income	$ 731,412	4.1%	$ 237,273	1.4%	$ 494,139	208.3%
Total Revenues	**$ 17,642,519**	**100.0%**	**$ 16,598,197**	**100.0%**	**$ 1,044,322**	**6.3%**
	$ -		$ -			
Expenditures:	$ -		$ -			
Security of Persons & Property	$ 7,859,684	38.9%	$ 5,728,469	32.5%	$ 2,131,215	37.2%
Public Health	$ 218,900	1.1%	$ 202,325	1.1%	$ 16,575	8.2%
Leisure Time Activities	$ 2,055,731	10.2%	$ 1,632,941	9.3%	$ 422,791	25.9%
Community Environment	$ 492,884	2.4%	$ 775,370	4.4%	$ (282,486)	-36.4%
Basic Utility Services	$ 306,914	1.5%	$ 215,231	1.2%	$ 91,683	42.6%
Transportation	$ 2,057,768	10.2%	$ 1,773,393	10.0%	$ 284,375	16.0%
General Government	$ 2,730,095	13.5%	$ 2,328,614	13.2%	$ 401,481	17.2%
Capital Outlay	$ 3,502,163	17.4%	$ 2,833,652	16.1%	$ 668,511	23.6%
Debt Service	$ 957,331	4.7%	$ 2,161,767	12.2%	$ (1,204,436)	-55.7%
Total Expenditures	**$ 20,181,470**	**100.0%**	**$ 17,651,762**	**100.0%**	**$ 2,529,708**	**14.3%**
	$ -		$ -			
Operating Income (Loss)	**$ (2,538,951)**		**$ (1,053,565)**		**$ (1,485,386)**	**-141.0%**
0	$ -		$ -			
Other Financing Sources (Transfers)	$ 931,900		$ 1,217,292		$ (285,392)	**-23.4%**
0	$ -		$ -			
Net Change in Fund Balance	**$ (1,607,051)**		**$ 163,728**		**$ (1,770,779)**	**-1081.5%**
0	$ -		$ -			
Fund Balance (Deficit) Beginning of Year	**$ 7,730,265**		**$ 6,159,498**		**$ 1,570,767**	**25.5%**
0	$ -		$ -			
Fund Balance (Deficit) End of Year	**$ 6,065,324**		**$ 6,317,436**		**$ (252,112)**	**-4.0%**
0	$ -		$ -			
Ending Fund Balance as % of Expenditures (1)	**30.1%**		**35.8%**		**-5.7%**	

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

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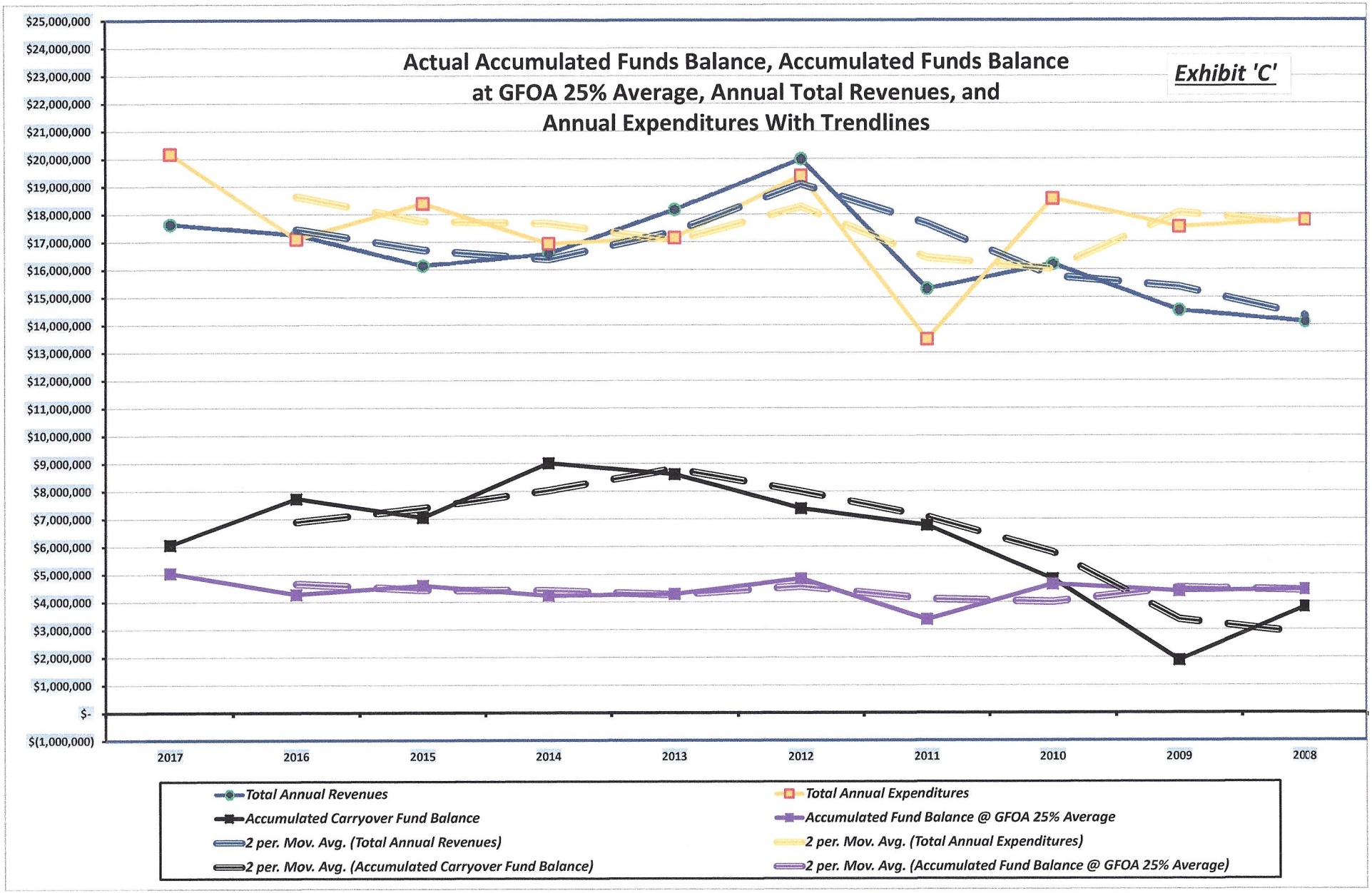
City of Macedonia - Summit County, Ohio Analysis Report

Data Source: Audited Annual Financial Reports -Ohio Auditor Website



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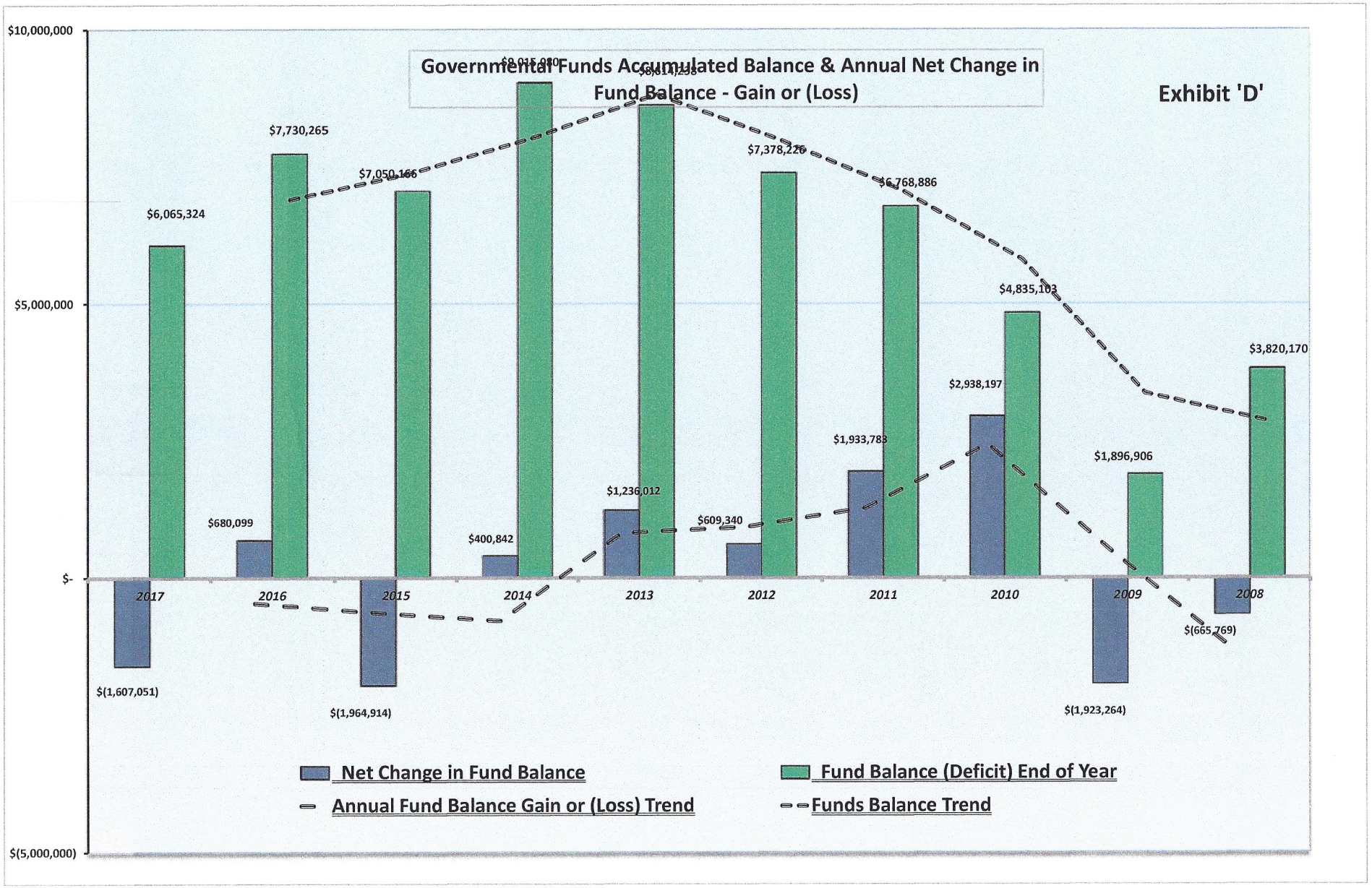
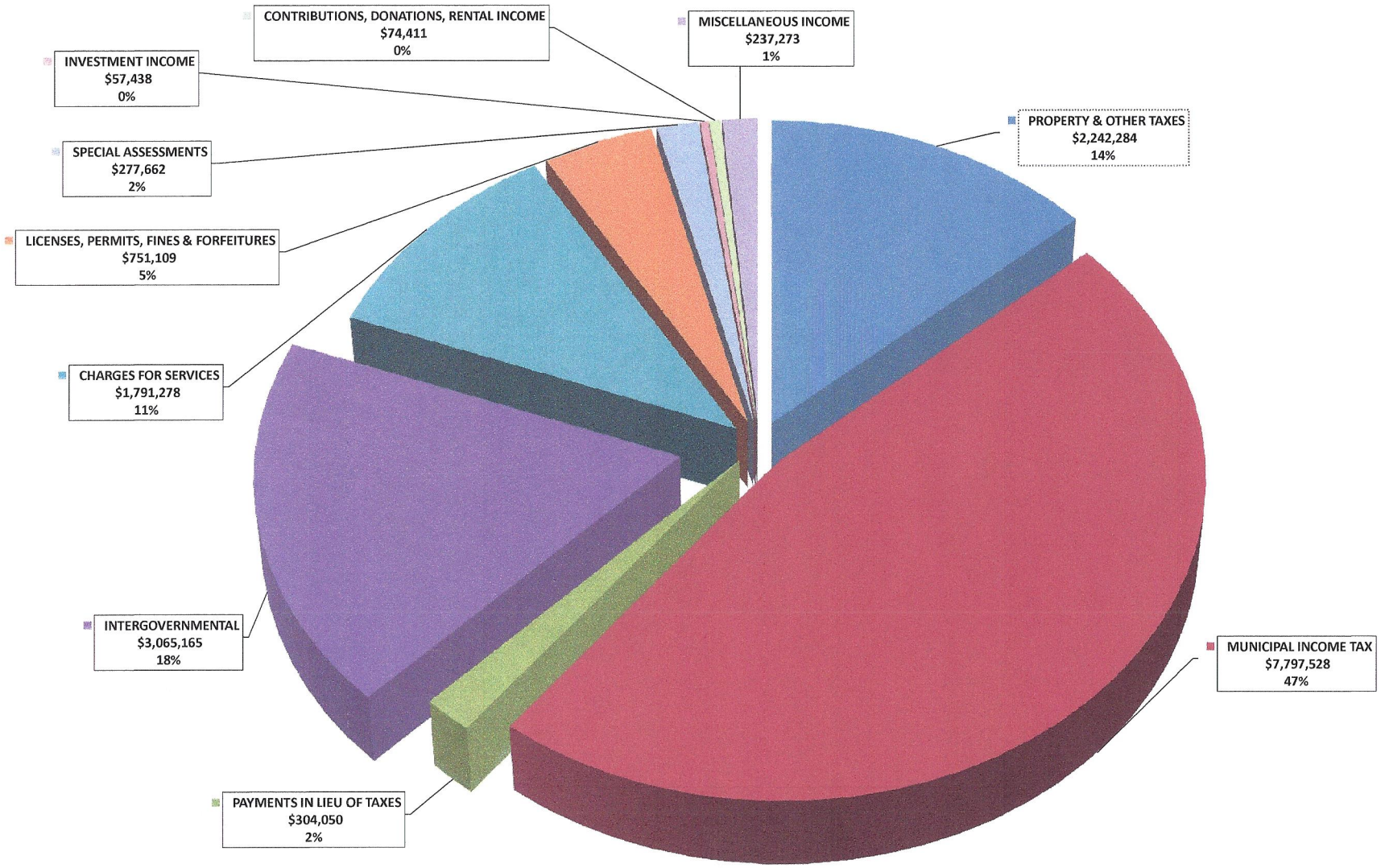
City of Macedonia - Summit County, Ohio Analysis Report



City of Macedonia - Summit County, Ohio Analysis Report

GOVERNMENTAL FUNDS REVENUES - 10 YEAR AVERAGE

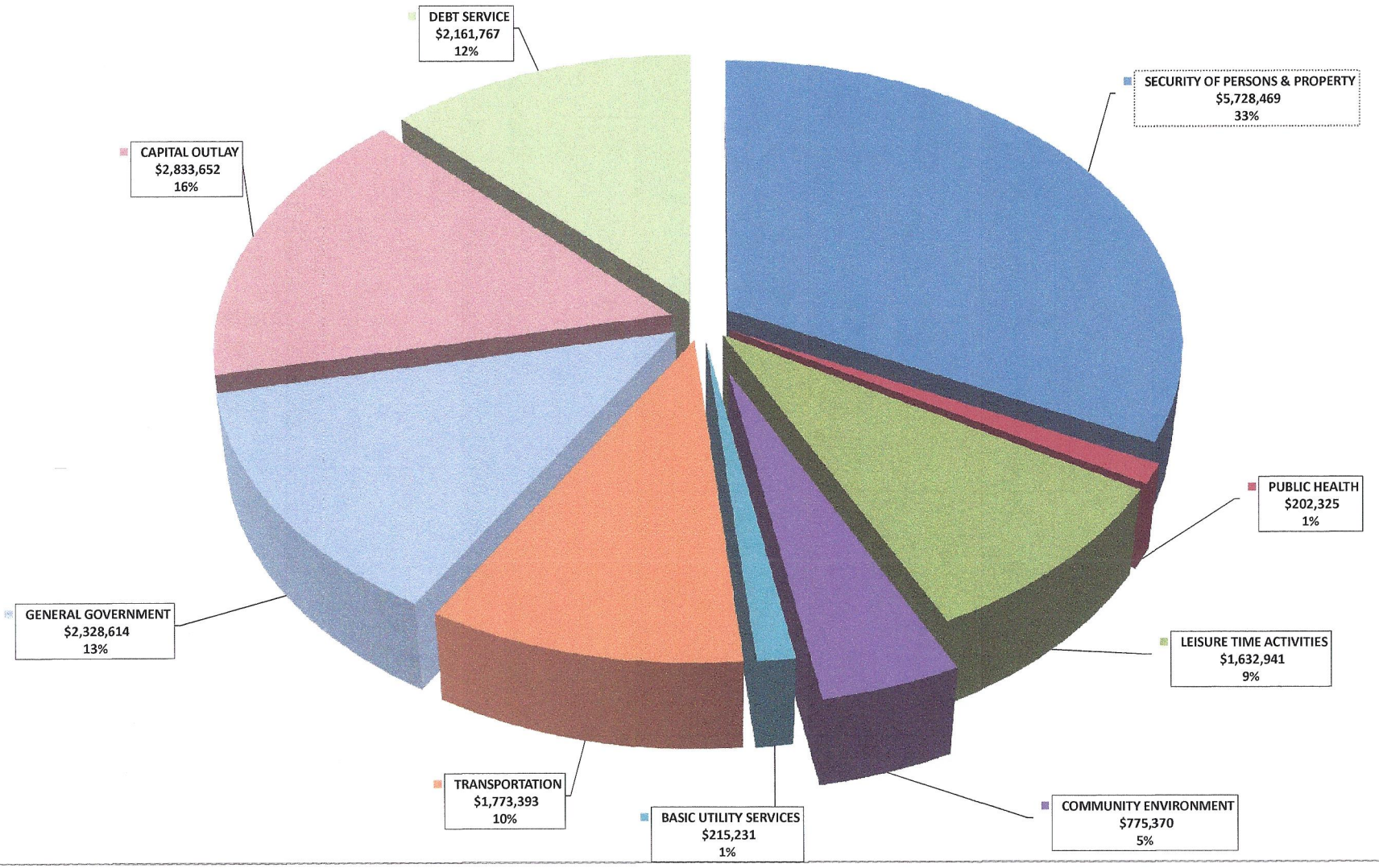
Exhibit 'E'



City of Macedonia - Summit County, Ohio Analysis Report

GOVERNMENTAL FUNDS EXPENDITURES - 10 YEAR AVERAGE

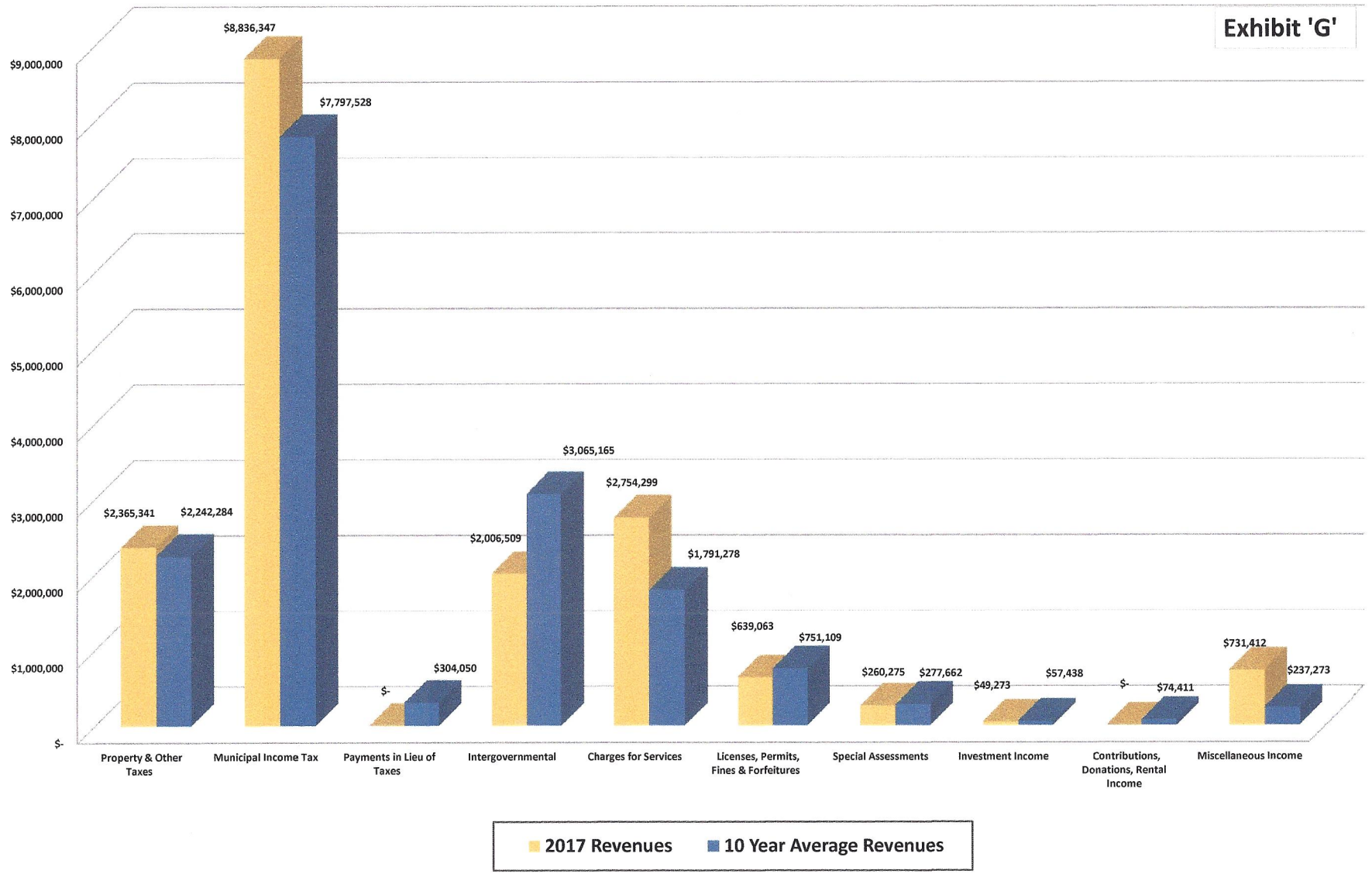
Exhibit 'F'



City of Macedonia - Summit County, Ohio Analysis Report

Comparative 2017 Vs. 10 Year Average Revenues by Source

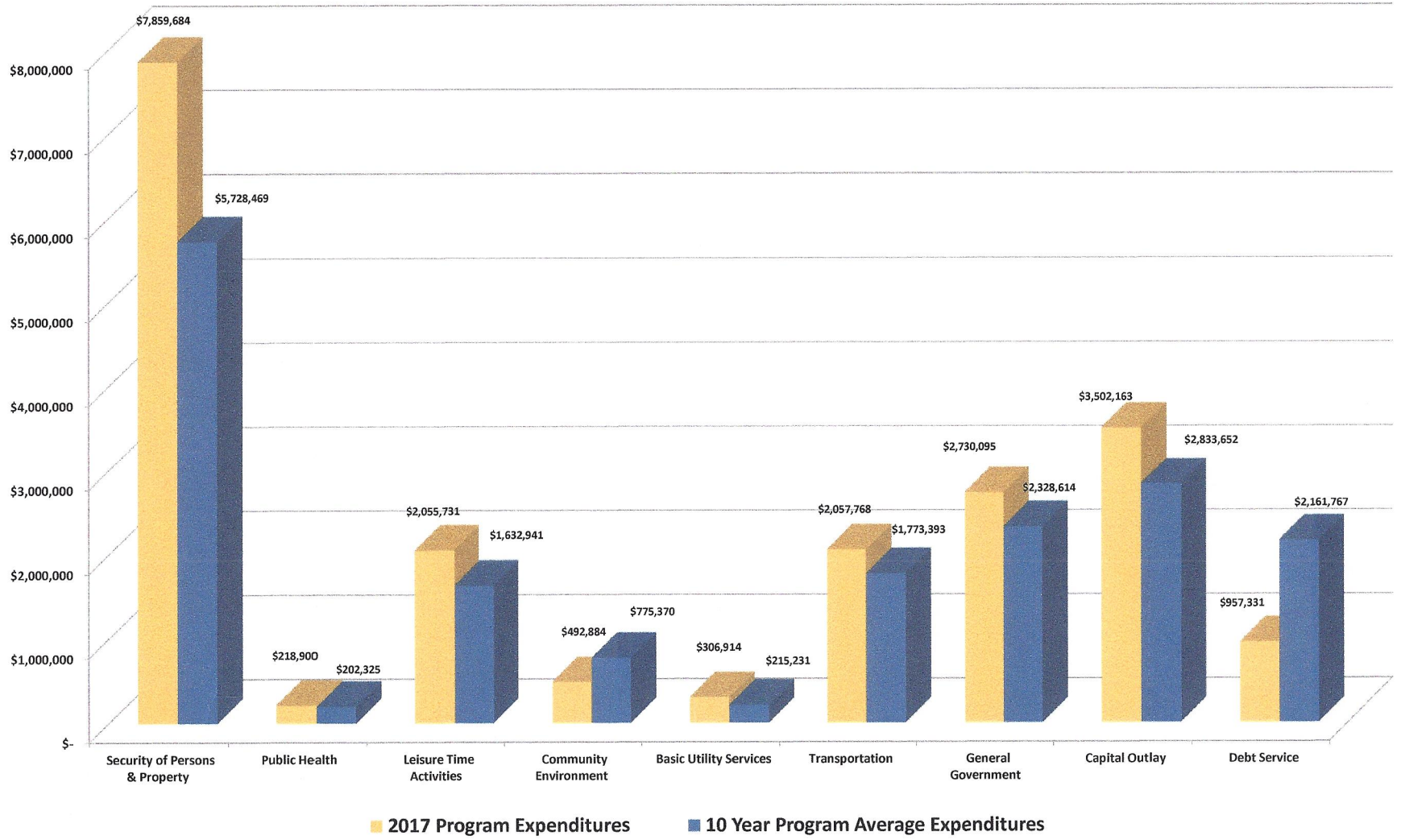
Exhibit 'G'



City of Macedonia - Summit County, Ohio Analysis Report

Comparative 2017 Vs. 10 Year Average Expenditures by Program

Exhibit 'H'



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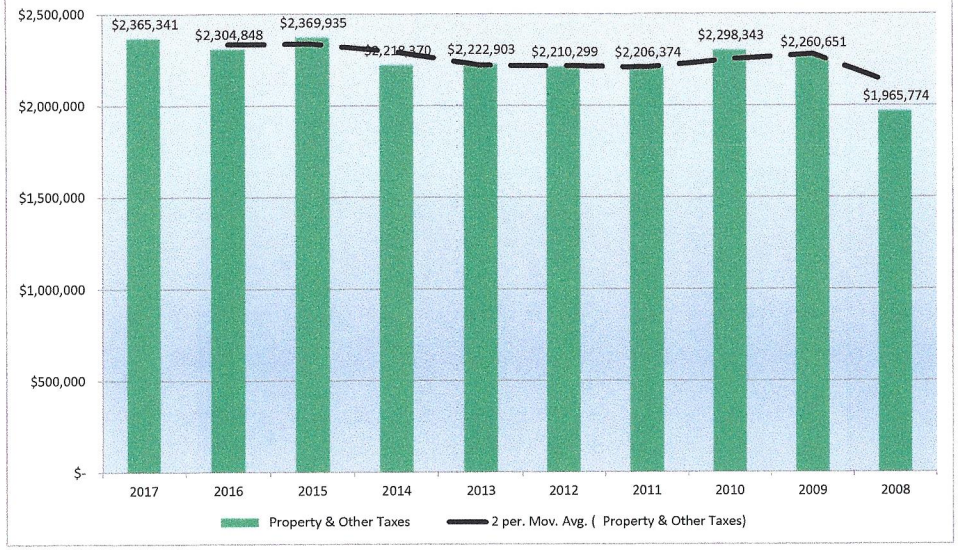
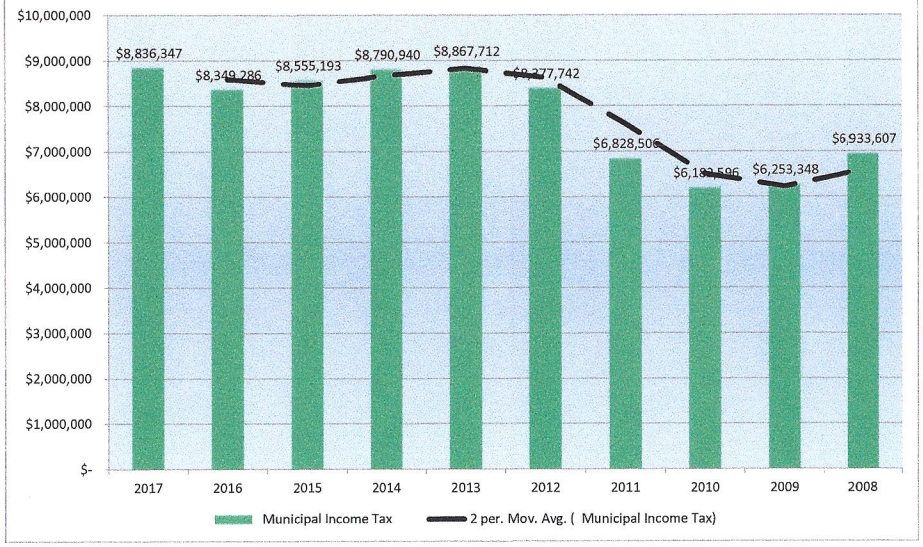
City of Macedonia - Summit County, Ohio Analysis Report

Property & Other Taxes Revenues

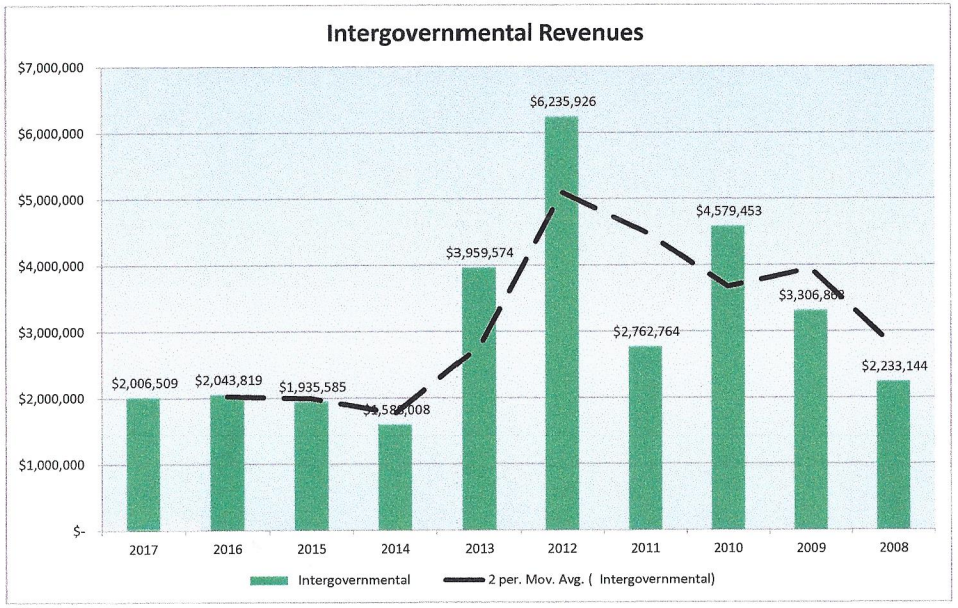


Municipal Income Tax Revenues

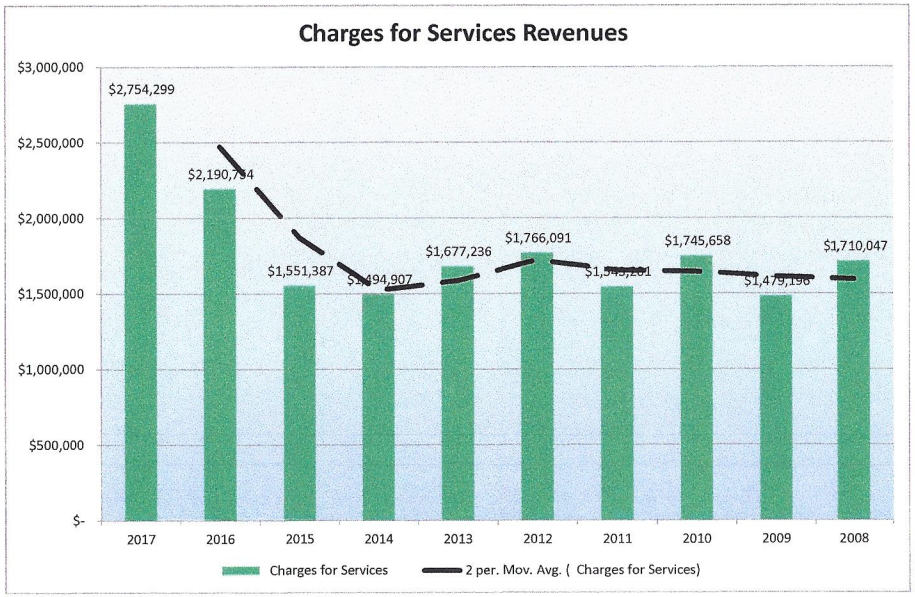
Exhibit 'I'



Intergovernmental Revenues

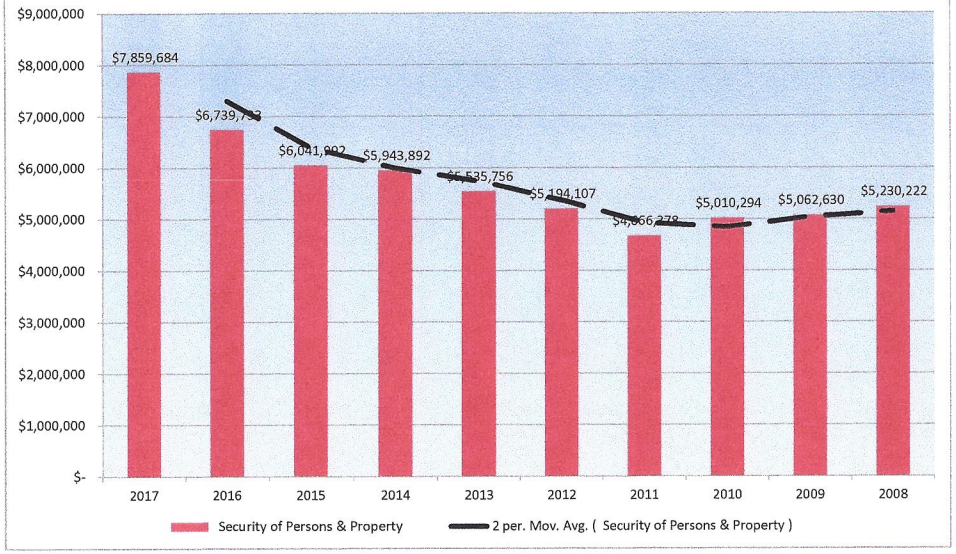


Charges for Services Revenues



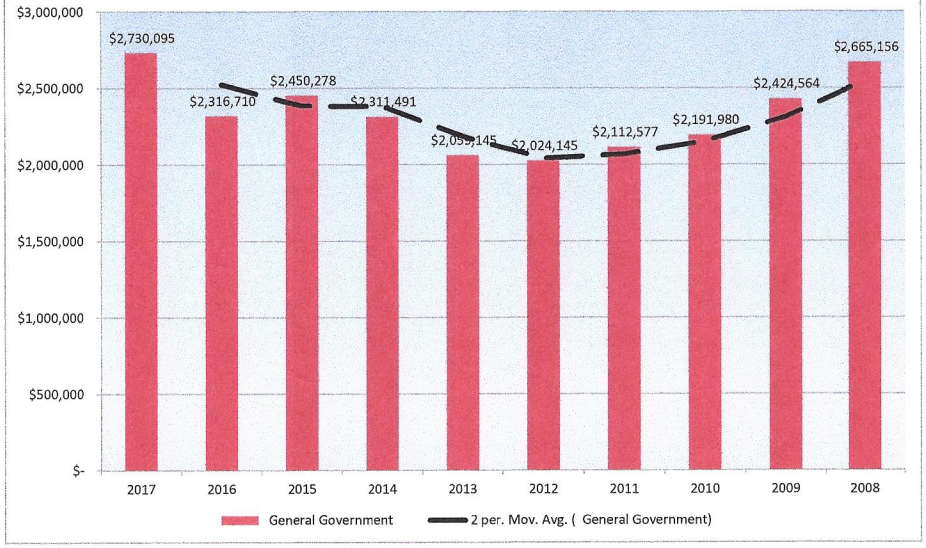
City of Macedonia - Summit County, Ohio Analysis Report

Security of Persons & Property Expenditures

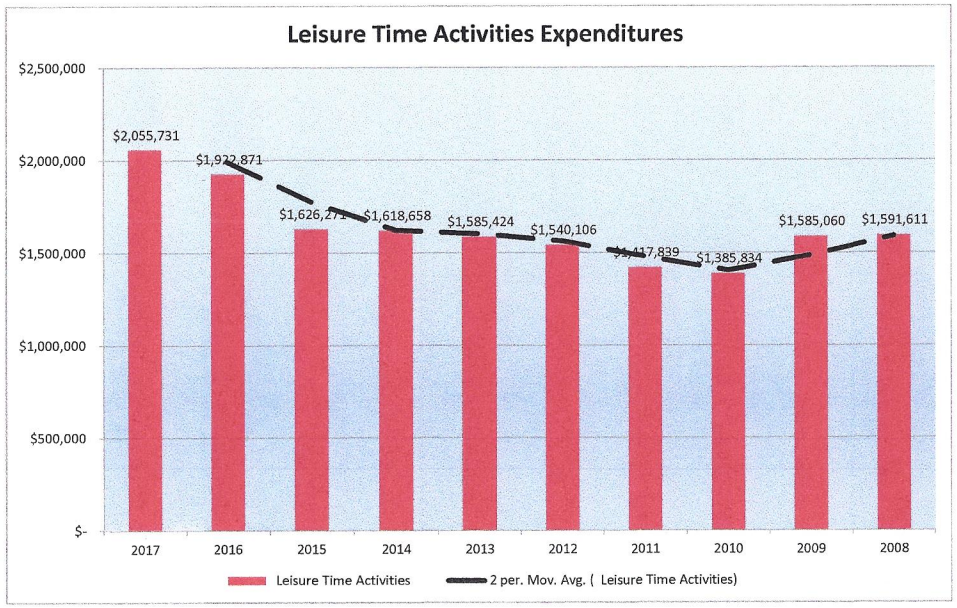


General Government Expenditures

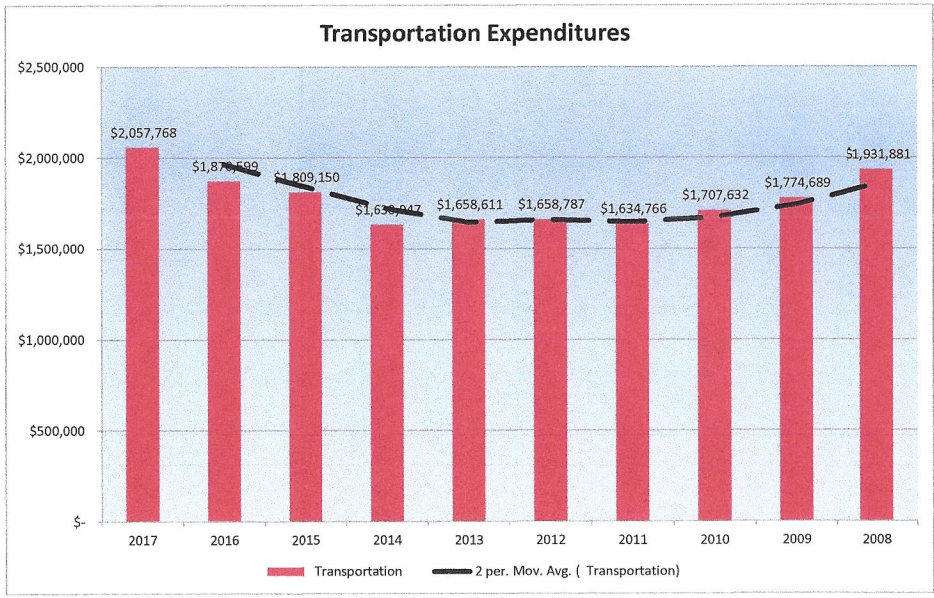
Exhibit 'J'



Leisure Time Activities Expenditures



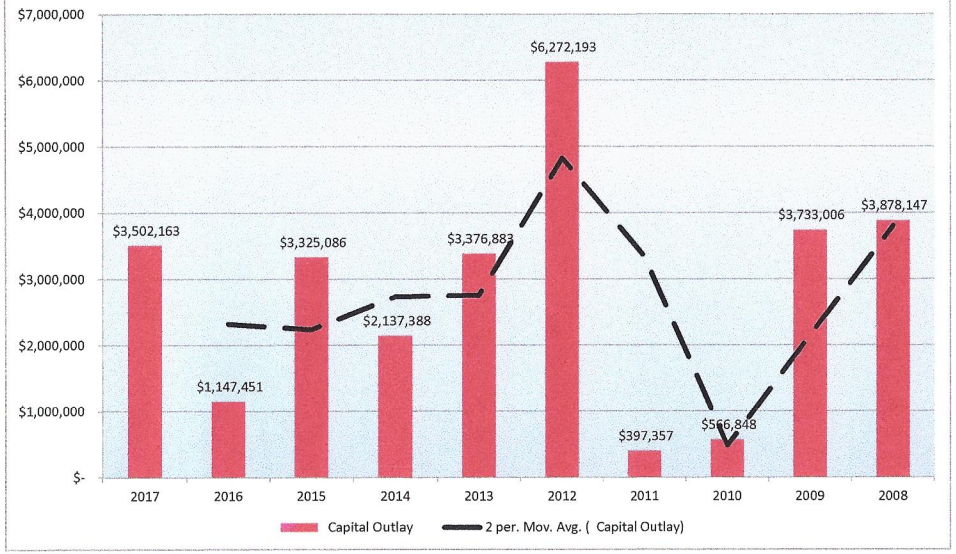
Transportation Expenditures



All information deemed to be reliable, however, it is not gauranteed. All reports graphs are for averaging, trending, and comparative purposes only.

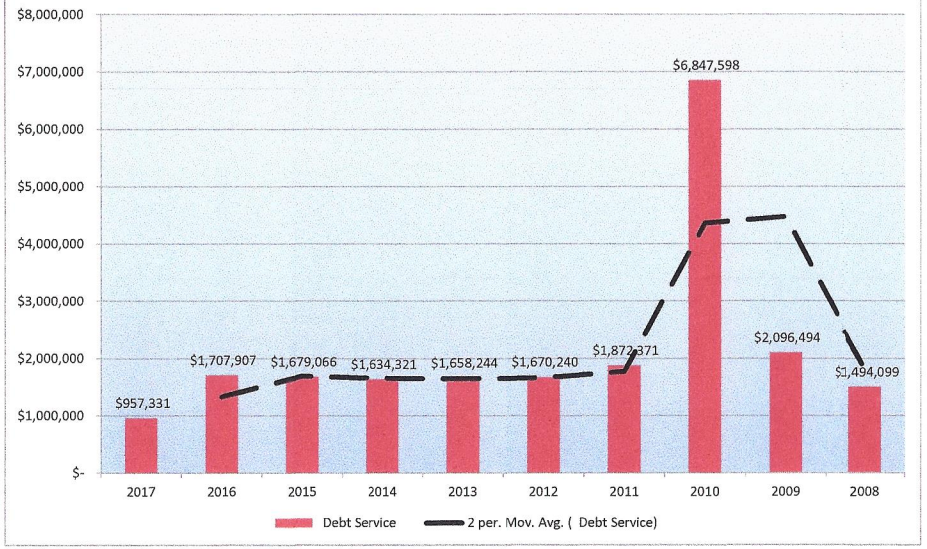
City of Macedonia - Summit County, Ohio Analysis Report

Capital Outlay Expenditures

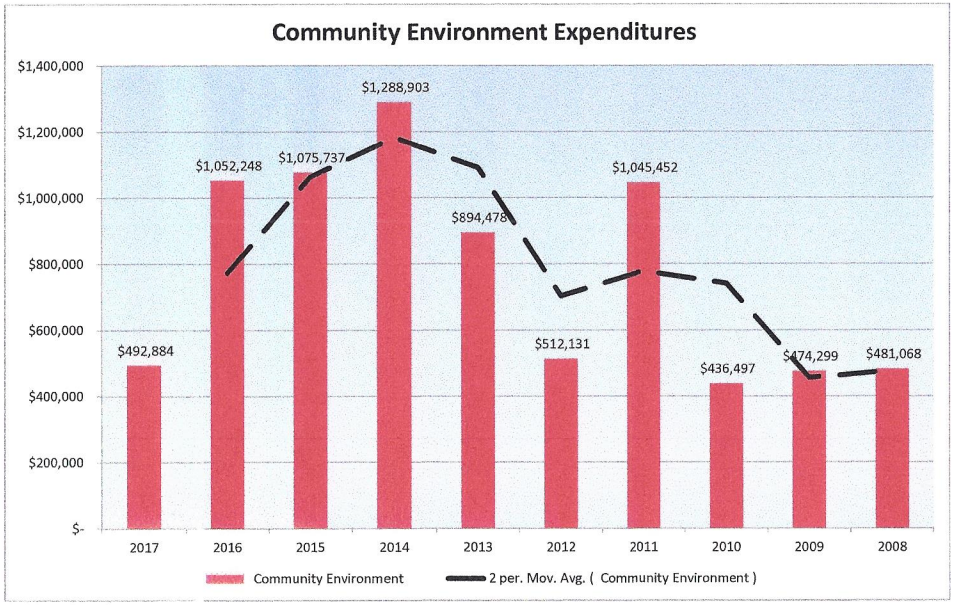
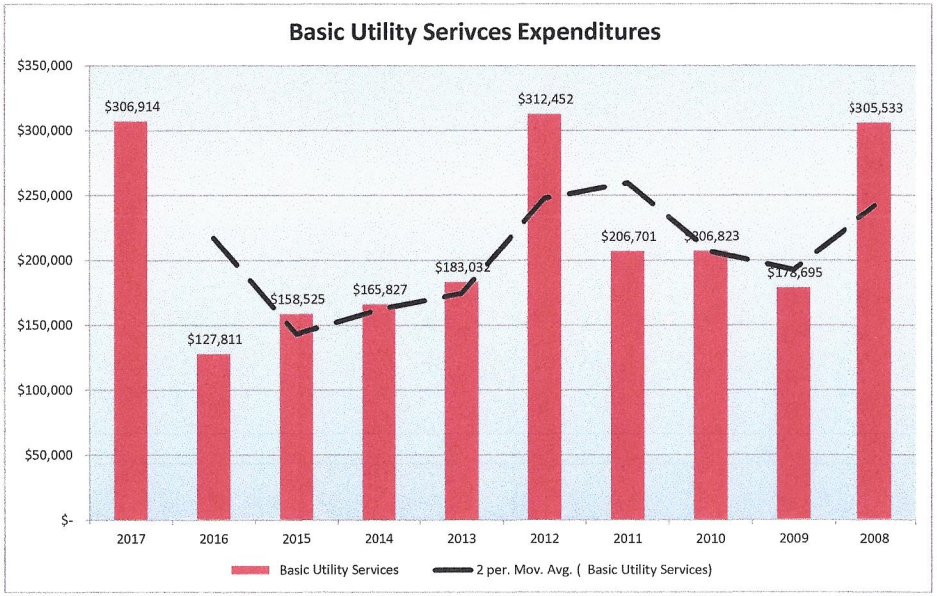


Debt Service Expenditures

Exhibit 'K'



Community Environment Expenditures



Basic Utility Serivces Expenditures