



Mary Taylor, CPA
Auditor of State

CITY OF MACEDONIA
SUMMIT COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Macedonia
Summit County
9691 Valley View Road
Macedonia, Ohio 44056

To the City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Macedonia, Summit County, (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 15, 2008 wherein the City restated its fund balance/net assets due to special assessments receivable and income taxes receivable being understated and the deferred revenue being overstated. In addition, the City reclassified the Emergency Response Billing Special Revenue Fund and the Joint Economic Development District Special Revenue Fund to the General Fund and Agency Fund, respectively. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the City's management in a separate letter dated September 15, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2007-002.

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated September 15, 2008.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, and City Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 15, 2008

**CITY OF MACEDONIA
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Significant Deficiency

Capital Assets

During testing of capital assets, the following deficiencies were noted:

- The full cost of new assets was not always input into the system since freight and handling were excluded.
- Assets purchased by the City and placed into service during 2006 were not included in the capital asset listing until 2007, resulting in restatement adjustments.
- Although corrected, the City initially incorrectly classified two vehicles as machinery and equipment within the capital asset system.
- The City recorded infrastructure assets grouped by asset, by year; however, the City did not keep track of project expenses. As a result, individual expenses for individual assets could not always be traced to their inclusion as capital assets.
- Infrastructure assets brought on in the current year were based upon engineering estimates that could not be verified. Testing based upon verifiable information resulted in a proposed audit adjustment of \$240,000 to the restated balance.
- 5 out of 30 (16.7%) expenses tested were improperly excluded from the capital asset listing resulting in equipment and vehicle assets being understated by \$17,279.
- A component of a road infrastructure asset was not included on the additions listing, resulting in a proposed audit adjustment of \$241,038.
- The City's capital asset policy does not address depreciation or useful lives of assets.
- The City does not consistently follow its own practice with respect to useful lives of assets.
- Similar assets were not being depreciated consistently.
- Depreciation expense calculated by the City differed from the amount generated by the system.
- No comparison to actual costs was made for infrastructure projects that were added based upon estimated costs.
- Accumulated depreciation was inaccurately recorded for Buildings, Machinery and Equipment, and Vehicles, resulting in adjustments of \$275,210, \$89,841, and \$72,352, respectively.
- 1 out of 60 (1.6%) of depreciable assets tested as well as several others per scan of the Asset Master Listing were fully depreciated according to depreciation reports; however, these assets are still in use.
- Depreciation by function was misstated.

In order to improve the accountability and reporting of the capital assets, the City should:

- Ensure all assets purchased are recorded at their full purchase cost including freight and all costs to place the asset into service.
- Ensure all assets meeting the capitalization threshold are reported as a capital asset in the year they are placed into service.
- Ensure all assets are properly coded within the capital asset system to accurately account for each class of assets.
- Maintain listings of each asset and/or project included within infrastructure asset groups to ensure the sum of separate assets equals the group total.
- Maintain proper supporting documentation for infrastructure assets.
- Ensure all assets meeting the capitalization threshold are properly included in the capital asset system.

FINDING NUMBER 2007-001 (Continued)

- Ensure all expenditures associated with a project are included in the recorded value of the asset.
- Clarify its capital asset policy relating to useful lives and depreciation practices.
- Ensure consistent practices with respect to useful lives in accordance with the capital asset policy.
- Ensure similar items are being depreciated consistently in accordance with the capital asset policy.
- Compare recorded amounts of depreciation expense to system generated reports.
- Compare actual costs of completed projects to recorded amounts for assets included based upon estimates.
- Compare recorded amounts of accumulated depreciation to system generated reports.
- Reevaluate the useful lives of fully depreciated assets.
- Utilize system reports, which automatically generate depreciation expense by function.

Officials' Response: The City is committed to implementing the capital assets policies and procedures recommended by the auditors. The full implementation of the capital asset tracking program will be completed in 2008. We anticipate that this will resolve our outstanding capital asset issues.

FINDING NUMBER 2007-002

Material Citation

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the Finance Director of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's Finance Director. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a Finance Director's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the Finance Director can certify that both at the time that the contract or order was made ("then"), and at the time that the Finance Director is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Finance Director without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

FINDING NUMBER 2007-002 (Continued)

2. **Blanket Certificate** – Finance Directors may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The City may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Finance Director for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

25 out of 68, or 36.76%, of disbursements tested were improperly certified. Of these, 14 disbursements did not utilize a purchase order, six disbursements had purchase orders dated after the invoice date and none of the exceptions listed above were used, two disbursements utilized expired purchase orders, one expenditure was only partially certified, one invoice exceeded the purchase order by more than 10 percent, and one expenditure had a “Then and Now” certification for an amount over \$3,000 without a resolution of City Council.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City’s funds exceeding budgetary spending limitations, we recommend that the Finance Director certify the funds are or will be available prior to the obligation by the City. When prior certification is not possible “then and now” certification should be used. In addition, the City should use purchase orders for all expenditures.

We recommend the City certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Finance Director should sign the certification at the time the City incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Finance Director should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. The City should also obtain a resolution or ordinance from Council for those expenditures over \$3,000 needing a “Then and Now” certificate.

Official’s Response: The City is committed to following state purchasing requirements and we believe appropriate steps have been taken to resolve these issues.

**CITY OF MACEDONIA
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006-001	Capital Assets – A comprehensive written capital asset policy and comprehensive capital asset records were not maintained.	No	Partially Corrected, reissued as Finding 2007-001
2006-002	Building Dept. Fees Lack of supporting documentation and insufficient monitoring by management	No	Partially corrected; reissued as management letter recommendation
2006-003	Posting Estimated Resources and Appropriations – Certain budgeted revenues and budgeted expenditures posted to the City’s accounting system did not agree to the actual approved certificate of estimated resources or appropriation resolutions.	No	Partially corrected; reissued as management letter recommendation
2006-004	Ohio Rev. Code Section 5705.41(D) – Certain expenditures were not certified by the Finance Director prior to incurring the obligation	No	Not corrected; reissued as Finding 2007-002
2006-005	Ohio Rev. Code Section 5705.10 – Certain funds had negative fund balances at year-end.	No	Partially corrected; reissued as management letter recommendation
2006-006	Ohio Rev. Code Section 5705.39 – Total appropriations exceeded total estimated resources in certain funds.	No	Partially corrected; reissued as an Management Letter recommendation
2006-007	Ohio Rev. Code Section 5705.41(B) Expenditures at year end exceeded appropriations.	No	Partially corrected; reissued as an agenda recommendation
2006-008	Ohio Rev. Code Sections 5705.14, 5705.15, 5705.16 Interfund transfers were not approved by the Tax Commissioner and the Court of Common Pleas	No	Partially corrected; reissued as management letter citation

City of Macedonia, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2007

Prepared by:

Steven C. Brunot
Director of Finance

City of Macedonia, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007
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CITY OF MACEDONIA

The Crossroads of Northeast Ohio

9691 Valley View Road • Macedonia, Ohio 44056
330 / 468-8350 • Fax: 330 / 468-8395

Don Kuchta
Mayor

Steven C. Brunot, CGFM
Director of Finance
SBrunot@macedonia.oh.us

September 15, 2008

Members of City Council
and Citizens of the City of Macedonia, Ohio

Ladies and Gentlemen:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Macedonia for the year ended December 31, 2007.

State law requires that every general-purpose local government file an unaudited annual report with the State Auditor's Office within 150 days of year end. The general purpose external financial statements from this report were filed to satisfy that requirement.

The City assumes full responsibility for the completeness and accuracy of the data including all disclosures presented in this report. To the best of our knowledge, the data contained in this report is accurate in all material respects, and is presented in a manner designed to fairly represent the financial position and results of operation of the City.

As a part of the City's independent audit, considerations are made to assess the internal control structure in relation to the financial statements as well as determine that the City has complied with applicable laws and regulations. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Auditor of State, Mary Taylor, Certified Public Accountant, has issued her opinion on the City of Macedonia's financial statements for the year ended December 31, 2007. Ohio law requires independent audits to be performed annually on all financial operations of the City. The independent accountants' report on the basic financial statements is included in the financial section of this report.

Management's discussion and analysis (MD&A) follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

★ **Service** ★ **Commitment** ★ **Pride** ★

CITY PROFILE

Abraham Cranmer purchased 90 acres of property near Indian Run at the intersection of Jenkins and N. Bedford Roads where he built his home in 1824, the first log house in this new settlement. Soon other people moved to this new settlement known as "The Corners". A school was built in 1833; a frame church in 1835, and there was an Inn for weary travelers on the stagecoach line from Pittsburgh to Cleveland.

Colonel William Frew Long became Mayor when Macedonia was a village in 1962 and continued when it became a city due to population growth. Today, Macedonia is a home-rule municipal corporation operating under the laws of the State of Ohio. The City's current charter provides for a Mayor to serve as the executive authority for the City. The Mayor serves a four-year term. The legislative authority is vested in a six member Council. All council members are elected at-large and serve four-year terms.

The City of Macedonia is a full service community. The Macedonia Police Department was established in 1905. In 1921, the Macedonia Volunteer Fire Department was formed. The Fire Department went from part time/volunteer status to a full time department in December of 1997.

Macedonia is fortunate to have one of the largest City owned parks in the State of Ohio. Longwood Park includes 292 acres along State Route 82 that was donated by Macedonia's first Mayor, Colonel Long. It offers many recreational opportunities, including baseball and soccer fields, sand volleyball, playgrounds, picnic shelters with modern restroom facilities, hiking trails, and a stocked three acre lake. Memorial Park, also known to residents as the Town Center Park, was donated to the City in 1928 by Colonel E.C. Peck. The City's third park, Sugarbush Park, is located on Ledge Road in the heart of the residential area. This jewel sits on 23 acres and includes a softball field, playground, basketball court, picnic shelter and hiking trail.

ECONOMIC OUTLOOK

"Industry is the sole creator of real wealth in any community. Macedonia is no exception. As industry prospers, so do the men engaged in the commerce of the community and in rendering professional and other services to its people. As payrolls and profits increase, everyone shares directly or indirectly in the benefits." – Colonel William Frew Long, First Mayor of Macedonia

The City of Macedonia continues to recognize the value of industry and commerce as the creator of wealth for our community. Located at the crossroads of State Route 8, State Route 82, Interstate 271, and the Norfolk/Southern Railroad, the City is in a unique position to fill the transportation needs of our local businesses.

The City offers a Foreign Trade Zone along North Freeway Drive and is looking to expand this offering to other areas in the City. The City recently improved its North Freeway Drive to promote development of prime industrial land parallel to Interstate 271 and the Norfolk/Southern Railroad. The area now has the infrastructure needed to fully capitalize on its status as a foreign trade zone.

The City offers various incentives for businesses locating in the community. The entire City has been designated a Community Reinvestment Area. The City offers a 10-year, 75 percent real estate property tax abatement to businesses locating new facilities or expanding existing facilities in the City.

In 2007, the Council approved a new incentive program for businesses currently located in the City that expand operations or move into vacant buildings. The Macedonia Occupancy Program is a grant program available to businesses with a minimum additional annual payroll of \$250,000 excluding benefits. The grant is equal to not more than 50 percent of the additional payroll taxes paid by the business for the duration of its agreement with the City. The program provides for a maximum grant of \$50,000 per year and a maximum duration of 10 years. The qualifying payroll must be maintained throughout the term of the grant.

The City does not rely on any single taxpayer to support its income tax collections. No single withholding account is producing more than 4 percent of the City's total income tax collections. The top 10 private-employer withholding accounts are responsible for just over 20 percent of the City's total income tax collections. The City's diverse business base includes a major manufacturer of child safety products, a major distributor of forklift equipment, home improvement and building material suppliers, and established retail chains. This diversity creates a very stable business climate for the City throughout various economic cycles.

The City continues to partner with Northfield Center Township through a Joint Economic Development District. The City's relationship with Northfield Center Township brought both communities together in support of an Economic, Fiscal and Environmental Impact Report for the State Route 8 Corridor that includes significant acreage in both communities.

LONG-TERM FINANCIAL PLANNING

The City was facing a deteriorating financial position through 2004. Between 1998 and 2004, the City's unreserved General Fund balance dropped from nearly \$1.4 million in 1998 to \$84,290 by the end of 2004. At the end of 2004, the City began the process of long-term planning to restore its fiscal viability. As a result, the City returned its unreserved general fund balance to 1998 levels by the end of 2005 and continues to preserve those fund balances.

In 2005, the City administration completed a Five-year Financial Plan. This document is updated annually and is available on the City's website at www.macedonia.oh.us. The document discusses the anticipated needs of the various departments for the next five years. Each department identifies its anticipated personnel requirements, operating requirements and major capital requirements.

The administration also produces a debt plan. This plan provides significant direction for planning major debt supported purchases. The plan includes discussion of the next 20 years of debt service payments and anticipated debt issuance. It also discusses the sources for paying debt service and their impact on the City's various funds. The debt plan was initiated by the current administration to proactively pay down some debt that was inherited from prior administrations and assist the City in planning for the funding of five major road projects that will require significant debt support; North Freeway Drive Rehabilitation, State Route 82 Road Widening Phase 2, State Route 82 Road Widening Phase 3, South Freeway Drive Rehabilitation and the Highland Road Grade Separation. Construction on State Route 82 Phase 2 will begin in 2008. The South Freeway Drive Rehabilitation project is scheduled to begin in late 2008 or early 2009.

The City's primary revenue source is its 2 percent income tax. City ordinances require that at least 8.5 percent of the City's net income tax collections be allocated to general improvements, 12.5 percent to parks and recreation, and 29 percent to police, fire and service department expenditures. The balance is to be used for current operating expenditures. The City continues to exceed the stated minimum support levels stipulated by ordinance.

The City collects on four property tax levies. A 2.53 mill levy funds general operations and a .3 mill levy funds police pensions. Both of these levies are inside the state's 10 mill limitation and are collected at their stated rate. A general operating levy was renewed in 2005 and will be collected through 2010. It has a stated rate of 5.07 mills with a current effective rate of approximately 1.1 mills. A .8 mill fire-operating levy is scheduled for replacement in August of 2008. The City is seeking to increase the stated rate on this levy to 1.0 mills.

RELEVANT FINANCIAL POLICIES

Cash Management/Investment

The City's investment policy allows it to invest in U.S. Treasury securities, securities issued by federal agencies and instrumentalities, certificates of deposit, debt instruments of the City of Macedonia, repurchase agreements, and STAROhio or similar money market mutual funds that only invest in obligations that are otherwise permitted by the City's investment policy. The City purchases all securities with the intent to hold until maturity. As a result, the City has not incurred any realized losses in its portfolio. Note 6 to the audited financial statements includes further detail regarding the City's current investments.

Capital Assets

The City monitors the location and value of its capital assets per City policy. The City's capitalization threshold is \$500 per unit. Each item is entered into our capital asset tracking program and, where feasible, tagged with a barcode sticker for future inventory scanning.

MAJOR INITIATIVES

Road Maintenance

The current administration has made it a priority to fund annual road maintenance through annual appropriations. This is, in part, a response to the level of road maintenance related debt inherited from prior administrations. In 2007, the City made the final payment of \$108,000 on the 1997-1998 road improvement portion of the \$260,000 various purpose improvement note in addition to the annual road maintenance program. In 2007 the City spent just over \$746,000 on the annual road maintenance program which included resurfacing Shepard Road, full-depth soft spot repairs and crack sealing.

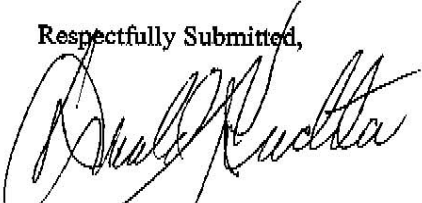
Finance

During 2006, the City established an Emergency Reserve to protect the City's financial stability. Council did not officially determine a target balance for the fund, however, Ohio Revised Code limits the balance of the fund to 5 percent of the preceding year's operating revenue. The City ended 2007 with \$400,000 designated for emergency reserve within the general fund.


ACKNOWLEDGEMENTS

This Comprehensive Annual Financial Report was prepared by the Finance Department in conjunction with the Local Government Services Section of the Auditor of State. On behalf of the City, we would like to express our sincere appreciation for the hard work and dedication of our staff. In particular, we want to recognize Loren Sengstock, Deputy Finance Director. His continued commitment and dedication to improving the financial systems and reporting of the City of Macedonia made this report possible.

Respectfully Submitted,



Donald J. Kuchta
Mayor

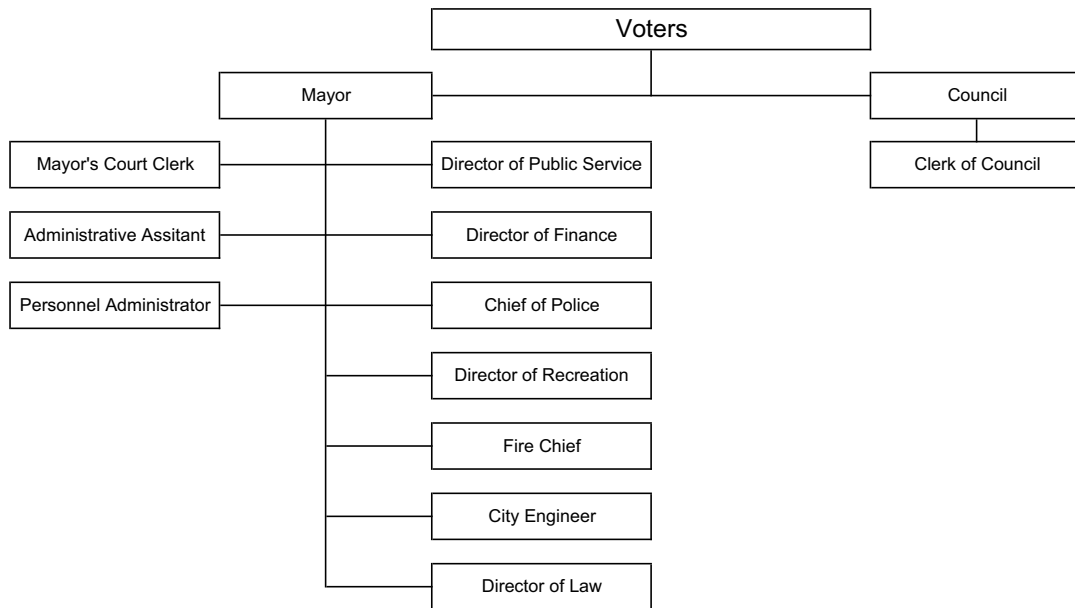


Steven C. Brunot, CGFM
Director of Finance

The City of Macedonia, Ohio

Organizational Chart

As of December 31, 2007



CITY OF MACEDONIA, OHIO

Principal Officials

Mayor

Honorable Donald Kuchta

Council President
Council-At-Large
Council-At-Large
Council-At-Large
Council-At-Large
Council-At-Large

Janet Tulley
Shane Barker
David Engle
Kenneth Martin
Michael Miller
Peggy Spraggins

Director of Law
Prosecutor
Director of Parks and Recreation
Director of Public Service
Director of Finance
City Engineer/Chief Building Official
Police Chief
Fire Chief

Joseph Diemert Jr.
Dale Economus
Angela Gmerek
James Crevar
Steven C. Brunot
Fred Tufts
Jon Golden
Timothy Black



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Macedonia
Summit County
9691 Valley View Road
Macedonia, Ohio 44056

To the City Council

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Macedonia, Summit County, Ohio (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Macedonia, Summit County, Ohio, as of December 31, 2007, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Family Recreation Center, and Street Construction, Maintenance and Repair Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As further described in Note 3B, the City restated fund balance/net assets due to special assessments receivable and income taxes receivable being understated and the deferred revenue being overstated. In addition, the City reclassified the Emergency Response Billing Special Revenue Fund and the Joint Economic Development District Special Revenue Fund to the General Fund and Agency Fund, respectively.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 15, 2008

City of Macedonia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The management's discussion and analysis of the City of Macedonia's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2007 are:

- City income tax revenue totaled \$7,238,231. This is a decrease of \$546,779 or 7.02 percent from 2006.
- Total assets increased by \$2,925,008, a 5.75 percent increase from 2006.
- Total net assets increased by \$2,816,795, a 8.21 percent increase from 2006.
- Total capital assets, net of depreciation increased \$1,584,363, a 3.11 percent increase from 2006.
- Total outstanding long-term liabilities increased \$307,730.
- The total governmental fund balances for the City increased from \$2,337,083 to \$4,485,939. The general fund ended the year with a fund balance of \$1,483,983.

Using This Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of Macedonia as a financial whole or as an entire operating entity. The statements proceed to provide an increasingly detailed look at our specific financial condition.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City of Macedonia as a Whole

Statement of Net Assets and Statement of Activities

This document contains information about the funds used by the City to provide services to our citizens. The *Statement of Net Assets* and the *Statement of Activities* answer the question, "How did the City do financially during 2007?" These statements include all assets and liabilities, except fiduciary funds, using the accrual basis of accounting similar to the accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

City of Macedonia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
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These two statements report the City's net assets and the changes in those assets. The changes in net assets are important because it tells the reader whether the financial position of the City as a whole has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

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

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

Reporting the City of Macedonia's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds to account for the services, facilities and infrastructure provided to its residents. These fund financial statements focus on the City's most significant funds. In the case of the City of Macedonia, the major funds are the general, family recreation center, street construction, maintenance and repair, special assessments bond retirement, capital improvements and State Route 82 widening.

Governmental Funds

Most of the City's activities are reported in the governmental funds. Governmental funds are reported using an accounting method called modified accrual accounting. The modified accrual accounting method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Fiduciary Funds

The City uses fiduciary funds to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

City of Macedonia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The City of Macedonia as a Whole

The *Statement of Net Assets* looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2007 compared to 2006.

TABLE 1
NET ASSETS

	Governmental Activities		
	2007	2006	Change
Current and Other Assets	\$11,056,368	\$9,715,723	\$1,340,645
Capital Assets, Net	42,776,166	41,191,803	1,584,363
<i>Total Assets</i>	<u>53,832,534</u>	<u>50,907,526</u>	<u>2,925,008</u>
Current and Other Liabilities	3,267,670	3,531,020	(263,350)
Long-Term Liabilities:			
Due within One Year	847,515	772,482	75,033
Due in More than One Year	12,577,867	12,345,170	232,697
<i>Total Liabilities</i>	<u>16,693,052</u>	<u>16,648,672</u>	<u>44,380</u>
Invested in Capital Assets, Net of Related Debt	29,425,662	28,390,269	1,035,393
Restricted for:			
Capital Projects	1,470,333	1,348,710	121,623
Debt Service	1,739,742	1,814,222	(74,480)
Street Construction and Maintenance	733,539	666,523	67,016
Recreation Services and Programs	1,496,591	1,340,409	156,182
Police Services and Programs	136,646	134,862	1,784
Fire Services	112,753	106,798	5,955
Other Purposes	388,460	232,052	156,408
Unrestricted	1,635,756	288,842	1,346,914
<i>Total Net Assets</i>	<u><u>\$37,139,482</u></u>	<u><u>\$34,322,687</u></u>	<u><u>\$2,816,795</u></u>

The largest portion of the City's net assets (79.23 percent) reflects investments in capital assets (e.g. land, buildings, improvements, machinery and equipment, furniture and fixtures, vehicles, and infrastructure), less 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 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 increased by \$2,925,008, from 2006 to 2007. The City's total liabilities increased \$44,380, for the same period. The most significant change in assets was the increase in Capital Assets of over \$1.5 million. The City conducted an inventory of its capital assets in 2006 and implemented new tracking software. As a result, capital assets have been restated and updated; the City brought on infrastructure acquired since December 31, 1980. The City substantially completed the right-a-way acquisition phase of the State Route 82 Widening project and added over \$1.1 million in land during 2007.

City of Macedonia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 2 shows the changes in net assets for the years ended December 31, 2007 and 2006.

TABLE 2
CHANGES IN NET ASSETS

	Governmental Activities		Change
	2007	2006	
Revenues			
Program Revenues:			
Charges for Services	\$2,402,021	\$3,051,425	(\$649,404)
Operating Grants and Contributions	928,327	705,496	222,831
Capital Grants and Contributions	1,817,923	1,325,039	492,884
<i>Total Program Revenues</i>	<u>5,148,271</u>	<u>5,081,960</u>	<u>66,311</u>
General Revenues:			
Property Taxes	2,221,620	2,166,586	55,034
Municipal Income Taxes	7,238,231	7,785,010	(546,779)
Grants and Entitlements, not restricted	964,624	1,045,944	(81,320)
Interest	242,721	270,663	(27,942)
Gain on Sale of Capital Assets	23,221	0	23,221
Miscellaneous	138,407	107,013	31,394
<i>Total General Revenues</i>	<u>10,828,824</u>	<u>11,375,216</u>	<u>(546,392)</u>
<i>Total Revenues</i>	<u>15,977,095</u>	<u>16,457,176</u>	<u>(480,081)</u>
Program Expenses			
General Government	2,506,386	2,822,240	(315,854)
Security of Persons and Property	5,124,863	4,922,418	202,445
Public Health Services	199,031	125,859	73,172
Transportation	2,141,819	1,930,791	211,028
Community Environment	506,742	418,580	88,162
Basic Utility Services	552,289	338,833	213,456
Leisure Time Activities	1,625,520	1,673,576	(48,056)
Interest and Fiscal Charges	503,650	548,593	(44,943)
<i>Total Program Expenses</i>	<u>13,160,300</u>	<u>12,780,890</u>	<u>379,410</u>
Change in Net Assets	2,816,795	3,676,286	(859,491)
Net Assets Beginning of Year	<u>34,322,687</u>	<u>30,646,401</u>	<u>3,676,286</u>
Net Assets End of Year	<u>\$37,139,482</u>	<u>\$34,322,687</u>	<u>\$2,816,795</u>

Governmental Activities

The City's net assets for Governmental Activities increased \$2,816,795 during 2007. Table 2 indicates total revenues decreased by \$480,081 or 2.92 percent. At the same time program expenses increased by \$379,410 or 2.97 percent.

Several types of revenues fund our governmental activities, with the City income tax as the largest revenue source for the City. The income tax rate was 2.0 percent for 2007, the same as the prior year. Both residents of the City and non-residents who work inside the City are subject to the income tax. However if residents work in a locality that has a municipal income tax, the City provides 100 percent credit up to 2.0 percent for those who pay income tax to another city. City Council could by Ordinance, choose to vary that income tax credit and create additional revenues for the City.

Total program revenues for 2007 decreased by \$66,311. While operating grants and contributions and capital grants and contributions increased \$715,715 this was offset by a decrease in charges for services of \$649,404. This decrease is due to less money coming in for fines, licenses and permits.

City of Macedonia, Ohio
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Total general revenues for 2007 decreased by \$546,392 compared to 2006. This decrease is due to the decrease in income tax revenue for 2007 of \$546,779 or 7.02 percent from 2006. The income tax revenues for 2007 were \$7,238,231. This decrease is due to businesses leaving the area. Of the \$15,977,095 in total revenues, income tax accounts for 45.30 percent of the total governmental revenues. Property taxes for 2007 were \$2,221,620.

General revenues from grants and entitlements, such as local government funds, are also revenue generators. General revenues from grants and entitlements decreased \$81,320.

During 2007, the City experienced a 2.97 percent increase in its program expenses. The largest program function for the City normally relates to security of persons and property which include police and fire services. Expenses in this area increased by 4.11 percent in 2007 due to increases in wages and benefits. General government expenses account for the basic operations of the City including council, mayor, finance, law, purchasing, civil service, engineering, building maintenance among other departments and services had expenses of \$2,506,386 for 2007.

The City's Funds

The City of Macedonia uses fund accounting as mandated by governmental legal requirements. The importance of accounting and reporting using this method is to demonstrate compliance with these finance related requirements.

Governmental Funds

These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues of \$16,379,907 and expenditures of \$15,677,203. Income tax is the City's largest revenue source.

The largest fund for the City is the general fund. The year-end fund balance for the general fund was \$1,483,983 on a modified accrual basis. This is an increase of \$214,732 from the 2006 ending balance. This increase is due to the City transferring less money out in 2007, than it did in 2006.

The family recreation center fund ended the year with a fund balance of \$1,411,122. The \$299,305 increase is due to the increase in recreation center revenues as well as the City's monitoring of expenditures while still maintaining the recreational activities our citizens enjoy.

The street construction, maintenance and repair fund ended the year with a fund balance of \$532,741. This is up \$2,887 from the prior year due to the City receiving a slight increase in gas tax monies.

The capital improvement fund ended the year with a fund balance of \$988,747. This is up \$21,292 from the year-end balance in 2006.

For all governmental funds, the end of year balances increased for the year by \$2,148,856 from \$2,337,083 in 2006 to \$4,485,939 in 2007. The available fund balance for all funds is 28.61 percent of the amount spent in total in 2007.

City of Macedonia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. Recommendations and requests for budget changes are referred to the Finance Committee before going to the formal Council meeting for ordinance enactment on the change. The Finance Director provides the administration and City Council with monthly reports on revenues and expenditures. This provides all parties with information on revenue and expenditure levels, trends, budgeted versus actual amounts and recommendations on any changes in policy or execution that may be required.

The general fund supports most of the City's major activities such as the police, fire, building, and service departments as well as the legislative and most executive activities. For the general fund, the original budgeted revenues were \$9,493,734 and the final budgeted amount was \$9,440,102. Actual revenues of \$8,977,741 were \$462,361 less than the final amended budget, due to the City receiving less in municipal income tax and fines, licenses and permits than anticipated.

The original budget estimated expenditures at \$8,016,906. The final budgeted amount of \$8,094,837 was increased from the original appropriation due to the departments incurring additional expenditures. Actual expenditures were \$7,702,438. Expenditures were \$392,399 or 4.85 percent less than the final budget.

Capital Assets and Long-Term Obligations

Capital Assets

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

	Governmental Activities	
	2007	2006
Land	\$5,024,901	\$3,873,557
Buildings and Improvements	9,870,389	10,267,808
Machinery and Equipment	1,060,229	1,224,832
Furniture and Fixtures	7,422	8,266
Vehicles	2,062,487	2,195,077
Infrastructure		
Roads	10,539,326	9,784,209
Water Mains	4,748,923	4,763,280
Storm Sewers	9,054,384	8,767,017
Traffic Signals	209,214	168,167
Bridges	198,891	203,423
<i>Totals</i>	\$42,776,166	\$41,255,636

Total capital assets, net of depreciation for governmental activities of the City for 2007 were \$42,776,166, a \$1,584,363 increase from 2006. The increase is primarily due to \$1.1 million addition of land purchased for rights-of-way and to the \$1.5 million addition to roads. The increase was then offset by current year depreciation of approximately \$2.2 million. See note 10 of the basic financial statements for additional information on capital assets.

City of Macedonia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Long-Term Obligations

On December 31, 2007, the City of Macedonia had \$8,177,089 in general obligation bonds, \$1,770,200 in special assessment bonds, \$250,000 in long-term various purpose notes, \$1,829,931 in state infrastructure bank loans, \$645,009 in OPWC loans and \$226,788 in capital leases outstanding.

Table 4
Outstanding Long-Term Obligations at End of Year

	Governmental	
	2007	2006
General Obligation Bonds	\$8,177,089	\$8,656,210
Special Assessment Bonds	1,770,200	1,850,200
Long-Term Notes	250,000	705,000
State Infrastructure Bank Loans	1,829,931	407,000
OPWC Loan	645,009	678,957
Capital Leases	226,788	334,460
Compensated Absences Payable	526,365	485,825
Totals	\$13,425,382	\$13,117,652

The City has issued general obligation bonds for various purposes and for the Recreation Center and City Hall/Safety Center. There is \$8,177,089 outstanding on the bonds. The special assessment bonds are for street construction on Highland Road and North Freeway Drive. The OPWC loan is for the North Freeway Drive project and is also being paid by special assessments.

The \$250,000 in long-term notes is for various improvements. The State Infrastructure Bank loans are for the Highland Road Grade Separation and for State Route 82.

The capital lease was for a new fire engine and two snow plows.

See notes 14 through 16 of the basic financial statements for additional information on debt.

Current Financial Related Activities

As stated earlier, the available balances at year-end comprise 28.65 percent of annual expenditures. The administration and City Council are aware of the need to, and the difficulty of, maintaining the City's financial position.

The Administration and City Council have committed the City to financial excellence. We are preparing our first Comprehensive Annual Financial Report.

The administration and City Council work hard at keeping the City's debt obligations at a minimum. Outstanding debt is well below the City's debt capacity. The City is aggressively paying off older debt in anticipation of future debt service requirements for the State Route 82 widening project. The City has a five-year financial plan and a debt management plan in place.

City of Macedonia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Regional Cooperation

The City continues to partner with Northfield Center Township through a Joint Economic Development District. Over the last several years, the District has developed significantly and is now providing nearly 1.4 percent of the City's total general fund revenue. The City's relationship with Northfield Center Township brought both communities together in support of an Economic, Fiscal and Environmental Impact Report for the State Route 8 Corridor that includes significant acreage in both communities.

The City is also engaged in the implementation of a regional fire service study completed in 2007. This study provided guidelines for eliminating duplication between the local fire departments in five surrounding communities.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends or invests. If you have any questions about this report or need additional financial information contact the Director of Finance, Steven C. Brunot, 9691 Valley View Road, Macedonia, Ohio 44056, telephone (330) 468-8351 or the City website at www.Macedonia.oh.us.

BASIC FINANCIAL STATEMENTS

City of Macedonia, Ohio

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,302,969
Cash and Cash Equivalents in Segregated Accounts	10,609
Materials and Supplies Inventory	38,632
Accrued Interest	29,947
Accounts Receivable	169,597
Intergovernmental Receivable	839,540
Prepaid Items	12,366
Municipal Income Taxes Receivable	1,439,840
Property Taxes Receivable	1,968,109
Special Assessments Receivable	2,226,246
Deferred Charges	18,513
Nondepreciable Capital Assets	5,024,901
Depreciable Capital Assets, Net	<u>37,751,265</u>
<i>Total Assets</i>	<u>53,832,534</u>
Liabilities	
Accounts Payable	180,331
Contracts Payable	85,000
Accrued Wages and Benefits	258,911
Intergovernmental Payable	494,406
Vacation Benefits Payable	14,352
Deferred Revenue	1,714,428
Accrued Interest Payable	50,242
Notes Payable	470,000
Long-Term Liabilities:	
Due Within One Year	847,515
Due In More Than One Year	<u>12,577,867</u>
<i>Total Liabilities</i>	<u>16,693,052</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	29,425,662
Restricted for:	
Capital Projects	1,470,333
Debt Service	1,739,742
Street Construction and Maintenance	733,539
Recreation Services and Programs	1,496,591
Police Services and Programs	136,646
Fire Services	112,753
Other Purposes	388,460
Unrestricted	<u>1,635,756</u>
<i>Total Net Assets</i>	<u><u>\$37,139,482</u></u>

See accompanying notes to the basic financial statements

City of Macedonia, Ohio
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities	Governmental Activities				
General Government	\$2,506,386	\$465,264	\$1,052	\$0	(\$2,040,070)
Security of Persons and Property	5,124,863	679,314	78,397	0	(4,367,152)
Public Health Services	199,031	29,630	78	0	(169,323)
Transportation	2,141,819	4,618	848,175	1,692,923	403,897
Community Environment	506,742	75,293	197	0	(431,252)
Basic Utility Services	552,289	151,508	61	0	(400,720)
Leisure Time Activities	1,625,520	996,394	367	125,000	(503,759)
Interest and Fiscal Charges	503,650	0	0	0	(503,650)
<i>Total Governmental Activities</i>	<u>\$13,160,300</u>	<u>\$2,402,021</u>	<u>\$928,327</u>	<u>\$1,817,923</u>	<u>(8,012,029)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes				1,980,218	
Fire Operating Levy				117,298	
Police Pension Transfer				124,104	
Municipal Income Taxes Levied for:					
General Purposes				4,610,268	
Family Recreation Center				846,891	
Capital Improvements				1,781,072	
Grants and Entitlements not Restricted to Specific Programs				964,624	
Investment Earnings				242,721	
Gain on Sale of Capital Assets				23,221	
Miscellaneous				138,407	
<i>Total General Revenues</i>				<u>10,828,824</u>	
<i>Change in Net Assets</i>				2,816,795	
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>				<u>34,322,687</u>	
<i>Net Assets End of Year</i>				<u>\$37,139,482</u>	

See accompanying notes to the basic financial statements

City of Macedonia, Ohio
Balance Sheet
Governmental Funds
December 31, 2007

	General	Family Recreation Center	Street Construction, Maintenance and Repair	Special Assessments Bond Retirement	Capital Improvements	State Route 82 Widening	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$934,544	\$1,322,472	\$537,467	\$0	\$750,257	\$0	\$758,229	\$4,302,969
Cash and Cash Equivalents in Segregated Accounts	10,609	0	0	0	0	0	0	10,609
Materials and Supplies Inventory	4,359	0	34,273	0	0	0	0	38,632
Accrued Interest Receivable	29,947	0	0	0	0	0	0	29,947
Accounts Receivable	161,109	1,464	3,150	0	1,754	0	2,120	169,597
Interfund Receivable	150,310	0	0	0	0	0	0	150,310
Intergovernmental Receivable	405,907	0	344,235	0	0	0	89,398	839,540
Prepaid Items	9,252	1,371	1,421	0	0	0	322	12,366
Municipal Income Taxes Receivable	908,539	169,901	0	0	361,400	0	0	1,439,840
Property Taxes Receivable	1,737,863	0	0	0	0	0	230,246	1,968,109
Special Assessments Receivable	398,195	0	0	1,782,295	0	0	45,756	2,226,246
<i>Total Assets</i>	<u>\$4,750,634</u>	<u>\$1,495,208</u>	<u>\$920,546</u>	<u>\$1,782,295</u>	<u>\$1,113,411</u>	<u>\$0</u>	<u>\$1,126,071</u>	<u>\$11,188,165</u>
Liabilities and Fund Balances								
Liabilities								
Accounts Payable	\$73,037	\$3,193	\$40,065	\$0	\$0	\$4,151	\$59,885	\$180,331
Contracts Payable	0	0	0	0	85,000	0	0	85,000
Accrued Wages and Benefits	193,957	20,160	37,045	0	0	0	7,749	258,911
Intergovernmental Payable	377,076	42,087	63,473	0	0	0	11,770	494,406
Interfund Payable	0	0	0	0	0	36,648	113,662	150,310
Deferred Revenue	2,622,581	18,646	247,222	1,782,295	39,664	0	345,171	5,055,579
Accrued Interest Payable	0	0	0	0	0	0	7,689	7,689
Notes Payable	0	0	0	0	0	0	470,000	470,000
<i>Total Liabilities</i>	<u>3,266,651</u>	<u>84,086</u>	<u>387,805</u>	<u>1,782,295</u>	<u>124,664</u>	<u>40,799</u>	<u>1,015,926</u>	<u>6,702,226</u>
Fund Balances (Deficit)								
Reserved for Encumbrances	100,754	8,175	165,578	0	182,435	79,140	203,821	739,903
Unreserved:								
Designated for Emergency Reserve	400,000	0	0	0	0	0	0	400,000
Undesignated, Reported in:								
General Fund	983,229	0	0	0	0	0	0	983,229
Special Revenue Funds	0	1,402,947	367,163	0	0	0	548,649	2,318,759
Capital Projects Funds	0	0	0	0	806,312	(119,939)	(642,325)	44,048
<i>Total Fund Balances (Deficit)</i>	<u>1,483,983</u>	<u>1,411,122</u>	<u>532,741</u>	<u>0</u>	<u>988,747</u>	<u>(40,799)</u>	<u>110,145</u>	<u>4,485,939</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,750,634</u>	<u>\$1,495,208</u>	<u>\$920,546</u>	<u>\$1,782,295</u>	<u>\$1,113,411</u>	<u>\$0</u>	<u>\$1,126,071</u>	<u>\$11,188,165</u>

See accompanying notes to the basic financial statements

City of Macedonia, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Total Governmental Fund Balances	\$4,485,939
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	42,776,166
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property and Other Taxes	244,766
Municipal Income Tax	158,021
Charges for Services	115,230
Intergovernmental	596,888
Special Assessments	2,226,246
Total	3,341,151
Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(14,352)
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.	18,513
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(42,553)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(8,177,089)
Special Assessment Bonds	(1,770,200)
SIB Loans Payable	(1,829,931)
OPWC Loans Payable	(645,009)
Long Term Notes	(250,000)
Capital Lease Obligation Payable	(226,788)
Compensated Absences Payable	(526,365)
Total	(13,425,382)
Net Assets of Governmental Activities	\$37,139,482

See accompanying notes to the basic financial statements

City of Macedonia, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Family Recreation Center	Street Construction, Maintenance and Repair	Special Assessments Bond Retirement	Capital Improvements	State Route 82 Widening	Other Governmental Funds	Total Governmental Funds
Revenues								
Property Taxes	\$1,856,747	\$0	\$0	\$0	\$0	\$0	\$223,494	\$2,080,241
Municipal Income Taxes	4,792,646	881,933	0	0	1,860,612	0	0	7,535,191
Charges for Services	481,910	822,230	3,150	0	0	0	268,197	1,575,487
Fines, Licenses and Permits	609,784	0	0	0	0	0	27,914	637,698
Intergovernmental	936,668	0	622,686	0	218,899	1,649,277	524,039	3,951,569
Special Assessments	17,876	0	0	169,754	0	0	387	188,017
Interest	211,537	9,161	16,775	0	0	0	5,248	242,721
Rentals	18,485	0	0	0	0	1,468	2,855	22,808
Donations	3,002	70	0	0	2,500	0	2,196	7,768
Miscellaneous	102,945	0	13,547	0	1,754	0	20,161	138,407
<i>Total Revenues</i>	<u>9,031,600</u>	<u>1,713,394</u>	<u>656,158</u>	<u>169,754</u>	<u>2,083,765</u>	<u>1,650,745</u>	<u>1,074,491</u>	<u>16,379,907</u>
Expenditures								
Current:								
General Government	2,304,198	0	0	8,598	16,971	0	16,791	2,346,558
Security of Persons and Property	4,490,588	0	0	0	0	0	283,444	4,774,032
Public Health Services	199,031	0	0	0	0	0	0	199,031
Transportation	0	0	1,633,271	0	1,193,214	0	101,829	2,928,314
Community Environment	500,274	0	0	0	0	0	0	500,274
Basic Utility Services	155,127	0	0	0	0	33	49,496	204,656
Leisure Time Activities	2,550	1,035,489	0	0	0	0	417,370	1,455,409
Capital Outlay	0	0	0	0	0	1,226,945	371,828	1,598,773
Debt Service:								
Principal Retirement	0	0	0	113,948	107,672	0	685,000	906,620
Principal Retirement - Current Refunding	0	0	0	0	0	0	250,000	250,000
Interest and Fiscal Charges	0	0	0	80,732	10,685	0	422,119	513,536
<i>Total Expenditures</i>	<u>7,651,768</u>	<u>1,035,489</u>	<u>1,633,271</u>	<u>203,278</u>	<u>1,328,542</u>	<u>1,226,978</u>	<u>2,597,877</u>	<u>15,677,203</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,379,832</u>	<u>677,905</u>	<u>(977,113)</u>	<u>(33,524)</u>	<u>755,223</u>	<u>423,767</u>	<u>(1,523,386)</u>	<u>702,704</u>
Other Financing Sources (Uses)								
Notes Issued	0	0	0	0	0	0	250,000	250,000
Loans Issued	0	0	0	0	0	1,422,931	0	1,422,931
Current Refunding	0	0	0	0	0	0	(250,000)	(250,000)
Proceeds from Sale of Capital Assets	0	0	0	0	23,221	0	0	23,221
Transfers In	0	0	980,000	29,169	25,100	2,000	1,334,783	2,371,052
Transfers Out	(1,165,100)	(378,600)	0	0	(782,252)	0	(45,100)	(2,371,052)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,165,100)</u>	<u>(378,600)</u>	<u>980,000</u>	<u>29,169</u>	<u>(733,931)</u>	<u>1,424,931</u>	<u>1,289,683</u>	<u>1,446,152</u>
<i>Net Change in Fund Balances</i>	<u>214,732</u>	<u>299,305</u>	<u>2,887</u>	<u>(4,355)</u>	<u>21,292</u>	<u>1,848,698</u>	<u>(233,703)</u>	<u>2,148,856</u>
<i>Fund Balances (Deficit)</i>								
<i>Beginning of Year - Restated (See Note 3)</i>	<u>1,269,251</u>	<u>1,111,817</u>	<u>529,854</u>	<u>4,355</u>	<u>967,455</u>	<u>(1,889,497)</u>	<u>343,848</u>	<u>2,337,083</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,483,983</u>	<u>\$1,411,122</u>	<u>\$532,741</u>	<u>\$0</u>	<u>\$988,747</u>	<u>(\$40,799)</u>	<u>\$110,145</u>	<u>\$4,485,939</u>

See accompanying notes to the basic financial statements

City of Macedonia, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007*

Net Change in Fund Balances - Total Governmental Funds \$2,148,856

*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 outlays exceeded depreciation in the current period.

Capital Asset Additions		
Capital Outlay	3,651,432	
Capital Contributions	125,000	
Current Year Depreciation	(2,167,835)	
Total		1,608,597

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (88,067)

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

Delinquent Property Taxes	141,379	
Municipal Income Tax	(296,960)	
Charges for Services	25,881	
Intergovernmental	(373,463)	
Special Assessments	(47,870)	
Total		(551,033)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,406,620

In the statement of activities, interest accrued on outstanding bonds, bond premium, bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds expenditure is reported when the bonds are issued.

Accrued Interest	12,822	
Amortization of Deferred Loss on Refunding	(1,468)	
Amortization of Issuance Costs	(2,057)	
Amortization of Premium on Bonds	589	
Total		9,886

Other financing sources in the governmental funds increased long-term liabilities in the statement of net assets.

Notes Issued	(250,000)	
Loans Issued	(1,422,931)	
Total		(1,672,931)

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures.

Compensated Absences	(40,540)	
Vacation Benefits Payable	(4,593)	
Total		(45,133)

Change in Net Assets of Governmental Activities \$2,816,795

See accompanying notes to the basic financial statements

City of Macedonia, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,853,200	\$1,853,200	\$1,867,367	\$14,167
Municipal Income Taxes	4,961,202	4,961,202	4,713,204	(247,998)
Charges for Services	506,590	505,853	465,917	(39,936)
Licenses, Permits and Fees	942,070	897,571	618,849	(278,722)
Intergovernmental	1,073,060	1,064,874	996,009	(68,865)
Special Assessments	0	0	17,876	17,876
Interest	126,979	126,782	175,661	48,879
Rentals	20,000	20,000	18,485	(1,515)
Donations	1,000	1,000	3,002	2,002
Miscellaneous	9,633	9,620	101,371	91,751
<i>Total Revenues</i>	<u>9,493,734</u>	<u>9,440,102</u>	<u>8,977,741</u>	<u>(462,361)</u>
Expenditures				
Current:				
General Government	2,361,322	2,439,234	2,318,193	121,041
Security of Persons and Property	4,670,428	4,696,303	4,473,819	222,484
Public Health Services	228,500	199,500	199,031	469
Community Environment	461,996	472,641	470,333	2,308
Basic Utility Services	289,660	278,159	234,130	44,029
Leisure Time Activities	5,000	9,000	6,932	2,068
<i>Total Expenditures</i>	<u>8,016,906</u>	<u>8,094,837</u>	<u>7,702,438</u>	<u>392,399</u>
<i>Excess of Revenues Over Expenditures</i>	1,476,828	1,345,265	1,275,303	(69,962)
Other Financing Uses				
Transfers Out	<u>(1,155,827)</u>	<u>(1,186,927)</u>	<u>(1,165,100)</u>	<u>21,827</u>
<i>Net Change in Fund Balance</i>	321,001	158,338	110,203	(48,135)
<i>Fund Balance Beginning of Year</i>	585,695	585,695	585,695	0
Prior Year Encumbrances Appropriated	<u>154,567</u>	<u>154,567</u>	<u>154,567</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,061,263</u>	<u>\$898,600</u>	<u>\$850,465</u>	<u>(\$48,135)</u>

See accompanying notes to the basic financial statements

City of Macedonia, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Family Recreation Center Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Taxes	\$902,875	\$902,875	\$881,048	(\$21,827)
Charges for Services	814,500	754,226	830,302	76,076
Interest	0	0	9,161	9,161
Donations	0	0	70	70
<i>Total Revenues</i>	<u>1,717,375</u>	<u>1,657,101</u>	<u>1,720,581</u>	<u>63,480</u>
Expenditures				
Current:				
Leisure Time Activities	<u>1,222,185</u>	<u>1,222,185</u>	<u>1,051,313</u>	<u>170,872</u>
<i>Excess of Revenues Over Expenditures</i>	495,190	434,916	669,268	234,352
Other Financing Uses				
Transfers Out	<u>(378,600)</u>	<u>(378,600)</u>	<u>(378,600)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	116,590	56,316	290,668	234,352
<i>Fund Balance Beginning of Year</i>	1,008,570	1,008,570	1,008,570	0
Prior Year Encumbrances Appropriated	<u>12,323</u>	<u>12,323</u>	<u>12,323</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,137,483</u>	<u>\$1,077,209</u>	<u>\$1,311,561</u>	<u>\$234,352</u>

See accompanying notes to the basic financial statements

City of Macedonia, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$520,000	\$520,000	\$619,159	\$99,159
Interest	4,000	4,000	16,775	12,775
Miscellaneous	0	0	14,322	14,322
<i>Total Revenues</i>	524,000	524,000	650,256	126,256
Expenditures				
Current:				
Transportation	1,899,637	1,899,636	1,827,444	72,192
<i>Excess of Revenues Under Expenditures</i>	(1,375,637)	(1,375,636)	(1,177,188)	198,448
Other Financing Sources				
Transfers In	1,000,000	1,000,000	980,000	(20,000)
<i>Net Change in Fund Balance</i>	(375,637)	(375,636)	(197,188)	178,448
<i>Fund Balance Beginning of Year</i>	325,152	325,152	325,152	0
Prior Year Encumbrances Appropriated	210,787	210,787	210,787	0
<i>Fund Balance End of Year</i>	<u>\$160,302</u>	<u>\$160,303</u>	<u>\$338,751</u>	<u>\$178,448</u>

See accompanying notes to the basic financial statements

City of Macedonia, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2007

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$183,899</u></u>
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Liabilities

Undistributed Monies	\$124,862
Deposits Held and Due to Others	<u>59,037</u>

<i>Total Liabilities</i>	<u><u>\$183,899</u></u>
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See accompanying notes to the basic financial statements

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

Note 1 - Description of the City and Reporting Entity

The City of Macedonia (the “City”) is a charter municipal corporation duly organized and existing under the constitution and laws of the State of Ohio. The City may exercise all powers of local self-government and police powers to the extent it is not in conflict with applicable general laws. A charter was first adopted by the electorate at a general election held in 1972. The City operates under its own charter and is governed by a Mayor-Council form of government with the Mayor appointing the Finance Director and Department heads, with Council approval and Council appointing the Clerk of Council. Officials include six council members and a Mayor elected to four-year terms.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Macedonia this includes the departments and agencies that provide the following services: police, fire, street maintenance, planning and zoning, emergency medical technicians, parks and recreation system, public improvements department, general administrative services and Mayor’s court.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. The City has no component units.

The City is associated with one jointly governed organization, the Northeast Ohio Public Energy Council and one joint venture, the Northfield Center Township – Macedonia Joint Economic Development District. These organizations are presented in notes 17 and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Macedonia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities unless these pronouncements conflict with or contradict GASB pronouncements. The more significant of the City’s accounting policies are described below.

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.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

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. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

The statement of net assets presents the financial condition of the governmental 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. 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 which are 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 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 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. 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. The City reports two categories of funds: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions 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 The general fund is the operating fund of the City and is used 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 of Macedonia and/or the general laws of Ohio.

Family Recreation Center Fund The family recreation center fund accounts for membership and program fees and income taxes to be used for the operation and maintenance of the family recreational center.

Street Construction, Maintenance and Repair Fund The street construction, maintenance and repair fund accounts for the portion of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of designated streets within the City and for the maintenance and operations of the street department.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

Special Assessments Bond Retirement Fund The special assessments bond retirement fund accounts for accumulation of resources to pay principal and interest on special assessment debt.

Capital Improvements Fund The capital improvement fund accounts for municipal tax revenues to be used for major improvements to, acquisition of and maintenance of the City's capital assets and infrastructure.

State Route 82 Widening Fund The State Route 82 widening fund accounts for Ohio Public Works Commission loans for widening State Route 82.

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

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for deposits pledged by contractors, citizens and building assessment fees collected for the Ohio Board of Building Standards, a payroll revolving fund that accounts for net payroll and related deductions for distribution and finally a Joint Economic Development District with Northfield Township.

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. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. 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 reconciliations 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 reported on the financial statements. Government-wide financial statements and the statements presented for fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. 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.

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

are measurable and become available. 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. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, grants, fees and rentals.

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, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. 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/Expenditures 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. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control is at the department level and object level of personal services for the General, Street Construction, Maintenance and Repair, and Parks and Recreation funds, at the line item level for the Capital Improvements fund, and at the fund level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control. More detailed allocations beyond the legal level of appropriations passed by Council may be made by the Finance Director.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time the final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources by fund. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

The City has segregated bank accounts for monies held separate from the City's central bank account. These amounts are presented as "Cash and Cash equivalents in Segregated Accounts" since they are not required to be deposited into the City treasury.

During 2007, the City's investments were limited to federal national mortgage discount notes, federal home loan bank discount notes, federal home loan mortgage corporation bonds, federal national mortgage association discount bonds, United States Treasury notes and STAROhio.

Investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2007.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2007 amounted to \$211,537, which includes \$164,118 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

I. Capital Assets

The City's only capital assets are general capital assets. General capital assets are those assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five hundred dollars. 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.

All reported capital assets are depreciated except for land. 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:

Description	Estimated Lives
Land	N/A
Building and Improvement	50 years
Land Improvements	20 years
Machinery and Equipment	5 years
Furniture and Fixtures	10 years
Vehicles	5 - 15 years
Infrastructure	20 - 50 years

The City's infrastructure consists of roads, water mains, storm sewers, traffic signals, and bridges and includes infrastructure acquired since December 31, 1980.

J. Interfund Balances

On fund financial statements, receivables and payables resulting in short term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving benefits in the future. The amount is based on accumulation sick leave and

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for employees after one year of service with the City.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, compensated absences 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, capital leases, loans and long-term notes are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance Reserves and Designations

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. Unreserved fund balance indicates that portion of fund equity which is available for appropriations in future periods. Fund balance reserves have been established for encumbrances. Designations represent tentative plans for future use of financial resources. The City has begun accumulating resources for emergency reserves. A portion of the general fund balance has been designated for emergency reserves.

N. 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 constitutional provisions on enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government wide statement of net assets report \$6,072,763 of restricted net assets, none of which is restricted by enabling legislation.

Net assets restricted for other purposes include the operations of the FAIR program, community development block grant program, and maintaining subdivision trees.

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

O. Interfund Activity

Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

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.

P. Bond Issuance Costs

On the government-wide financial statements, bond issuance costs are deferred and amortized over the term of the applicable bonds using the effective interest method. Within the governmental fund statements, bond issuance costs are expensed when incurred. Issuance costs are generally paid from bond proceeds.

Q. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are received in the year the bonds are issued.

R. Gain/Loss on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method.

S. 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.

T. 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.

Note 3 - Changes in Accounting Principles and Restatement of Fund Balance/Net Assets

A. Change in Accounting Principles

For 2007, the City has implemented Governmental Accounting Standards Boards (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No.48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No.50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with

City of Macedonia, Ohio
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OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the OP&F post-employment healthcare plans in the amount of \$34,965 and \$26,221 for police and \$14,894 for fire, respectively, which are the same as previously reported liabilities.

GASB Statement No.48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing).

GASB Statement No.50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements.

The implementation of GASB Statements No. 45, 48 and 50 did not materially affect the presentation of the financial statements of the City.

B. Restatement of Prior Year Fund Balance/Net Assets

During 2007, it was determined that special assessment receivable and income taxes receivable were understated and deferred revenue was overstated. Also during 2007, it was determined that the emergency response billing special revenue fund should be reported as part of the general fund and the joint economic development district special revenue fund should be reported as an agency fund.

This restatement had the following effect on fund balances at January 1, 2007:

	General	Family Recreation Center	Street Construction Maintenance and Repair	Special Assessments Bond Retirement
Fund Balances, January 1, 2007	\$1,428,012	\$1,075,180	\$529,854	\$4,355
Special Assessment Receivable	416,071	0	0	0
Income Taxes Receivable	(172,397)	57,433	0	0
Deferred Revenue	(418,975)	(20,796)	0	0
Fund Reclassification	16,540	0	0	0
Adjusted Fund Balance, January 1, 2007	<u>\$1,269,251</u>	<u>\$1,111,817</u>	<u>\$529,854</u>	<u>\$4,355</u>
	Capital Improvements	State Route 82 Widening	Nonmajor	Total
Fund Balances, January 1, 2007	\$886,773	(\$1,889,497)	\$455,994	\$2,490,671
Special Assessment Receivable	0	0	0	416,071
Income Taxes Receivable	126,663	0	0	11,699
Deferred Revenue	(45,981)	0	0	(485,752)
Fund Reclassification	0	0	(112,146)	(95,606)
Adjusted Fund Balance, January 1, 2007	<u>\$967,455</u>	<u>(\$1,889,497)</u>	<u>\$343,848</u>	<u>\$2,337,083</u>

Also during 2007, the City brought on infrastructure acquired since 1980. The City's capital assets and accumulated depreciation were also incorrectly stated on the City's capital asset listing. These adjustments, along with an overstatement in compensated absences had the following effects on net assets as they were previously reported.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

	Governmental Activities
Net Assets	
January 1, 2007	\$32,027,577
Restatement:	
Fund Reclassification	(101,871)
Special Assessments Receivable	416,071
Income Taxes Receivable	11,699
Compensated Absences	104,810
Capital Assets	1,864,401
Restated Net Assets,	
January 1, 2007	\$34,322,687

Note 4 - Compliance and Accountability

A. Legal Compliance

Contrary to Section 5705.41(B), Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of final appropriations:

	Final Appropriations	Expenditures Plus Encumbrances	Excess
General Fund			
General Government:			
Legal			
Personal Services	\$69,000	\$69,092	\$92
Other	86,548	86,971	423
Security of Persons and Property:			
Fire Prevention and Inspection			
Other	191,146	220,775	29,629
Community Environment:			
Housing and Building			
Personal Services	85,150	86,283	1,133
Capital Projects Funds			
Capital Improvements			
General Government:			
Capital Outlay	45,118	48,093	2,975
Capital Outlay			
Ridability Repairs	32,000	49,154	17,154
Crack Sealing	53,100	53,908	808
Sewer Notes			
General Government:			
Auditor's Deductions			
Other	0	16	16

Although these budgetary violations were not corrected by fiscal year-end, management had indicated that appropriations will be closely monitored to ensure no future violations.

City of Macedonia, Ohio
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Contrary to Section 5705.39, Ohio Revised Code, the following funds had original appropriations in excess of original certifications of estimated resources plus beginning balances:

	Original Estimated Resources Plus Beginning Balances	Original Appropriations	Excess
<i>Capital Projects Funds</i>			
Route 8 and Highland Road	\$1,229,047	\$1,685,540	\$456,493
Road Resurfacing Notes	653,792	667,200	13,408

Also, contrary to Section 5709.39, Ohio Revised Code, the following funds had final appropriations in excess of final certifications of estimated resources plus beginning balances:

	Final Estimated Resources Plus Beginning Balances	Final Appropriations	Excess
<i>Debt Service Fund</i>			
Special Assessments Bond Retirement	\$203,279	\$203,508	\$229
<i>Capital Projects Funds</i>			
Route 8 and Highland Road	1,229,047	1,685,540	456,493
Road Resurfacing Notes	664,392	684,380	19,988

The City had negative cash balances in the following funds indicating that revenue from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10:

<i>Capital Projects Funds:</i>	
State Route 82 Widening	\$36,648
Route 8 and Highland Road	113,662

Contrary to Ohio Rev. Code Section 5705.41(D), the City did not always certify the availability of funds prior to the obligation of expenditures.

Although these budgetary violations were not corrected by year-end, management has indicated that appropriations will be closely monitored to ensure no future violations.

B. Fund Deficits

The following funds had deficit fund balances at December 31, 2007:

Capital Projects Funds:	
State Route 82 Widening	\$40,799
Route 8 and Highland Road	113,662
Shepard Road Sanitary Sewers	204,152
Highland Bridge	32,282
Road Resurfacing Notes	255,602

The deficit in the Route 8 and Highland Road capital projects fund resulted from expenditures exceeding revenues. The City will review its operations to determine the steps needed to be taken to eliminate the situation.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

The deficit in the State Route 82 widening capital projects fund resulted from expenditures exceeding revenues. The City was in the process of purchasing land for rights-of-way and expected monies that had not yet been received.

The deficits in the road resurfacing notes and Shepard Road sanitary sewers capital projects funds are the result of the issuance of short-term bond anticipation notes which are used to finance the project until bonds are issued.

The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual for the General Fund and the Family Recreation Center and Street Construction, Maintenance and Repair special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with 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 basis).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budget basis statements for the general fund, the family recreation center special revenue fund and the street construction, maintenance and repair special revenue fund.

	Net Change in Fund Balance		
	General	Family Recreation Center	Street Construction, Maintenance and Repair
GAAP Basis	\$214,732	\$299,305	\$2,887
Net Adjustment for Revenue Accruals	(53,859)	7,187	(5,902)
Net Adjustment for Expenditure Accruals	82,666	(4,913)	4,543
Encumbrances	(133,336)	(10,911)	(198,716)
Budget Basis	<u>\$110,203</u>	<u>\$290,668</u>	<u>(\$197,188)</u>

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

Note 6 - Deposits and Investments

The City has chosen to follow State statutes and classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. 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 designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market 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 market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$1,024,973 of the City's bank balance of \$1,135,040 was uninsured and uncollateralized. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

All investments are in an internal investment pool. As of December 31, 2007, the City had the following investments:

	<u>Fair Value</u>	<u>Average Maturity</u>
Federal National Mortgage Discount Notes	\$397,400	62 days
Federal Home Loan Bank Discount Notes	199,700	16 days
Federal Home Loan Mortgage Corporation Bonds	495,100	88 days
Federal National Mortgage Association Discount Notes	1,312,251	324 days
Federal National Mortgage Association Bonds	706,173	524 days
United States Treasury Notes	301,008	91 days
STAROhio	65,332	41 days
	<u>\$3,476,964</u>	

City of Macedonia, Ohio
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For the Year Ended December 31, 2007

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in investments so that securities mature to meet cash requirements for ongoing operations. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The Federal National Mortgage Discount Notes, Federal Home Loan Bank Discount Notes, Federal Home Loan Mortgage Corporation Bonds, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Bonds, and the United States Treasury Notes carry a rating of AAA by Standards & Poor's and STAROhio also carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk The City's investment policy places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2007:

Investment	Percentage of Investment
Fifth Third Bank Investment Account:	
Federal National Mortgage Discount Notes	11.43%
Federal Home Loan Bank Discount Notes	5.74%
Federal Home Loan Mortgage Corporation Bonds	14.24%
Federal National Mortgage Association Discount Notes	37.74%
Federal National Mortgage Association Bonds	20.31%
United States Treasury Notes	8.66%
STAROhio	1.88%

Note 7 - Receivables

Receivables at December 31, 2007, consisted primarily of municipal income taxes, property taxes, special assessments, accounts (billings for user charged services and court fines), and intergovernmental receivables arising from grants, entitlements and shared revenues.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except for delinquent property taxes and special assessments are expected to be collected within one year. Property taxes although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$379,247 in the general fund and \$1,700,495 in the special assessment bond retirement fund. At December 31, 2007 the amount of delinquent special assessments was \$12,095.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

City of Macedonia, Ohio
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For the Year Ended December 31, 2007

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments 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.

The full tax rate for all City operations for the year ended December 31, 2007, was \$8.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based as follows:

Real Estate	
Residential/Agriculture	\$380,139,740
Tangible Personal Property	
Public Utility	17,277,840
General Tangible Personal Property	<u>27,964,077</u>
Total Valuation	<u><u>\$425,381,657</u></u>

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Macedonia. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007 and for which there is an enforceable legal claim. In the general, fire operating levy and police pension transfer funds the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Income Taxes

The City levies a two percent municipal income tax on substantially all income earned within the City. In addition, City residents are required to pay tax on income earned outside of the City. The City allows a credit of one hundred percent for income tax paid to another municipality, not to exceed two percent of taxable income.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are required to pay their

City of Macedonia, Ohio
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For the Year Ended December 31, 2007

estimated tax quarterly and file a declaration annually. By City ordinance 8.5 percent of the City's net income tax collections be allocated to general improvements, 12.5 percent to parks and recreation, and 29 percent of the general fund's income tax revenue to cover police, fire and service department expenditures. The balance is to be used for current operating expenditures.

The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of three percent.

C. Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Local Government	\$215,658
Homestead and Rollback	61,994
Public Utility	26,958
Personal Property Reimbursement	60,956
Inheritance Tax	10,944
Other	29,432
Street Construction, Maintenance and Repair	344,235
State Highway	17,157
Fire Operating	12,238
Motor Vehicle License	51,389
Police Pension	8,579
	\$839,540
<i>Total Governmental Activities</i>	\$839,540

Note 8 - Compensated Absences

The criteria for determining vacation and sick leave liabilities are derived from negotiated agreements and State laws. Employees earn ten to twenty-five days of vacation per year, depending upon length of service. Normally, all vacation is to be taken in the year available unless written approval for carryover of vacation is obtained, in which case it is to be used in the first quarter of the following year. All accumulated unused vacation time is paid upon termination of employment.

Employees earn sick leave at a rate of 1 1/4 days per month. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of forty percent of accumulated, unused sick leave up to a maximum payment of 385 hours, except fire employees of 460 hours. An employee with less than 10 years of service with the City who is terminated other than retirement is entitled to be paid 25 percent of their accrued unused sick leave up to a maximum payment of 240 hours.

Note 9 - Interfund Transfers and Balances

A. Interfund Balances

Interfund balances at December 31, 2007 consisted of the following amounts and represent advances to offset deficit cash. All are expected to be paid within one year.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

Interfund Payable	Interfund Receivable
	General Fund
Major Funds	
State Route 82 Widening	\$36,648
Nonmajor Funds	
Route 8 and Highland Road	113,662
<i>Total</i>	\$150,310

B. Interfund Transfers

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; to move unrestricted revenues collected in the general fund to provide additional resources for current operations or debt service; and to segregate money for anticipated capital projects.

Transfer To	Transfer From						Total
	Non-Major Funds					Total	
	General Fund	Family Recreation Center	Capital Improvements	Wireless E911	Fire Department Apparatus Note		
Major Funds:							
Street Construction, Maintenance and Repair	\$980,000	\$0	\$0	\$0	\$0	\$980,000	
Special Assessments Bond Retirement	0	0	29,169	0	0	29,169	
Capital Improvements	0	0	0	25,100	0	25,100	
State Route 82 Widening	2,000	0	0	0	0	2,000	
Nonmajor Funds:							
Parks and Recreation	168,000	0	0	0	0	168,000	
General Obligations Bond Retirement	0	378,600	476,883	0	0	855,483	
South Freeway Drive	5,000	0	0	0	0	5,000	
Road Resurfacing Notes	10,100	0	167,200	0	20,000	197,300	
Fire Department Apparatus Note	0	0	109,000	0	0	109,000	
Total	\$1,165,100	\$378,600	\$782,252	\$25,100	\$20,000	\$2,371,052	

The general fund transfers to the street construction, maintenance and repair fund and the parks and recreation fund were for general operations. The additional transfers out of the general fund were to cover fund deficits. The wireless E911 fund transferred money to the capital improvements fund to cover expenditures related to the installation of the system. The transfer from the fire department apparatus note fund into the road resurfacing notes fund was needed to due to move note repayments to the appropriate funds. The transfers into the general obligation bond retirement and special assessment bond retirement funds were all to pay debt obligations. The transfers out of the capital improvements fund into the various funds were for capital projects.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	Restated Balance 12/31/06	Additions	Deletions	Balance 12/31/07
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$3,873,557	\$1,151,344	\$0	\$5,024,901
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	12,258,733	125,000	0	12,383,733
Machinery and Equipment	1,879,182	150,792	(186,097)	1,843,877
Furniture and Fixtures	14,247	0	0	14,247
Vehicles	3,378,011	159,346	(95,224)	3,442,133
Infrastructure				
Roads	17,281,791	1,505,671	0	18,787,462
Water Mains	5,933,760	105,372	0	6,039,132
Storm Sewers	10,977,546	513,144	0	11,490,690
Traffic Signals	412,000	65,763	0	477,763
Bridges	226,589	0	0	226,589
<i>Total Capital Assets Being Depreciated</i>	<u>52,361,859</u>	<u>2,625,088</u>	<u>(281,321)</u>	<u>54,705,626</u>
<i>Less Accumulated Depreciation</i>				
Buildings and Improvements	(1,990,925)	(522,419)	0	(2,513,344)
Machinery and Equipment	(654,350)	(239,264)	109,966	(783,648)
Furniture and Fixtures	(5,981)	(844)	0	(6,825)
Vehicles	(1,182,934)	(280,000)	83,288	(1,379,646)
Infrastructure				
Roads	(7,497,582)	(750,554)	0	(8,248,136)
Water Mains	(1,170,480)	(119,729)	0	(1,290,209)
Storm Sewers	(2,210,529)	(225,777)	0	(2,436,306)
Traffic Signals	(243,833)	(24,716)	0	(268,549)
Bridges	(23,166)	(4,532)	0	(27,698)
<i>Total Accumulated Depreciation</i>	<u>(14,979,780)</u>	<u>(2,167,835) *</u>	<u>193,254</u>	<u>(16,954,361)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>37,382,079</u>	<u>457,253</u>	<u>(88,067)</u>	<u>37,751,265</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$41,255,636</u>	<u>\$1,608,597</u>	<u>(\$88,067)</u>	<u>\$42,776,166</u>

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

* Depreciation expense was charged to governmental functions as follow:

General Government	\$116,739
Security of Persons and Property	313,577
Transportation	1,080,899
Community Environment	980
Basic Utility Services	437,022
Leisure Time Activities	218,618
	218,618
Total	\$2,167,835

The City received an original Timothy P. Schmalz bronze sculpture valued at \$125,000. The City recorded this as a capital contribution.

Note 11 - Risk Management

A. Property and Liability

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 disaster. As of December 31, 2007, the City contracted with the St. Paul Travelers Insurance Company, as follows:

Type of Coverage	Coverage	Deductible
St. Paul Travelers Insurance		
Blanket Property, and Contents, Replacement	\$17,524,800	\$1,000
General Liability	1,000,000	0
Automobile Liability	1,000,000	500
Umbrella Liability	4,000,000	10,000
Employer Liability	1,000,000	0
Computers	50,000	1,000
Computers in Transit	24,000	1,000
Miscellaneous Equipment (Scheduled)	922,907	1,000
Miscellaneous Equipment (Unscheduled)	60,000	250
Tower and Antenna	40,000	1,000
Public Officials Liability	1,000,000	25,000
Law Enforcement	1,000,000	25,000
Employee Benefits Liability (per act)	1,000,000/3,000,000	1,000
Employment Practices Liability	5,000,000	25,000

The City carries commercial insurance coverage for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there were no significant reductions in coverage from the prior year.

B. Workers' Compensation

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

Note 12 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension 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 that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$291,242, \$262,659 and \$262,513, respectively; 76.37 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$4,715 made by the City and \$3,234 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City’s contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State Statute. For 2007, a portion of the City’s contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City’s pension contributions to OP&F for police and firefighters were \$165,535 and \$132,679 for the year ended December 31, 2007, \$145,594 and \$113,180 for the year ended December 31, 2006, and \$146,450 and \$114,271 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 72.02 percent for police and 71.75 percent for firefighters has been contributed for 2007.

Note 13 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$191,836, \$128,475, \$109,953 respectively. 76.37 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium reimbursement and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) accounts as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OP&F plan.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$87,636 and \$51,918 for the year ended December 31, 2007, \$96,030 and \$53,978 for the year ended December 31, 2006, and \$96,595 and \$54,498 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 72.02 percent has been contributed for police and 71.75 percent has been contributed for firefighters for 2007.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

Note 14 - Capital Leases

The City entered into lease agreements for a rescue vehicle and two snow plows in a prior year. The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases". Capital lease payments have been reclassified and are reflected as debt service expenditures in the capital improvements fund on the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized and depreciated as follows as of December 31, 2007:

Governmental Activities	
<i>Capital Assets, being depreciated:</i>	
Vehicles	\$539,000
Less Accumulated Depreciation	<u>(170,683)</u>
<i>Capital Assets, Net</i>	<u><u>\$368,317</u></u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2007.

Year Ending December 31,	Governmental Activities
2008	\$118,357
2009	<u>118,357</u>
Total	236,714
Less: Amount Representing Interest	<u>(9,926)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$226,788</u></u>

Note 15 - Notes Payable

Note activity for the year ended December 31, 2007, consisted of the following:

	Outstanding 12/31/06	Issued	Retired	Outstanding 12/31/07
Various Purpose Improvement Note Series 2006	\$260,000	\$0	\$260,000	\$0
Various Purpose Improvement Note Series 2007	0	250,000	0	250,000
Shepard Road Note 2007	0	220,000	0	220,000
<i>Total</i>	<u><u>\$260,000</u></u>	<u><u>\$470,000</u></u>	<u><u>\$260,000</u></u>	<u><u>\$470,000</u></u>

All the notes are backed by the full faith and credit of the City of Macedonia. The note liability is reflected in the fund which received the proceeds.

City of Macedonia, Ohio
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On June 2, 2007, the City paid \$260,000 (\$105,000 from the fire apparatus fund and \$155,000 from the road resurfacing fund) against the \$760,000 various purpose improvement note series 2006 and issued the remaining \$500,000 in a new various purpose improvement note series 2007 note. The 2007 note has a maturity date of June 1, 2008. \$500,000 of the note proceeds was receipted into the road resurfacing fund. \$250,000 of the 2007 note has been presented as a long-term liability. The remaining \$250,000 has been reported as a fund obligation. All proceeds have been spent as of December 31, 2007.

On September 26, 2007, the City issued a \$220,000 note for the purpose of improving Shepard Road with an interest rate of 3.77 percent, and a maturity date of September 26, 2008. All proceeds have been spent as of December 31, 2007.

Note 16 - Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the City's bonds and loans follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities:			
General Obligation Bonds			
Various Purpose, 2001	3.45-4.90 %	\$8,355,000	December 1, 2016
Refunding Recreation Center, 2003	2.00-4.00	2,215,000	December 1, 2016
Special Assessments			
Highland Road Improvement Variance, 2003	2.00	1,260,000	December 1, 2023
Highland Road Improvement, 1996	6.25	294,100	December 1, 2016
North Freeway Drive, 2006	5.38	543,300	December 1, 2026
State Infrastructure Bank Loans			
Highland Road Grade Separation, 2006	3.00	407,000	December 1, 2016
State Route 82 Widening, 2007	3.00	1,422,931	December 1, 2017
Ohio Public Works Commission Loan (OPWC)			
North Freeway Drive Project, 2005	0.00	678,957	December 1, 2027
Long-Term Note Payable			
Various Improvement Notes Series 2007	3.85	250,000	May 30, 2008

City of Macedonia, Ohio
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For the Year Ended December 31, 2007

Changes in long-term obligations of the City during 2007 are as follows:

	Balance 12/31/06	Increase	Decrease	Balance 12/31/07	Amounts Due in One Year
General Obligation Bonds					
Various Purpose Bonds, 2001	\$6,895,000	\$0	\$325,000	\$6,570,000	\$340,000
Refunding Recreation Center, 2003					
Serial Bonds	1,570,000	0	155,000	1,415,000	160,000
Term Bonds	200,000	0	0	200,000	0
Premium	5,890	0	589	5,301	0
Deferred Loss on Refunding	(14,680)	0	(1,468)	(13,212)	0
<i>Total General Obligation Bonds</i>	<u>8,656,210</u>	<u>0</u>	<u>479,121</u>	<u>8,177,089</u>	<u>500,000</u>
Special Assessment Bonds with Governmental Commitment					
Highland Road Improvement Variance, 2003					
Serial Bonds	510,000	0	50,000	460,000	50,000
Term Bonds	605,000	0	0	605,000	0
Highland Road Improvement, 1996	191,900	0	14,400	177,500	15,300
North Freeway Drive, 2006	543,300	0	15,600	527,700	16,500
<i>Total Special Assessment Bonds</i>	<u>1,850,200</u>	<u>0</u>	<u>80,000</u>	<u>1,770,200</u>	<u>81,800</u>
State Infrastructure Bank Loans (SIB)					
Highland Road Grade Separation, 2006	407,000	0	0	407,000	0
State Route 82 Widening, 2007	0	1,422,931	0	1,422,931	0
<i>Total State Infrastructure Banks Loans</i>	<u>407,000</u>	<u>1,422,931</u>	<u>0</u>	<u>1,829,931</u>	<u>0</u>
Ohio Public Works Commission Loan (OPWC)					
North Freeway Drive Project, 2005	678,957	0	33,948	645,009	33,948
Long Term Notes					
Various Purpose Improvement Note Series 2006	500,000	0	500,000	0	0
Various Purpose Improvement Note Series 2007	0	250,000	0	250,000	0
Shepard Road Note, 2006	205,000	0	205,000	0	0
<i>Total Long Term Notes</i>	<u>705,000</u>	<u>250,000</u>	<u>705,000</u>	<u>250,000</u>	<u>0</u>
Capital Leases	334,460	0	107,672	226,788	111,443
Compensated Absences Payable	485,825	57,537	16,997	526,365	120,324
Total Governmental Long-Term Liabilities	<u>\$13,117,652</u>	<u>\$1,730,468</u>	<u>\$1,422,738</u>	<u>\$13,425,382</u>	<u>\$847,515</u>

General obligation bonds are the direct obligation of the City for which its full faith and credit are pledged for repayment and will be paid from the collection of income taxes.

Special assessment bonds will be paid from special assessment proceeds levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City.

The State Infrastructure Bank Loans (SIB) will be paid from the general fund. The State Infrastructure Loan for State Route 82 Widening has not been finalized and therefore a repayment schedule is not included in the schedule of debt requirements. All proceeds have been spent by December 31, 2007.

The City has pledged a portion of future vehicle registration fees and motor vehicle tax to repay \$407,000 in State Infrastructure Bank Loans issued in 2006 to finance the construction and repair of local roadways. These loans are payable solely from vehicle registration fees and motor vehicle tax and were

City of Macedonia, Ohio
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For the Year Ended December 31, 2007

projected to use twenty-nine percent of the available vehicle registration fees and motor vehicle tax revenue over the life of the loans. Total principal and interest remaining on the loans is \$473,816 payable through 2016. There was no payment due for the current year and total vehicle registration fees and motor vehicle tax revenues were \$96,636.

The City has pledged a portion of future income tax revenues to repay \$1,422,931 in State Infrastructure Bank Loans issued in 2007, to finance the construction and repair of local roadways. These loans are payable solely from income taxes and were projected to use two percent of the available income tax revenue over the life of the loans. The amortization schedule for this loan has not been finalized. There was no payment due for the current year and total income tax revenues were \$7,238,231.

The Ohio Public Works Commission (OPWC) loan for North Freeway Drive Project will be paid from special assessments.

Compensated absences will be paid from the general fund and the street construction, maintenance and repair, parks and recreation and family recreation center special revenue funds.

The various purpose note was issued for road resurfacing. The note was issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. The note matured in June, 2007. The note proceeds have been spent as of December 31, 2007.

On July 23, 2003, the City issued \$1,260,000 in special assessment bonds with interest rates varying from 2.0 percent to 4.0 percent. The bond issue included serial and term bonds.

Optional Redemption The bonds maturing on or after December 1, 2012, shall be subject to redemption, by and at the option of the City, on or after December 1, 2011, in whole or in part on any date, in the integral multiples of \$5,000, at the redemption price of 100% of principal amount to be redeemed, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption The bonds maturing on December 1, 2023 shall be term bonds subject to mandatory sinking redemption requirements. The mandatory redemption is to occur on December 1, 2016 and 2022 (with the balance of \$85,000 to be paid at stated maturity on December 1, 2023):

Year	Principal Amount
2016	\$65,000
2017	70,000
2018	70,000
2019	75,000
2020	75,000
2021	80,000
2022	85,000

Refunding Bonds

On July 23, 2003, the City issued \$2,215,000 in general obligation bonds with interest rates varying from 2.0 percent to 4.0 percent. The bond issue included serial and term bonds. Proceeds were used to refund \$2,099,000 of the outstanding 1998 Various Purpose Refunded Bonds. As a result these bonds were considered defeased and the liability for the refunded bonds has been removed from the basis financial statements. The balance outstanding for the bonds is \$1,615,000 as of December 31, 2007.

City of Macedonia, Ohio
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The serial bonds for the recreation center refunding bonds were issued for a twelve year period with a final maturity at December 1, 2015. The bonds are being retired from the general obligation bond retirement fund.

Optional Redemption The bonds maturing on or after December 1, 2012, shall be subject to redemption, by and at the option of the City, on or after December 1, 2011, in whole or in part on any date, in the integral multiples of \$5,000, at the redemption price of 100% of principal amount to be redeemed, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption The bonds maturing on December 1, 2016 shall be term bonds subject to mandatory sinking redemption requirements. The mandatory redemption is to occur on December 1, 2016 in the amount of \$200,000.

The City's overall legal debt margin was \$36,480,074 at December 31, 2007. The unvoted legal debt margin was \$15,210,991. Principal and interest requirements to retire the long-term obligations as of December 31, 2007, are as follows:

Years	General Obligation Bonds		Special Assessment Bonds		OPWC Loans	SIB Loans	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2008	\$500,000	\$364,954	\$81,800	\$78,069	\$33,948	\$0	\$0
2009	865,000	344,856	88,600	74,711	33,948	45,172	13,430
2010	855,000	306,654	90,700	71,098	33,948	46,537	12,066
2011	895,000	271,073	92,700	67,365	33,948	47,943	10,659
2012	925,000	233,263	99,900	63,486	33,948	49,392	9,210
2013-2017	4,145,000	494,598	530,900	249,248	169,740	217,956	21,451
2018-2022	0	0	541,500	131,468	169,740	0	0
2023-2026	0	0	244,100	23,251	135,789	0	0
Total	\$8,185,000	\$2,015,398	\$1,770,200	\$758,696	\$645,009	\$407,000	\$66,816

Note 17 - Jointly Governed Organization

Northeast Ohio Public Energy Council (NOPEC)

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 126 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 ensuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its 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. The City of Macedonia did not contribute to NOPEC during 2007. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 175 South Main Street, Akron, Ohio 44308 or at the website www.nopecinfo.org.

City of Macedonia, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2007

Note 18 – Joint Venture

The City participates in the Northfield Center Township - Macedonia Joint Economic Development District (JEDD) which is created in accordance with sections 715.70 and 715.71 of the Ohio Revised Code. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the Township and the City. The City and the Township shall work together to provide or cause to be provided, water, sewer, storm sewer, street lighting, roads, sidewalks and other local government services to the area. These services are funded by a predetermined percentage of income tax revenue. The Board of Directors consists of six members, three from each the City and the Township. The Township members of the Board are the Township Trustees. The City members are the Mayor and two elected members of Council who are appointed to the Board by the Mayor and approved by Council. The Board adopted an annual budget for the JEDD and estimated the revenues and expenses of the operation of the JEDD. They also established the distribution of the income tax revenues. The Board is authorized to take such necessary and appropriate actions, or establish such programs to facilitate economic development in the JEDD area. Continued existence of the JEDD is dependent on the City's continued participation; however, the City does not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2007, the JEDD had total distributions of \$323,435 of which \$161,717 went to the City. Complete financial statements can be obtained from the Northfield Center Township-Macedonia Joint Economic Development District, City of Macedonia, Ohio.

Note 19 - Contingencies

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2007.

B. Litigation

The City of Macedonia is a party to legal proceedings seeking damages. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 20 – Subsequent Event

On May 30, 2008, the City retired \$250,000 against the \$500,000 various purpose improvement note series 2007 and issued the remaining \$250,000 in new notes with an interest rate of 2.6 percent and maturing on May 30, 2009.

Combining Statements and Individual Fund Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

State Highway Fund - This fund accounts for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of State highways within the City.

Permissive License Tax Fund - This fund accounts for resources received from City and County permissive license fees for specific projects. Currently the City is only collecting interest on money that has accumulated in the fund from the past and the City has plans to eliminate the fund in the future.

Parks and Recreation Fund - This fund accounts for charges and fees related to recreation programming in the City's outdoor recreation areas and expenditures relating to outdoor recreation programs and park maintenance.

Water Maintenance and Expansion Fund – This fund accounts for receipts from the City's fee for water line maintenance and expansion. The money is used for hydrant replacement and upgrades as well as major line maintenance and expansion.

Fire Operating Levy Fund - This fund accounts for property tax revenue collected for firefighting services.

Motor Vehicle License Tax Fund – This fund accounts for the City's share of motor vehicle license tax levied by the County.

Police Pension Transfer Fund – This fund accounts for property taxes collected to pay the City's share of police pension benefits.

Drug Law Enforcement Fund – This fund accounts for monies received from drug fines and forfeited bonds to be used only for drug investigations.

Police Education Fund – This fund accounts for monies received from fines from convictions used for the education of the community.

Community Development Block Grant Fund - This fund accounts for revenues received from the federal government and City matching funds and expenditures as prescribed under the Community Development Block Grant Program.

D.A.R.E. Program Fund - This fund accounts for monies used to educate the public regarding drug abuse and drug abuse prevention.

Mayor's Court Computers Fund - This fund accounts for fines collected to be used to update court computer systems.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

F.A.I.R. Program Fund – This fund accounts for a portion of EMS billing fees that are used to educate the public regarding fire safety.

Valley View Rental Fund – This fund accounts for revenue and expenditures related to the Old City Hall at 9699 Valley View Rd.

Sub-Division Tree Fund – This fund accounts for deposits made by developers for the installation of shade trees upon completion of all subdivision construction.

Wireless E911 Fund – This fund accounts for tax revenue used in establishing, equipping, furnishing, operating, and maintaining a City-wide 911 system of safety answering points.

Nordonia Home Days Fund – This fund accounts for receipts, donations and expenditures related to the annual community festival and fireworks show.

Petroleum Trust Fund – This fund holds the deposit that must be maintained by the City due to its operation of underground petroleum storage tanks.

Nonmajor Debt Service Fund

General Obligations Bond Retirement Fund – This fund accounts for the accumulation of resources to pay principal and interest on general obligation debt.

Nonmajor Capital Projects Funds

North Freeway Drive Fund - This fund accounts for federal grant monies received from the Ohio Department of Transportation plus City and County matching funds needed for the improvement of North Freeway Drive.

Route 8 and Highland Road Fund - This fund accounts for State and local revenues and expenditures for the widening and improvement of the State Route 8/Highland Road intersection.

Shepard Road Sanitary Sewers Fund – This fund accounts for the City’s costs associated with the improvement of sanitary sewers along Shepard Road.

Municipal Property Fund - This fund accounts for revenue and expenditures related to the sale and acquisition or improvement of municipal property.

Capital Parks and Recreation Fund – This fund accounts for revenue and expenditures related to capital improvements at various City parks.

Highland Bridge Fund – This fund accounts for State and local revenues and expenditures related to the construction of a grade separation along Highland Road over the Norfolk & Southern Railroad crossing.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds (continued)

South Freeway Drive Fund – This fund accounts for monies for the improvement of South Freeway Drive. The project will include a partial assessment to property owners.

Manor House Fund – This fund accounts for contributions and expenditures toward the maintenance of the Manor House at Longwood Park.

Road Resurfacing Notes Fund – This fund accounts for note proceeds used for the improvements of roads within the City.

Sewer Notes Fund – This fund accounts for special assessment revenue and note proceeds used for sanitary sewer upgrades.

Fire Department Apparatus Note Fund – This fund accounts for notes proceeds related to the purchase of fire equipment. The final note payment was made in 2007.

City of Macedonia, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$608,775	\$149,454	\$758,229
Accounts Receivable	2,120	0	2,120
Intergovernmental Receivable	89,398	0	89,398
Prepaid Items	322	0	322
Property Taxes Receivable	230,246	0	230,246
Special Assessments Receivable	45,756	0	45,756
<i>Total Assets</i>	<u>\$976,617</u>	<u>\$149,454</u>	<u>\$1,126,071</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$23,006	\$36,879	\$59,885
Accrued Wages and Benefits	7,749	0	7,749
Intergovernmental Payable	11,770	0	11,770
Interfund Payable	0	113,662	113,662
Deferred Revenue	345,171	0	345,171
Accrued Interest Payable	0	7,689	7,689
Notes Payable	0	470,000	470,000
<i>Total Liabilities</i>	<u>387,696</u>	<u>628,230</u>	<u>1,015,926</u>
Fund Balances (Deficit)			
Reserved for Encumbrances	40,272	163,549	203,821
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	548,649	0	548,649
Capital Projects Funds	0	(642,325)	(642,325)
<i>Total Fund Balances (Deficit)</i>	<u>588,921</u>	<u>(478,776)</u>	<u>110,145</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$976,617</u>	<u>\$149,454</u>	<u>\$1,126,071</u>

City of Macedonia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$223,494	\$0	\$0	\$223,494
Charges for Services	268,197	0	0	268,197
Fines, Licenses and Permits	27,914	0	0	27,914
Intergovernmental	203,304	0	320,735	524,039
Special Assessments	0	0	387	387
Interest	5,248	0	0	5,248
Rentals	2,855	0	0	2,855
Donations	2,196	0	0	2,196
Miscellaneous	20,161	0	0	20,161
<i>Total Revenues</i>	<u>753,369</u>	<u>0</u>	<u>321,122</u>	<u>1,074,491</u>
Expenditures				
Current:				
General Government	14,150	0	2,641	16,791
Security of Persons and Property	283,444	0	0	283,444
Transportation	101,829	0	0	101,829
Basic Utility Services	49,496	0	0	49,496
Leisure Time Activities	417,370	0	0	417,370
Capital Outlay	37,694	0	334,134	371,828
Debt Service:				
Principal Retirement	0	480,000	205,000	685,000
Principal Retirement - Current Refunding	0	0	250,000	250,000
Interest and Fiscal Charges	0	382,680	39,439	422,119
<i>Total Expenditures</i>	<u>903,983</u>	<u>862,680</u>	<u>831,214</u>	<u>2,597,877</u>
<i>Excess of Revenues</i>				
<i> Under Expenditures</i>	<u>(150,614)</u>	<u>(862,680)</u>	<u>(510,092)</u>	<u>(1,523,386)</u>
Other Financing Sources (Uses)				
Notes Issued	0	0	250,000	250,000
Current Refunding	0	0	(250,000)	(250,000)
Transfers In	168,000	855,483	311,300	1,334,783
Transfers Out	(25,100)	0	(20,000)	(45,100)
<i>Total Other Financing Sources (Uses)</i>	<u>142,900</u>	<u>855,483</u>	<u>291,300</u>	<u>1,289,683</u>
<i>Net Change in Fund Balances</i>	(7,714)	(7,197)	(218,792)	(233,703)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>596,635</u>	<u>7,197</u>	<u>(259,984)</u>	<u>343,848</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$588,921</u>	<u>\$0</u>	<u>(\$478,776)</u>	<u>\$110,145</u>

City of Macedonia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	State Highway	Permissive License Tax	Parks and Recreation	Water Maintenance and Expansion
Assets				
Equity in Pooled Cash and Cash Equivalents	\$83,908	\$1,973	\$116,206	\$41,419
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	17,157	0	0	0
Prepaid Items	0	0	322	0
Property Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	45,756
<i>Total Assets</i>	<u>\$101,065</u>	<u>\$1,973</u>	<u>\$116,528</u>	<u>\$87,175</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$322	\$0	\$1,175	\$7,600
Accrued Wages and Benefits	0	0	7,749	0
Intergovernmental Payable	0	0	11,770	0
Deferred Revenue	11,260	0	0	45,756
<i>Total Liabilities</i>	<u>11,582</u>	<u>0</u>	<u>20,694</u>	<u>53,356</u>
Fund Balances				
Reserved for Encumbrances	0	0	4,376	3,275
Unreserved, Undesignated	89,483	1,973	91,458	30,544
<i>Total Fund Balances</i>	<u>89,483</u>	<u>1,973</u>	<u>95,834</u>	<u>33,819</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$101,065</u>	<u>\$1,973</u>	<u>\$116,528</u>	<u>\$87,175</u>

Fire Operating Levy	Motor Vehicle License Tax	Police Pension Transfer	Drug Law Enforcement	Police Education	Community Development Block Grant	D.A.R.E. Program
\$81,972	\$61,861	\$51,463	\$1,021	\$9,533	\$2,301	\$3,509
0	0	0	0	0	0	0
12,238	51,389	8,579	0	35	0	0
0	0	0	0	0	0	0
105,837	0	124,409	0	0	0	0
0	0	0	0	0	0	0
<u>\$200,047</u>	<u>\$113,250</u>	<u>\$184,451</u>	<u>\$1,021</u>	<u>\$9,568</u>	<u>\$2,301</u>	<u>\$3,509</u>
\$0	\$13,909	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
118,075	37,092	132,988	0	0	0	0
<u>118,075</u>	<u>51,001</u>	<u>132,988</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0
81,972	62,249	51,463	1,021	9,568	2,301	3,509
<u>81,972</u>	<u>62,249</u>	<u>51,463</u>	<u>1,021</u>	<u>9,568</u>	<u>2,301</u>	<u>3,509</u>
<u>\$200,047</u>	<u>\$113,250</u>	<u>\$184,451</u>	<u>\$1,021</u>	<u>\$9,568</u>	<u>\$2,301</u>	<u>\$3,509</u>

(continued)

City of Macedonia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2007

	Mayor's Court Computers	F.A.I.R. Program	Valley View Rental	Sub-Division Tree
Assets				
Equity in Pooled Cash and Cash Equivalents	\$29,119	\$14,378	\$110	\$77,486
Accounts Receivable	785	1,335	0	0
Intergovernmental Receivable	0	0	0	0
Prepaid Items	0	0	0	0
Property Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$29,904</u>	<u>\$15,713</u>	<u>\$110</u>	<u>\$77,486</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	250	0	32,371
Unreserved, Undesignated	29,904	15,463	110	45,115
<i>Total Fund Balances</i>	<u>29,904</u>	<u>15,713</u>	<u>110</u>	<u>77,486</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$29,904</u>	<u>\$15,713</u>	<u>\$110</u>	<u>\$77,486</u>

Wireless E911	Nordonia Home Days	Petroleum Trust	Total Nonmajor Special Revenue Funds
\$21,298	\$218	\$11,000	\$608,775
0	0	0	2,120
0	0	0	89,398
0	0	0	322
0	0	0	230,246
0	0	0	45,756
<u>\$21,298</u>	<u>\$218</u>	<u>\$11,000</u>	<u>\$976,617</u>
\$0	\$0	\$0	\$23,006
0	0	0	7,749
0	0	0	11,770
0	0	0	345,171
0	0	0	387,696
0	0	0	40,272
21,298	218	11,000	548,649
21,298	218	11,000	588,921
<u>\$21,298</u>	<u>\$218</u>	<u>\$11,000</u>	<u>\$976,617</u>

City of Macedonia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	State Highway	Permissive License Tax	Parks and Recreation
Revenues			
Property Taxes	\$0	\$0	\$0
Charges for Services	0	0	162,429
Fines, Licenses and Permits	0	0	0
Intergovernmental	34,921	0	0
Interest	3,154	86	0
Rentals	0	0	2,855
Donations	0	0	296
Miscellaneous	518	0	380
<i>Total Revenues</i>	<u>38,593</u>	<u>86</u>	<u>165,960</u>
Expenditures			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Transportation	11,829	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	0	0	403,027
Capital Outlay	0	0	37,694
<i>Total Expenditures</i>	<u>11,829</u>	<u>0</u>	<u>440,721</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>26,764</u>	<u>86</u>	<u>(274,761)</u>
Other Financing Sources (Uses)			
Transfers In	0	0	168,000
Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>168,000</u>
<i>Net Change in Fund Balances</i>	26,764	86	(106,761)
<i>Fund Balances (Deficit)</i>			
<i>Beginning of Year</i>	<u>62,719</u>	<u>1,887</u>	<u>202,595</u>
<i>Fund Balances End of Year</i>	<u>\$89,483</u>	<u>\$1,973</u>	<u>\$95,834</u>

Water Maintenance and Expansion	Fire Operating Levy	Motor Vehicle License Tax	Police Pension Transfer	Drug Law Enforcement	Police Education
\$0	\$104,861	\$0	\$118,633	\$0	\$0
82,271	0	0	0	0	0
0	0	0	0	500	318
0	30,892	96,636	19,566	0	0
0	0	2,008	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
19,263	0	0	0	0	0
101,534	135,753	98,644	138,199	500	318
0	0	0	0	0	0
0	135,485	0	123,161	13,006	2,083
0	0	90,000	0	0	0
49,496	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
49,496	135,485	90,000	123,161	13,006	2,083
52,038	268	8,644	15,038	(12,506)	(1,765)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
52,038	268	8,644	15,038	(12,506)	(1,765)
(18,219)	81,704	53,605	36,425	13,527	11,333
\$33,819	\$81,972	\$62,249	\$51,463	\$1,021	\$9,568

(continued)

City of Macedonia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2007

	Community Development Block Grant	D.A.R.E. Program	Mayor's Court Computers	F.A.I.R. Program
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	14,997
Fines, Licenses and Permits	0	0	11,596	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Rentals	0	0	0	0
Donations	0	0	0	1,750
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>11,596</u>	<u>16,747</u>
Expenditures				
Current:				
General Government	0	0	13,192	0
Security of Persons and Property	0	0	0	9,709
Transportation	0	0	0	0
Basic Utility Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>13,192</u>	<u>9,709</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>(1,596)</u>	<u>7,038</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	0	(1,596)	7,038
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>2,301</u>	<u>3,509</u>	<u>31,500</u>	<u>8,675</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,301</u></u>	<u><u>\$3,509</u></u>	<u><u>\$29,904</u></u>	<u><u>\$15,713</u></u>

Valley View Rental	Sub-Division Tree	Wireless E911	Nordonia Home Days	Petroleum Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$223,494
0	0	0	8,500	0	268,197
0	15,500	0	0	0	27,914
0	0	21,289	0	0	203,304
0	0	0	0	0	5,248
0	0	0	0	0	2,855
0	150	0	0	0	2,196
0	0	0	0	0	20,161
0	15,650	21,289	8,500	0	753,369
0	958	0	0	0	14,150
0	0	0	0	0	283,444
0	0	0	0	0	101,829
0	0	0	0	0	49,496
0	0	0	14,343	0	417,370
0	0	0	0	0	37,694
0	958	0	14,343	0	903,983
0	14,692	21,289	(5,843)	0	(150,614)
0	0	0	0	0	168,000
0	0	(25,100)	0	0	(25,100)
0	0	(25,100)	0	0	142,900
0	14,692	(3,811)	(5,843)	0	(7,714)
110	62,794	25,109	6,061	11,000	596,635
\$110	\$77,486	\$21,298	\$218	\$11,000	\$588,921

City of Macedonia, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007

	North Freeway Drive	Route 8 and Highland Road	Shepard Road Sanitary Sewers	Municipal Property	Capital Parks and Recreation
Assets					
Equity in Pooled Cash and Cash Equivalents	\$36,710	\$0	\$17,922	\$66,442	\$11,428
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$306	\$0	\$0	\$0	\$0
Interfund Payable	0	113,662	0	0	0
Accrued Interest Payable	0	0	2,074	0	0
Notes Payable	0	0	220,000	0	0
<i>Total Liabilities</i>	306	113,662	222,074	0	0
Fund Balances					
Reserved for Encumbrances	0	23,002	14,657	0	0
Unreserved, Undesignated (Deficit)	36,404	(136,664)	(218,809)	66,442	11,428
<i>Total Fund Balances (Deficit)</i>	36,404	(113,662)	(204,152)	66,442	11,428
<i>Total Liabilities and Fund Balances</i>	\$36,710	\$0	\$17,922	\$66,442	\$11,428

Highland Bridge	South Freeway Drive	Manor House	Road Resurfacing Notes	Sewer Notes	Total Nonmajor Capital Projects Funds
\$4,291	\$948	\$272	\$13	\$11,428	\$149,454
\$36,573	\$0	\$0	\$0	\$0	\$36,879
0	0	0	0	0	113,662
0	0	0	5,615	0	7,689
0	0	0	250,000	0	470,000
36,573	0	0	255,615	0	628,230
124,942	948	0	0	0	163,549
(157,224)	0	272	(255,602)	11,428	(642,325)
(32,282)	948	272	(255,602)	11,428	(478,776)
\$4,291	\$948	\$272	\$13	\$11,428	\$149,454

City of Macedonia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007

	North Freeway Drive	Route 8 and Highland Road	Shepard Road Sanitary Sewers	Municipal Property	Capital Parks and Recreation
Revenues					
Intergovernmental	\$0	\$320,735	\$0	\$0	\$0
Special Assessments	0	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>320,735</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Capital Outlay	5,240	19,511	28,215	0	0
Debt Service:	0	0	0	0	0
Principal Retirement	0	0	205,000	0	0
Principal Retirement - Current Refunding	0	0	0	0	0
Interest and Fiscal Charges	0	0	8,786	0	0
<i>Total Expenditures</i>	<u>5,240</u>	<u>19,511</u>	<u>242,001</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(5,240)</u>	<u>301,224</u>	<u>(242,001)</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)					
Notes Issued	0	0	0	0	0
Current Refunding	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(5,240)</u>	<u>301,224</u>	<u>(242,001)</u>	<u>0</u>	<u>0</u>
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>41,644</u>	<u>(414,886)</u>	<u>37,849</u>	<u>66,442</u>	<u>11,428</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$36,404</u>	<u>(\$113,662)</u>	<u>(\$204,152)</u>	<u>\$66,442</u>	<u>\$11,428</u>

Highland Bridge	South Freeway Drive	Manor House	Road Resurfacing Notes	Sewer Notes	Fire Department Apparatus Note	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$320,735
0	0	0	0	387	0	387
0	0	0	0	387	0	321,122
0	0	0	2,625	16	0	2,641
263,834	17,334	0	0	0	0	334,134
0	0	0	0	0	0	205,000
0	0	0	250,000	0	0	250,000
0	0	0	28,635	0	2,018	39,439
263,834	17,334	0	281,260	16	2,018	831,214
(263,834)	(17,334)	0	(281,260)	371	(2,018)	(510,092)
0	0	0	250,000	0	0	250,000
0	0	0	(250,000)	0	0	(250,000)
0	5,000	0	197,300	0	109,000	311,300
0	0	0	0	0	(20,000)	(20,000)
0	5,000	0	197,300	0	89,000	291,300
(263,834)	(12,334)	0	(83,960)	371	86,982	(218,792)
231,552	13,282	272	(171,642)	11,057	(86,982)	(259,984)
(\$32,282)	\$948	\$272	(\$255,602)	\$11,428	\$0	(\$478,776)

Fund Descriptions - Fiduciary Funds

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. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Agency Funds

Required Deposits Fund - This fund accounts for deposits made by citizens, contractors or vendors held by the City to ensure compliance with various City ordinances.

Payroll Revolving Fund - This fund accounts for the net payroll, payroll taxes, social security/medicare, and other related payroll deductions accumulated from the governmental funds for distribution to employees, other governmental units and private organizations.

Joint Economic Development District Fund – This fund accounts for income taxes collected within, expenses related to and distributions of net proceeds from the Northfield Center Township/Macedonia JEDD.

City of Macedonia, Ohio
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2007

	Required Deposits	Payroll Revolving	Joint Economic Development District	Total
Assets				
Equity in Pooled Cash and Cash Equivalents	\$10,870	\$48,167	\$124,862	\$183,899
Liabilities				
Undistributed Monies	\$0	\$0	\$124,862	\$124,862
Deposits Held and Due to Others	10,870	48,167	0	59,037
<i>Total Liabilities</i>	<u>\$10,870</u>	<u>\$48,167</u>	<u>\$124,862</u>	<u>\$183,899</u>

City of Macedonia, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2007

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07
<i>Required Deposits</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$15,553	\$48,336	\$53,019	\$10,870
Liabilities				
Deposits Held and Due to Others	\$15,553	\$48,336	\$53,019	\$10,870
<i>Payroll Revolving</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$47,384	\$783	\$0	\$48,167
Liabilities				
Deposits Held and Due to Others	\$47,384	\$783	\$0	\$48,167
<i>Joint Economic Development District</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$74,212	\$466,277	\$415,627	\$124,862
Liabilities				
Undistributed Monies	\$74,212	\$466,277	\$415,627	\$124,862
<i>Totals - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$137,149	\$515,396	\$468,646	\$183,899
Liabilities				
Undistributed Monies	\$74,212	\$466,277	\$415,627	\$124,862
Deposits Held and Due to Others	62,937	49,119	53,019	59,037
<i>Total Liabilities</i>	\$137,149	\$515,396	\$468,646	\$183,899

*Individual Fund Schedules of Revenues, Expenditures
and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual*

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City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Property Taxes	\$1,853,200	\$1,853,200	\$1,867,367	\$14,167
Municipal Income Taxes	4,961,202	4,961,202	4,713,204	(247,998)
Charges for Services	506,590	505,853	465,917	(39,936)
Licenses, Permits and Fees	942,070	897,571	618,849	(278,722)
Intergovernmental	1,073,060	1,064,874	996,009	(68,865)
Special Assessments	0	0	17,876	17,876
Interest	126,979	126,782	175,661	48,879
Rentals	20,000	20,000	18,485	(1,515)
Donations	1,000	1,000	3,002	2,002
Miscellaneous	9,633	9,620	101,371	91,751
<i>Total Revenues</i>	<u>9,493,734</u>	<u>9,440,102</u>	<u>8,977,741</u>	<u>(462,361)</u>
Expenditures				
Current:				
General Government:				
Tax Administration:				
Other	431,000	394,400	390,674	3,726
Council:				
Personal Services	78,200	78,200	78,176	24
Other	8,753	8,753	7,622	1,131
Total Council	<u>86,953</u>	<u>86,953</u>	<u>85,798</u>	<u>1,155</u>
Mayor's Office:				
Personal Services	229,300	229,300	218,459	10,841
Other	91,919	91,919	57,972	33,947
Total Mayor's Office	<u>\$321,219</u>	<u>\$321,219</u>	<u>\$276,431</u>	<u>\$44,788</u>
Legal:				
Personal Services	69,000	69,000	69,092	(92)
Other	53,048	86,548	86,971	(423)
Total Legal	<u>122,048</u>	<u>155,548</u>	<u>156,063</u>	<u>(515)</u>
Public Relations:				
Other	\$6,900	\$7,500	\$1,749	\$5,751

(continued)

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance:				
Personal Services	\$357,000	\$352,000	\$332,775	\$19,225
Other	49,334	54,334	54,147	187
Total Finance	406,334	406,334	386,922	19,412
Civil Service:				
Personal Services	1,000	1,000	610	390
Other	12,500	12,500	4,922	7,578
Total Civil Service	13,500	13,500	5,532	7,968
City Center Maintenance:				
Personal Services	147,200	147,200	138,623	8,577
Other	183,407	194,907	194,224	683
Total City Center Maintenance	330,607	342,107	332,847	9,260
Mayor's Court:				
Personal Services	149,350	129,350	125,576	3,774
Other	49,177	132,507	123,928	8,579
Total Mayor's Court	198,527	261,857	249,504	12,353
Administration:				
Personal Services	10,000	10,000	0	10,000
Other	110,992	116,492	115,296	1,196
Total Administration	120,992	126,492	115,296	11,196
Auditor's Deductions:				
Other	67,000	67,000	66,778	222
Service Building and Grounds:				
Personal Services	228,000	228,000	224,259	3,741
Other	28,242	28,324	26,340	1,984
Total Service Building and Grounds	256,242	256,324	250,599	5,725
Total General Government	\$2,361,322	\$2,439,234	\$2,318,193	\$121,041

(continued)

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Security of Persons and Property:				
Police Law Enforcement:				
Personal Services	\$2,125,665	\$2,105,665	\$2,018,668	\$86,997
Other	234,699	254,698	239,319	15,379
Total Police Law Enforcement	2,360,364	2,360,363	2,257,987	102,376
Grants - Fire Department:				
Other	125,000	125,000	5,394	119,606
Fire Prevention and Inspections:				
Personal Services	1,475,572	1,492,449	1,480,802	11,647
Other	174,147	191,146	220,775	(29,629)
Total Fire Prevention and Inspections	1,649,719	1,683,595	1,701,577	(17,982)
Police and Fire Communications:				
Personal Services	379,200	388,200	386,169	2,031
Other	37,545	28,545	24,231	4,314
Total Police and Fire Communications	416,745	416,745	410,400	6,345
Street Lighting:				
Other	118,600	110,600	98,461	12,139
Total Security of Persons and Property	4,670,428	4,696,303	4,473,819	222,484
Public Health Services:				
Cemetery Trustees:				
Other	69,900	55,900	55,812	88
County Health Board:				
Other	139,100	139,100	139,068	32
School Income Taxes:				
Other	\$15,000	\$0	\$0	\$0

(continued)

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Emergency Management:				
Other	\$4,500	\$4,500	\$4,151	\$349
Total Public Health Services	228,500	199,500	199,031	469
Community Environment:				
Planning and Engineering:				
Personal Services	126,500	127,000	126,453	547
Other	57,821	76,966	74,515	2,451
Total Planning and Engineering	184,321	203,966	200,968	2,998
Board of Zoning:				
Personal Services	85,800	84,600	84,250	350
Other	77,725	65,125	65,085	40
Total Board of Zoning	163,525	149,725	149,335	390
Housing and Building:				
Personal Services	86,350	85,150	86,283	(1,133)
Other	27,800	33,800	33,747	53
Total Housing and Building	114,150	118,950	120,030	(1,080)
Total Community Environment	461,996	472,641	470,333	2,308
Basic Utility Services				
Garbage and Refuse:				
Other	33,883	22,383	22,053	330
Storm Water and Management:				
Other	255,777	255,776	212,077	43,699
Total Basic Utility Services	\$289,660	\$278,159	\$234,130	\$44,029

(continued)

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Leisure Time Activities:				
Community Room:				
Other	<u>\$5,000</u>	<u>\$9,000</u>	<u>\$6,932</u>	<u>\$2,068</u>
<i>Total Expenditures</i>	<u>8,016,906</u>	<u>8,094,837</u>	<u>7,702,438</u>	<u>392,399</u>
<i>Excess of Revenues Over Expenditures</i>	1,476,828	1,345,265	1,275,303	(69,962)
Other Financing Uses				
Transfers Out	<u>(1,155,827)</u>	<u>(1,186,927)</u>	<u>(1,165,100)</u>	<u>21,827</u>
<i>Net Change in Fund Balance</i>	321,001	158,338	110,203	(48,135)
<i>Fund Balance Beginning of Year</i>	585,695	585,695	585,695	0
Prior Year Encumbrances Appropriated	<u>154,567</u>	<u>154,567</u>	<u>154,567</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,061,263</u></u>	<u><u>\$898,600</u></u>	<u><u>\$850,465</u></u>	<u><u>(\$48,135)</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Family Recreation Center Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$902,875	\$902,875	\$881,048	(\$21,827)
Charges for Services	814,500	754,226	830,302	76,076
Interest	0	0	9,161	9,161
Donations	0	0	70	70
<i>Total Revenues</i>	<u>1,717,375</u>	<u>1,657,101</u>	<u>1,720,581</u>	<u>63,480</u>
Expenditures				
Current:				
Leisure Time Activities:				
Personal Services	745,464	745,464	635,536	109,928
Other	476,721	476,721	415,777	60,944
<i>Total Expenditures</i>	<u>1,222,185</u>	<u>1,222,185</u>	<u>1,051,313</u>	<u>170,872</u>
<i>Excess of Revenues Over Expenditures</i>	495,190	434,916	669,268	234,352
Other Financing Uses				
Transfers Out	(378,600)	(378,600)	(378,600)	0
<i>Net Change in Fund Balance</i>	116,590	56,316	290,668	234,352
<i>Fund Balance Beginning of Year</i>	1,008,570	1,008,570	1,008,570	0
Prior Year Encumbrances Appropriated	12,323	12,323	12,323	0
<i>Fund Balance End of Year</i>	<u><u>\$1,137,483</u></u>	<u><u>\$1,077,209</u></u>	<u><u>\$1,311,561</u></u>	<u><u>\$234,352</u></u>

City of Macedonia, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$520,000	\$520,000	\$619,159	\$99,159
Interest	4,000	4,000	16,775	12,775
Miscellaneous	0	0	14,322	14,322
<i>Total Revenues</i>	<u>524,000</u>	<u>524,000</u>	<u>650,256</u>	<u>126,256</u>
Expenditures				
Current:				
Transportation:				
Street Construction and Maintenance:				
Personal Services	871,300	871,300	845,012	26,288
Other	187,534	197,534	195,205	2,329
Total Street Construction and Maintenance	<u>1,058,834</u>	<u>1,068,834</u>	<u>1,040,217</u>	<u>28,617</u>
Snow Removal:				
Other Expenses	354,607	329,607	329,607	0
Traffic Signals:				
Other Expenses	24,588	29,588	28,032	1,556
Equipment and Maintenance:				
Personal Services	155,900	155,900	123,486	32,414
Other Expenses	213,258	220,976	220,891	85
Total Equipment and Maintenance	<u>369,158</u>	<u>376,876</u>	<u>344,377</u>	<u>32,499</u>
Signs and Signals:				
Personal Services	77,050	72,800	63,726	9,074
Other Expenses	15,400	21,931	21,485	446
Total Signs and Signals	<u>92,450</u>	<u>94,731</u>	<u>85,211</u>	<u>9,520</u>
<i>Total Expenditures</i>	<u>1,899,637</u>	<u>1,899,636</u>	<u>1,827,444</u>	<u>72,192</u>
<i>Excess of Revenues Under Expenditures</i>	(1,375,637)	(1,375,636)	(1,177,188)	198,448
Other Financing Sources				
Transfers In	1,000,000	1,000,000	980,000	(20,000)
<i>Net Change in Fund Balance</i>	(375,637)	(375,636)	(197,188)	178,448
<i>Fund Balance Beginning of Year</i>	325,152	325,152	325,152	0
Prior Year Encumbrances Appropriated	210,787	210,787	210,787	0
<i>Fund Balance End of Year</i>	<u>\$160,302</u>	<u>\$160,303</u>	<u>\$338,751</u>	<u>\$178,448</u>

City of Macedonia Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessments Bond Retirement Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$172,800	\$176,724	\$169,754	(\$6,970)
Expenditures				
Current:				
General Government:				
Auditor's Deductions:				
Other	<u>0</u>	<u>8,598</u>	<u>8,598</u>	<u>0</u>
Debt Service:				
Principal Retirement	113,100	113,100	113,948	(848)
Interest and Fiscal Charges	<u>81,810</u>	<u>81,810</u>	<u>80,732</u>	<u>1,078</u>
Total Debt Service	<u>194,910</u>	<u>194,910</u>	<u>194,680</u>	<u>230</u>
<i>Total Expenditures</i>	<u>194,910</u>	<u>203,508</u>	<u>203,278</u>	<u>230</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(22,110)	(26,784)	(33,524)	(6,740)
Other Financing Sources				
Transfers In	<u>22,200</u>	<u>22,200</u>	<u>29,169</u>	<u>6,969</u>
<i>Net Change in Fund Balance</i>	90	(4,584)	(4,355)	229
<i>Fund Balance Beginning of Year</i>	<u>4,355</u>	<u>4,355</u>	<u>4,355</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$4,445</u></u>	<u><u>(\$229)</u></u>	<u><u>\$0</u></u>	<u><u>\$229</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$1,872,750	\$1,872,750	\$1,872,750	\$0
Intergovernmental	23,000	221,033	218,899	(2,134)
Donations	2,500	2,500	2,500	0
<i>Total Revenues</i>	<u>1,898,250</u>	<u>2,096,283</u>	<u>2,094,149</u>	<u>(2,134)</u>
Expenditures				
Current:				
General Government:				
Administration:				
Capital Outlay	621	45,118	48,093	(2,975)
Capital Outlay:				
Police Law Enforcement:				
Police Cruisers	60,000	120,000	119,245	755
Tasers	7,000	7,000	6,900	100
Fire Equipment Lease	120,000	120,000	118,357	1,643
Soccer Field Improvements	15,013	15,013	13,663	1,350
Land and Land Improvements	0	14,000	14,000	0
Buildings and Other Structures	0	10,000	9,450	550
Mower	78,000	78,000	78,000	0
Utility Body Truck	46,224	170,627	170,146	481
Leaf Collector	0	37,000	4,000	33,000
Ridability Repairs	32,000	32,000	49,154	(17,154)
Streets, Right of Way, Ditches	42,000	42,000	42,000	0
Full-Depth (Soft spots) Repairs	116,444	116,444	111,919	4,525
Crack Sealing	50,000	53,100	53,908	(808)
Annual Road Program	590,739	590,739	567,965	22,774
Route 8 Turn Lane	0	5,300	5,000	300
Culvert Replacement Program	156,867	236,867	224,411	12,456
Total Capital Outlay	<u>1,314,287</u>	<u>1,648,090</u>	<u>1,588,118</u>	<u>59,972</u>
<i>Total Expenditures</i>	<u>1,314,908</u>	<u>1,693,208</u>	<u>1,636,211</u>	<u>56,997</u>
<i>Excess of Revenues Over Expenditures</i>	<u>583,342</u>	<u>403,075</u>	<u>457,938</u>	<u>54,863</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	21,087	21,087	23,221	2,134
Transfers In	0	25,100	25,100	0
Transfers Out	(783,900)	(783,900)	(782,252)	1,648
<i>Total Other Financing Sources (Uses)</i>	<u>(762,813)</u>	<u>(737,713)</u>	<u>(733,931)</u>	<u>3,782</u>
<i>Net Change in Fund Balance</i>	<u>(179,471)</u>	<u>(334,638)</u>	<u>(275,993)</u>	<u>58,645</u>
<i>Fund Balance Beginning of Year</i>	419,207	419,207	419,207	0
Prior Year Encumbrances Appropriated	339,608	339,608	339,608	0
<i>Fund Balance End of Year</i>	<u>\$579,344</u>	<u>\$424,177</u>	<u>\$482,822</u>	<u>\$58,645</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Route 82 Widening Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$3,800,000	\$3,800,000	\$1,649,277	(\$2,150,723)
Rentals	0	0	1,468	1,468
<i>Total Revenues</i>	<u>3,800,000</u>	<u>3,800,000</u>	<u>1,650,745</u>	<u>(2,149,255)</u>
Expenditures				
Current:				
Transportation:				
Street Construction and Maintenance:				
Capital Outlay	3,933,016	3,933,016	1,312,840	2,620,176
Operating	274,000	274,000	1,397	272,603
Total Street Construction and Maintenance	<u>4,207,016</u>	<u>4,207,016</u>	<u>1,314,237</u>	<u>2,892,779</u>
Basic Utility Services:				
Sanitary Sewers:				
Operating	0	0	33	(33)
<i>Total Expenditures</i>	<u>4,207,016</u>	<u>4,207,016</u>	<u>1,314,270</u>	<u>2,892,746</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(407,016)</u>	<u>(407,016)</u>	<u>336,475</u>	<u>743,491</u>
Other Financing Sources				
Loans Issued	2,800,000	2,800,000	1,422,931	(1,377,069)
Notes Issued	274,000	274,000	0	(274,000)
Transfers In	0	2,000	2,000	0
<i>Total Other Financing Sources</i>	<u>3,074,000</u>	<u>3,076,000</u>	<u>1,424,931</u>	<u>(1,651,069)</u>
<i>Net Change in Fund Balance</i>	2,666,984	2,668,984	1,761,406	(907,578)
<i>Fund Balance (Deficit) Beginning of Year</i>	(2,082,132)	(2,082,132)	(2,082,132)	0
Prior Year Encumbrances Appropriated	<u>202,016</u>	<u>202,016</u>	<u>202,016</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$786,868</u>	<u>\$788,868</u>	<u>(\$118,710)</u>	<u>(\$907,578)</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$32,000	\$32,000	\$34,631	\$2,631
Interest	1,000	1,000	3,154	2,154
Miscellaneous	1,000	1,000	518	(482)
<i>Total Revenues</i>	34,000	34,000	38,303	4,303
Expenditures				
Current:				
Transportation:				
Snow Removal:				
Other	58,000	58,000	0	58,000
Traffic Signals:				
Other	12,000	12,000	11,670	330
<i>Total Expenditures</i>	70,000	70,000	11,670	58,330
<i>Net Change in Fund Balance</i>	(36,000)	(36,000)	26,633	62,633
<i>Fund Balance Beginning of Year</i>	57,275	57,275	57,275	0
<i>Fund Balance End of Year</i>	\$21,275	\$21,275	\$83,908	\$62,633

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive License Tax Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Interest	\$76	\$76	\$86	\$10
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	76	76	86	10
<i>Fund Balance Beginning of Year</i>	<u>1,887</u>	<u>1,887</u>	<u>1,887</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,963</u></u>	<u><u>\$1,963</u></u>	<u><u>\$1,973</u></u>	<u><u>\$10</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parks and Recreation Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$309,650	\$237,650	\$162,487	(\$75,163)
Donations	0	0	296	296
Rentals	3,300	3,300	2,855	(445)
Miscellaneous	0	0	380	380
<i>Total Revenues</i>	<u>312,950</u>	<u>240,950</u>	<u>166,018</u>	<u>(74,932)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Recreation Programs:				
Personal Services	117,225	117,225	70,941	46,284
Other	121,299	121,299	73,220	48,079
Total Recreation Programs	<u>238,524</u>	<u>238,524</u>	<u>144,161</u>	<u>94,363</u>
Park Maintenance:				
Personal Services	174,267	174,267	174,134	133
Other	88,077	88,077	87,805	272
Total Park Maintenance	<u>262,344</u>	<u>262,344</u>	<u>261,939</u>	<u>405</u>
Total Leisure Time Activities	500,868	500,868	406,100	94,768
Capital Outlay:				
Capital Outlay	0	53,000	39,324	13,676
<i>Total Expenditures</i>	<u>500,868</u>	<u>553,868</u>	<u>445,424</u>	<u>108,444</u>
<i>Excess of Revenues Under Expenditures</i>	(187,918)	(312,918)	(279,406)	33,512
Other Financing Sources				
Transfers In	168,000	168,000	168,000	0
<i>Net Change in Fund Balance</i>	(19,918)	(144,918)	(111,406)	33,512
<i>Fund Balance Beginning of Year</i>	215,572	215,572	215,572	0
Prior Year Encumbrances Appropriated	6,676	6,676	6,676	0
<i>Fund Balance End of Year</i>	<u>\$202,330</u>	<u>\$77,330</u>	<u>\$110,842</u>	<u>\$33,512</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Water Maintenance and Expansion Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$127,365	\$136,078	\$83,280	(\$52,798)
Miscellaneous	0	2,015	19,263	17,248
<i>Total Revenues</i>	<u>127,365</u>	<u>138,093</u>	<u>102,543</u>	<u>(35,550)</u>
Expenditures				
Current:				
Basic Utility Services:				
Water Works:				
Other	56,200	56,200	40,727	15,473
Fire Prevention and Inspection:				
Other	0	0	4,623	(4,623)
Total Expenditures	<u>56,200</u>	<u>56,200</u>	<u>45,350</u>	<u>10,850</u>
<i>Net Change in Fund Balance</i>	71,165	81,893	57,193	(24,700)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(19,049)</u>	<u>(19,049)</u>	<u>(19,049)</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$52,116</u></u>	<u><u>\$62,844</u></u>	<u><u>\$38,144</u></u>	<u><u>(\$24,700)</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Operating Levy Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Property Taxes	\$131,287	\$131,287	\$104,861	(\$26,426)
Intergovernmental	7,000	7,000	30,892	23,892
<i>Total Revenues</i>	<u>138,287</u>	<u>138,287</u>	<u>135,753</u>	<u>(2,534)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Prevention and Security:				
Personal Services	150,000	149,025	132,448	16,577
Other	0	975	975	0
Total Fire Prevention and Security	<u>150,000</u>	<u>150,000</u>	<u>133,423</u>	<u>16,577</u>
Other Operations:				
Other	<u>2,500</u>	<u>2,500</u>	<u>2,062</u>	<u>438</u>
<i>Total Expenditures</i>	<u>152,500</u>	<u>152,500</u>	<u>135,485</u>	<u>17,015</u>
<i>Net Change in Fund Balance</i>	(14,213)	(14,213)	268	14,481
<i>Fund Balance Beginning of Year</i>	<u>81,704</u>	<u>81,704</u>	<u>81,704</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$67,491</u></u>	<u><u>\$67,491</u></u>	<u><u>\$81,972</u></u>	<u><u>\$14,481</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Tax Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$101,000	\$101,000	\$96,868	(\$4,132)
Interest	0	0	2,008	2,008
<i>Total Revenues</i>	101,000	101,000	98,876	(2,124)
Expenditures				
Current:				
Transportation:				
Snow Removal:				
Other	90,000	90,000	90,000	0
<i>Net Change in Fund Balance</i>	11,000	11,000	8,876	(2,124)
<i>Fund Balance Beginning of Year</i>	39,076	39,076	39,076	0
<i>Fund Balance End of Year</i>	<u>\$50,076</u>	<u>\$50,076</u>	<u>\$47,952</u>	<u>(\$2,124)</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Transfer Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$134,134	\$134,134	\$118,633	(\$15,501)
Intergovernmental	6,000	6,000	19,566	13,566
<i>Total Revenues</i>	<u>140,134</u>	<u>140,134</u>	<u>138,199</u>	<u>(1,935)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Law Enforcement:				
Other	130,000	130,000	121,171	8,829
Other Operations:				
Other	2,500	2,500	1,990	510
<i>Total Expenditures</i>	<u>132,500</u>	<u>132,500</u>	<u>123,161</u>	<u>9,339</u>
<i>Net Change in Fund Balance</i>	7,634	7,634	15,038	7,404
<i>Fund Balance Beginning of Year</i>	<u>36,425</u>	<u>36,425</u>	<u>36,425</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$44,059</u></u>	<u><u>\$44,059</u></u>	<u><u>\$51,463</u></u>	<u><u>\$7,404</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$3,000	\$500	\$500	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Police Law Enforcement:				
Other	13,700	13,700	13,006	694
<i>Net Change in Fund Balance</i>	(10,700)	(13,200)	(12,506)	694
<i>Fund Balance Beginning of Year</i>	13,527	13,527	13,527	0
<i>Fund Balance End of Year</i>	<u>\$2,827</u>	<u>\$327</u>	<u>\$1,021</u>	<u>\$694</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Education Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$2,000	\$300	\$283	(\$17)
Expenditures				
Current:				
Security of Persons and Property:				
Public Law Equipment:				
Other	11,000	11,000	2,083	8,917
<i>Net Change in Fund Balance</i>	(9,000)	(10,700)	(1,800)	8,900
<i>Fund Balance Beginning of Year</i>	11,333	11,333	11,333	0
<i>Fund Balance End of Year</i>	<u>\$2,333</u>	<u>\$633</u>	<u>\$9,533</u>	<u>\$8,900</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Administration Support:				
Other	957	957	759	198
<i>Net Change in Fund Balance</i>	(957)	(957)	(759)	198
<i>Fund Balance Beginning of Year</i>	2,103	2,103	2,103	0
Prior Year Encumbrances Appropriated	957	957	957	0
<i>Fund Balance End of Year</i>	<u>\$2,103</u>	<u>\$2,103</u>	<u>\$2,301</u>	<u>\$198</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
D.A.R.E. Program Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	3,509	3,509	3,509	0
<i>Fund Balance End of Year</i>	\$3,509	\$3,509	\$3,509	\$0

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Computers Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Licenses and Permits	\$9,000	\$12,636	\$12,636	\$0
Expenditures				
Current:				
General Government:				
Other	<u>13,676</u>	<u>13,676</u>	<u>13,305</u>	<u>371</u>
<i>Net Change in Fund Balance</i>	(4,676)	(1,040)	(669)	371
<i>Fund Balance Beginning of Year</i>	29,111	29,111	29,111	0
Prior Year Encumbrances Appropriated	<u>677</u>	<u>677</u>	<u>677</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$25,112</u></u>	<u><u>\$28,748</u></u>	<u><u>\$29,119</u></u>	<u><u>\$371</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
F.A.I.R. Program Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$12,000	\$17,049	\$15,856	(\$1,193)
Donations	0	557	1,750	1,193
<i>Total Revenues</i>	12,000	17,606	17,606	0
Expenditures				
Current:				
Security of Persons and Property:				
Fire Prevention and Inspections:				
Other	17,814	17,814	9,959	7,855
<i>Net Change in Fund Balance</i>	(5,814)	(208)	7,647	7,855
<i>Fund Balance Beginning of Year</i>	6,168	6,168	6,168	0
Prior Year Encumbrances Appropriated	313	313	313	0
<i>Fund Balance End of Year</i>	\$667	\$6,273	\$14,128	\$7,855

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Valley View Rental Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	110	110	110	0
<i>Fund Balance End of Year</i>	<u>\$110</u>	<u>\$110</u>	<u>\$110</u>	<u>\$0</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sub-Division Tree Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$25,000	\$15,650	\$15,500	(\$150)
Donations	0	0	150	150
<i>Total Revenues</i>	25,000	15,650	15,650	0
Expenditures				
Current:				
General Government:				
Service Building and Grounds:				
Other	25,000	33,329	33,329	0
<i>Net Change in Fund Balance</i>	0	(17,679)	(17,679)	0
<i>Fund Balance Beginning of Year</i>	62,794	62,794	62,794	0
<i>Fund Balance End of Year</i>	\$62,794	\$45,115	\$45,115	\$0

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Wireless E911 Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$24,000	\$21,300	\$21,289	(\$11)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	24,000	21,300	21,289	(11)
Other Financing Uses				
Transfers Out	<u>0</u>	<u>(25,100)</u>	<u>(25,100)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	24,000	(3,800)	(3,811)	(11)
<i>Fund Balance Beginning of Year</i>	<u>25,109</u>	<u>25,109</u>	<u>25,109</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$49,109</u></u>	<u><u>\$21,309</u></u>	<u><u>\$21,298</u></u>	<u><u>(\$11)</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Nordonia Home Days Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$18,000	\$18,000	\$8,500	(\$9,500)
Expenditures				
Current:				
Leisure Time Activites:				
Recreation Programs:				
Other	21,600	21,600	14,343	7,257
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(3,600)	(3,600)	(5,843)	(2,243)
Other Financing Sources				
Transfers In	2,500	2,500	0	(2,500)
<i>Net Change in Fund Balance</i>				
	(1,100)	(1,100)	(5,843)	(4,743)
<i>Fund Balance Beginning of Year</i>				
	6,061	6,061	6,061	0
<i>Fund Balance End of Year</i>				
	\$4,961	\$4,961	\$218	(\$4,743)

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Petroleum Trust Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	11,000	11,000	11,000	0
<i>Fund Balance End of Year</i>	<u>\$11,000</u>	<u>\$11,000</u>	<u>\$11,000</u>	<u>\$0</u>

City of Macedonia Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligations Bond Retirement Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Debt Service:				
Principal Retirement	475,000	480,000	480,000	0
Interest and Fiscal Charges	<u>387,000</u>	<u>382,680</u>	<u>382,680</u>	<u>0</u>
<i>Total Expenditures</i>	<u>862,000</u>	<u>862,680</u>	<u>862,680</u>	<u>0</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(862,000)	(862,680)	(862,680)	0
Other Financing Sources				
Transfers In	<u>866,100</u>	<u>855,483</u>	<u>855,483</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	4,100	(7,197)	(7,197)	0
<i>Fund Balance Beginning of Year</i>	<u>7,197</u>	<u>7,197</u>	<u>7,197</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$11,297</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
North Freeway Drive Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
North Freeway Drive:				
Capital Outlay	41,644	41,644	4,934	36,710
<i>Net Change in Fund Balance</i>	(41,644)	(41,644)	(4,934)	36,710
<i>Fund Balance Beginning of Year</i>	41,644	41,644	41,644	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$36,710</u>	<u>\$36,710</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Route 8 and Highland Road Fund
For the Year Ended December 31, 2007

	<u>Budget</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$1,770,000	\$1,770,000	\$448,126	(\$1,321,874)
Expenditures				
Capital Outlay:				
Route 8 and Highland Road:				
Capital Outlay	<u>1,685,540</u>	<u>1,685,540</u>	<u>43,837</u>	<u>1,641,703</u>
<i>Net Change in Fund Balance</i>	84,460	84,460	404,289	319,829
<i>Fund Balance (Deficit) Beginning of Year</i>	(549,493)	(549,493)	(549,493)	0
Prior Year Encumbrances Appropriated	<u>8,540</u>	<u>8,540</u>	<u>8,540</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$456,493)</u></u>	<u><u>(\$456,493)</u></u>	<u><u>(\$136,664)</u></u>	<u><u>\$319,829</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Shepard Road Sanitary Sewers Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
	\$0	\$0	\$0	\$0
Revenues				
Expenditures				
Capital Outlay:				
Shepard Road Sanitary Sewers:				
Capital Outlay	627,277	627,277	228,297	398,980
Debt Service:				
Principal Retirement	205,000	205,000	205,000	0
Interest and Fiscal Charges	7,000	7,000	6,712	288
Total Debt Service	212,000	212,000	211,712	288
<i>Total Expenditures</i>	839,277	839,277	440,009	399,268
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(839,277)	(839,277)	(440,009)	399,268
Other Financing Sources				
Notes Issued	422,500	422,500	220,000	(202,500)
Bonds Issued	215,600	215,600	0	(215,600)
<i>Total Other Financing Sources</i>	638,100	638,100	220,000	(418,100)
<i>Net Change in Fund Balance</i>	(201,177)	(201,177)	(220,009)	(18,832)
<i>Fund Balance Beginning of Year</i>	22,097	22,097	22,097	0
Prior Year Encumbrances Appropriated	201,177	201,177	201,177	0
<i>Fund Balance End of Year</i>	\$22,097	\$22,097	\$3,265	(\$18,832)

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Property Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	66,442	66,442	66,442	0
<i>Fund Balance End of Year</i>	<u>\$66,442</u>	<u>\$66,442</u>	<u>\$66,442</u>	<u>\$0</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Parks and Recreation Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	11,428	11,428	11,428	0
<i>Fund Balance End of Year</i>	<u>\$11,428</u>	<u>\$11,428</u>	<u>\$11,428</u>	<u>\$0</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Highland Bridge Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Highland Road Bridge:				
Capital Outlay	<u>410,917</u>	<u>410,917</u>	<u>410,907</u>	<u>10</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(410,917)	(410,917)	(410,907)	10
Other Financing Sources				
Loans Issued	<u>500,000</u>	<u>200,000</u>	<u>0</u>	<u>(200,000)</u>
<i>Net Change in Fund Balance</i>	89,083	(210,917)	(410,907)	(199,990)
<i>Fund Balance (Deficit) Beginning of Year</i>	(7,234)	(7,234)	(7,234)	0
Prior Year Encumbrances Appropriated	<u>260,917</u>	<u>260,917</u>	<u>260,917</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$342,766</u></u>	<u><u>\$42,766</u></u>	<u><u>(\$157,224)</u></u>	<u><u>(\$199,990)</u></u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
South Freeway Drive Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
South Freeway Drive:				
Capital Outlay	965,282	965,282	18,282	947,000
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(965,282)	(965,282)	(18,282)	947,000
Other Financing Sources				
Notes Issued	952,000	952,000	0	(952,000)
Transfers In	0	2,000	5,000	3,000
<i>Total Other Financing Sources</i>	952,000	954,000	5,000	(949,000)
<i>Net Change in Fund Balance</i>	(13,282)	(11,282)	(13,282)	(2,000)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	13,282	13,282	13,282	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$2,000</u>	<u>\$0</u>	<u>(\$2,000)</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Manor House Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	272	272	272	0
<i>Fund Balance End of Year</i>	<u>\$272</u>	<u>\$272</u>	<u>\$272</u>	<u>\$0</u>

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Resurfacing Notes Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Charter Review:				
Other	2,300	4,925	2,625	2,300
Debt Service:				
Principal Retirement	155,000	155,000	155,000	0
Principal Retirement - Current Refunding	250,000	250,000	250,000	0
Interest and Fiscal Charges	9,900	24,455	26,754	(2,299)
Total Debt Service	414,900	429,455	431,754	(2,299)
<i>Total Expenditures</i>	417,200	434,380	434,379	1
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(417,200)	(434,380)	(434,379)	1
Other Financing Sources (Uses)				
Notes Issued	500,000	500,000	500,000	0
Current Refunding	(250,000)	(250,000)	(250,000)	0
Transfers In	166,700	177,300	197,300	20,000
<i>Total Other Financing Sources (Uses)</i>	416,700	427,300	447,300	20,000
<i>Net Change in Fund Balance</i>	(500)	(7,080)	12,921	20,001
<i>Fund Balance (Deficit) Beginning of Year</i>	(12,908)	(12,908)	(12,908)	0
<i>Fund Balance (Deficit) End of Year</i>	(\$13,408)	(\$19,988)	\$13	\$20,001

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Notes Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$387	\$387	\$387	\$0
Expenditures				
Current:				
General Government:				
Auditor's Deductions:				
Other	0	0	16	(16)
<i>Net Change in Fund Balance</i>	387	387	371	(16)
<i>Fund Balance Beginning of Year</i>	11,057	11,057	11,057	0
<i>Fund Balance End of Year</i>	\$11,444	\$11,444	\$11,428	(\$16)

City of Macedonia, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Department Apparatus Note Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other	1,400	1,400	0	1,400
Debt Service:				
Principal Retirement	105,000	105,000	105,000	0
Interest and Fiscal Charges	2,600	3,147	4,547	(1,400)
Total Debt Service	107,600	108,147	109,547	(1,400)
<i>Total Expenditures</i>	109,000	109,547	109,547	0
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(109,000)	(109,547)	(109,547)	0
Other Financing Sources (Uses)				
Transfers In	107,500	109,000	109,000	0
Transfers Out	0	0	(20,000)	(20,000)
<i>Total Other Financing Sources (Uses)</i>	107,500	109,000	89,000	(20,000)
<i>Net Change in Fund Balance</i>	(1,500)	(547)	(20,547)	(20,000)
<i>Fund Balance Beginning of Year</i>	20,547	20,547	20,547	0
<i>Fund Balance End of Year</i>	\$19,047	\$20,000	\$0	(\$20,000)

Statistical Section

This part of the City of Macedonia, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information discloses about the City's overall financial health.

Contents	Pages(s)
<i>Financial Trends</i>	S3 – S9
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	S10 – S18
These schedules contain information to help the reader assess the City's most significant local revenues, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	S19 - S24
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	S25 - S26
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	S27 - S30
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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City of Macedonia, Ohio*Net Assets By Component**Last Five Years**(Accrual Basis of Accounting)*

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$29,425,662	\$28,390,269	\$25,045,130	\$24,680,303	\$24,265,324
Restricted:					
Capital Projects	1,470,333	1,348,710	1,137,726	1,143,525	898,659
Debt Service	1,739,742	1,814,222	1,139,851	1,437,256	1,838,995
Street Construction and Maintenance	733,539	666,523	463,307	231,415	115,827
Recreation Services and Programs	1,496,591	1,340,409	937,072	675,332	377,681
Police Services and Programs	136,646	134,862	29,415	31,564	13,553
Fire Services	112,753	106,798	44,832	19,890	0
Water Line Maintenance	0	0	170,002	264,886	232,338
JEDD	0	0	22,079	42,828	25,191
Admission Tax	0	0	0	56,933	24,768
Other Purposes	388,460	232,052	133,832	63,751	109,150
Unrestricted (Deficit)	<u>1,635,756</u>	<u>288,842</u>	<u>1,459,322</u>	<u>(720,877)</u>	<u>202,173</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$37,139,482</u>	<u>\$34,322,687</u>	<u>\$30,582,568</u>	<u>\$27,926,806</u>	<u>\$28,103,659</u>

City of Macedonia, Ohio
Changes in Net Assets
Last Five Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$465,264	\$969,909	\$733,306	\$826,330	\$1,098,506
Security of Persons and Property	679,314	843,262	385,964	384,235	451,905
Public Health Services	29,630	0	0	0	0
Transportation	4,618	0	0	0	0
Community Environment	75,293	55,077	373,882	302,192	346,628
Basic Utility Services	151,508	29,084	46,389	68,854	69,212
Leisure Time Activities	996,394	1,154,093	969,161	886,717	804,547
Subtotal - Charges for Services	<u>2,402,021</u>	<u>3,051,425</u>	<u>2,508,702</u>	<u>2,468,328</u>	<u>2,770,798</u>
Operating Grants and Contributions:					
General Government	1,052	12,486	27,449	44,142	0
Security of Persons and Property	78,397	31,161	2,220	12,270	55,093
Public Health Services	78	0	0	0	0
Transportation	848,175	660,583	1,070,199	576,129	477,254
Community Environment	197	1,252	6,542	0	13,740
Basic Utility Services	61	0	0	720	0
Leisure Time Activities	367	14	31,826	21,150	0
Subtotal - Operating Grants and Contributions	<u>928,327</u>	<u>705,496</u>	<u>1,138,236</u>	<u>654,411</u>	<u>546,087</u>
Capital Grants and Contributions:					
General Government	0	7,717	0	0	0
Security of Persons and Property	0	0	129,301	0	0
Transportation	1,692,923	1,317,322	0	4,935	593,460
Leisure Time Activities	125,000	0	0	0	0
Subtotal - Capital Grants and Contributions	<u>1,817,923</u>	<u>1,325,039</u>	<u>129,301</u>	<u>4,935</u>	<u>593,460</u>
<i>Total Governmental Activities Program Revenues</i>	<u>5,148,271</u>	<u>5,081,960</u>	<u>3,776,239</u>	<u>3,127,674</u>	<u>3,910,345</u>

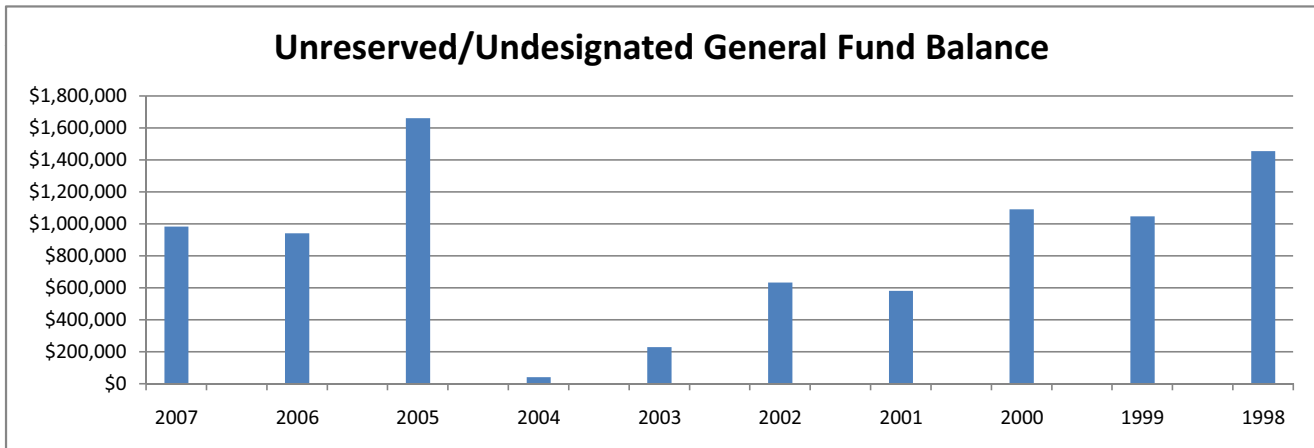
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City of Macedonia, Ohio
Changes in Net Assets (continued)
Last Five Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
Expenses					
Governmental Activities:					
General Government	\$2,506,386	\$2,822,240	\$1,774,063	\$2,365,186	\$2,486,228
Security of Persons and Property	5,124,863	4,922,418	3,817,694	4,772,285	4,506,784
Public Health Services	199,031	125,859	183,253	171,735	\$171,777
Transportation	2,141,819	1,930,791	3,030,213	1,345,194	1,907,495
Community Environment	506,742	418,580	399,195	420,896	445,799
Basic Utility Services	552,289	338,833	470,214	967,421	905,381
Leisure Time Activities	1,625,520	1,673,576	1,475,330	1,494,888	1,634,776
Interest and Fiscal Charges	503,650	548,593	534,696	532,585	563,812
<i>Total Governmental Activities Expenses</i>	<u>13,160,300</u>	<u>12,780,890</u>	<u>11,684,658</u>	<u>12,070,190</u>	<u>12,622,052</u>
Net (Expense)/Revenue					
Governmental Activities	<u>(8,012,029)</u>	<u>(7,698,930)</u>	<u>(7,908,419)</u>	<u>(8,942,516)</u>	<u>(8,711,707)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes:					
Property and Other Local Taxes Levied For:					
General Purposes	1,980,218	1,937,123	1,893,397	1,437,238	1,559,447
Special Reveune	0	0	0	0	211,955
Fire Operating Levy	117,298	109,984	117,464	90,353	0
Police Pension Transfer	124,104	119,479	112,301	91,702	0
Admissions	0	0	0	148,165	0
Municipal Income Taxes levied for:					
General Purposes	4,610,268	4,831,046	5,421,323	3,329,901	3,577,595
Special Reveune	0	0	0	0	748,161
JEDD	0	0	44,194	122,471	0
Family Recreation Center	846,891	864,717	790,886	712,486	0
Capital Improvements	1,781,072	2,089,247	509,923	1,152,728	1,372,941
Other Taxes				0	349,750
Grants and Entitlements not Restricted to					
Specific Programs	964,624	1,045,944	745,151	892,325	1,107,416
Investment Earnings	242,721	270,663	58,662	16,585	32,012
Gain on Sale of Capital Assets	23,221	0	31,733	666,575	0
Miscellaneous	138,407	107,013	382,331	105,134	7,950
<i>Total Governmental Activities General Revenues</i>	<u>10,828,824</u>	<u>11,375,216</u>	<u>10,107,365</u>	<u>8,765,663</u>	<u>8,967,227</u>
<i>Restatements</i>	<u>0</u>	<u>0</u>	<u>456,816</u>	<u>0</u>	<u>0</u>
<i>Total Governmental Activities</i>	<u>10,828,824</u>	<u>11,375,216</u>	<u>10,564,181</u>	<u>8,765,663</u>	<u>8,967,227</u>
Change in Net Assets					
Governmental Activities	<u>\$2,816,795</u>	<u>\$3,676,286</u>	<u>\$2,655,762</u>	<u>(\$176,853)</u>	<u>\$255,520</u>

City of Macedonia, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
General Fund					
Reserved	\$100,754	\$128,274	\$103,223	\$44,948	\$31,023
Unreserved:					
Designated for Emergency Reserve	400,000	200,000	0	0	0
Unreserved, Undesignated	983,229	940,977	1,661,705	39,342	228,680
Total General Fund (1)	1,483,983	1,269,251	1,764,928	84,290	259,703
All Other Governmental Funds					
Reserved	639,149	907,515	1,282,749	52,117	(85,337)
Unreserved, Undesignated, Reported in:					
Special Revenue funds	2,318,759	2,029,551	1,435,471	1,247,744	(427,110)
Debt Service funds	0	11,552	(506,409)	(351,426)	0
Capital Projects funds	44,048	(1,880,786)	(1,383,461)	756,497	750,219
Total All Other Governmental Funds	3,001,956	1,067,832	828,350	1,704,932	237,772
Total Governmental Funds	\$4,485,939	\$2,337,083	\$2,593,278	\$1,789,222	\$497,475



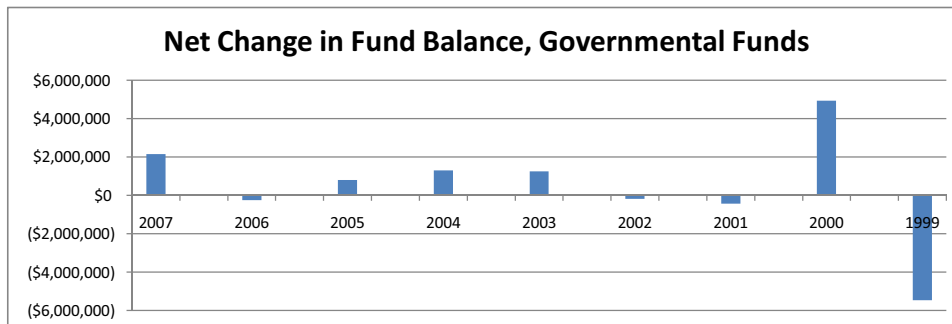
(1) During 2005, the City discontinued its subsidy for residential refuse collection and disposal and made other budgetary adjustments to restore the General fund balance.

During 2006, the City transferred \$511,286 to the Special Assessment Bond Retirement fund and \$3,000 to the Community Development Block Grant fund to eliminate negative fund balances.

2002	2001	2000	1999	1998
\$32,823	\$48,013	\$37,770	\$29,173	\$0
0	0	0	0	0
632,625	580,361	1,091,190	1,047,113	1,455,128
665,448	628,374	1,128,960	1,076,286	1,455,128
222,191	448,346	238,587	435,160	0
468,119	640,769	33,884	73,628	278,668
0	0	24,428	0	(353,263)
(2,102,954)	(2,286,449)	(1,563,691)	(6,652,931)	(977,572)
(1,412,644)	(1,197,334)	(1,266,792)	(6,144,143)	(1,052,167)
(\$747,196)	(\$568,960)	(\$137,832)	(\$5,067,857)	\$402,961

City of Macedonia, Ohio
Changes in Fund Balances, Governmental Funds
Last Nine Years (1)
(Modified Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
Revenues					
Taxes (2)	\$9,615,432	\$9,720,132	\$8,934,438	\$7,619,950	\$7,831,697
Charges for Services	1,575,487	1,769,230	1,449,036	1,404,773	1,121,247
Licenses, Permits and Fees	637,698	1,115,220	990,060	900,108	590,613
Intergovernmental	3,951,569	2,478,043	1,751,699	1,351,194	1,280,402
Special Assessments	188,017	120,013	129,261	126,529	150,866
Interest	242,721	270,663	58,662	16,585	32,012
Rentals	22,808	77,178	69,141	162,985	0
Donations	7,768	3,730	56,089	62,135	0
Miscellaneous	138,407	107,013	382,331	105,134	510,032
<i>Total Revenues</i>	<u>16,379,907</u>	<u>15,661,222</u>	<u>13,820,717</u>	<u>11,749,393</u>	<u>11,516,869</u>
Expenditures					
Current:					
General Government	2,346,558	2,778,352	2,170,007	2,680,710	2,429,817
Security of Persons and Property	4,774,032	4,653,457	4,503,601	3,934,564	4,350,731
Public Health Services	199,031	125,222	183,253	171,735	163,901
Transportation	2,928,314	1,607,984	1,660,632	847,590	1,117,651
Community Environment	500,274	415,295	393,014	368,882	428,123
Basic Utility Services	204,656	146,992	231,625	668,311	635,515
Leisure Time Activities	1,455,409	1,496,703	1,317,485	1,334,332	1,462,757
Capital Outlay	1,598,773	4,494,071	1,583,401	1,558,052	0
Debt Service:					
Principal Retirement	906,620	632,530	785,210	1,864,000	537,157
Principal Retirement - Current Refunding	250,000	0	0	0	0
Repayment to Refunded Bond Escrow Agent	0	0	36,957	0	0
Interest and Fiscal Charges	513,536	531,744	502,888	523,671	501,195
<i>Total Expenditures</i>	<u>15,677,203</u>	<u>16,882,350</u>	<u>13,368,073</u>	<u>13,951,847</u>	<u>11,626,847</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>702,704</u>	<u>(1,221,128)</u>	<u>452,644</u>	<u>(2,202,454)</u>	<u>(109,978)</u>
Other Financing Sources (Uses)					
Bond Anticipation Notes Issued	250,000	705,000	760,000	1,050,000	0
General Obligation Bonds Issued	0	543,300	0	0	3,475,000
Loans Issued	1,422,931	592,018	493,939	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	(2,195,177)
Current Refunding	(250,000)	(760,000)	(1,780,000)	0	0
Sale of Capital Assets	23,221	0	147,473	701,972	0
Inception of Capital Lease	0	0	0	539,000	0
Transfers In	2,371,052	3,614,170	1,019,125	1,773,002	1,637,900
Transfers Out	(2,371,052)	(3,614,170)	(1,019,125)	(1,773,002)	(1,637,900)
<i>Total Other Financing Sources (Uses)</i>	<u>1,446,152</u>	<u>1,080,318</u>	<u>(378,588)</u>	<u>2,290,972</u>	<u>1,279,823</u>
<i>Restatements</i>	0	(115,385)	730,000	1,203,229	74,826
<i>Net Change in Fund Balances</i>	<u>\$2,148,856</u>	<u>(\$256,195)</u>	<u>\$804,056</u>	<u>\$1,291,747</u>	<u>\$1,244,671</u>
Debt Service as a Percentage of Noncapital Expenditures					
	13.9%	10.4%	12.7%	23.9%	9.8%



(1) The City first implemented the modified accrual basis of accounting in 1999.
(2) Includes All Taxes

2002	2001	2000	1999
\$8,304,097	\$8,047,592	\$8,584,016	\$7,901,004
916,879	760,458	720,972	581,940
490,817	507,624	317,282	320,688
1,815,171	1,473,524	1,425,727	965,939
337,203	411,114	155,700	535,034
47,250	119,460	32,926	350,446
0	0	0	0
0	0	0	0
448,268	371,276	805,207	133,351
<u>12,359,685</u>	<u>11,691,048</u>	<u>12,041,830</u>	<u>10,788,402</u>
2,120,338	2,320,698	2,052,253	2,457,109
4,047,776	3,837,440	3,490,326	2,992,579
175,181	235,869	220,180	249,924
2,022,147	2,021,790	2,528,016	629,491
482,434	414,545	387,833	320,267
687,104	619,984	690,239	688,416
1,453,691	1,424,369	2,547,181	499,125
0	0	0	6,900,530
922,555	626,419	647,624	772,482
0	0	0	0
0	0	0	0
651,672	1,033,943	750,186	734,297
<u>12,562,898</u>	<u>12,535,057</u>	<u>13,313,838</u>	<u>16,244,220</u>
<u>(203,213)</u>	<u>(844,009)</u>	<u>(1,272,008)</u>	<u>(5,455,818)</u>
0	0	6,225,000	0
0	8,355,000	0	0
0	0	0	0
0	(1,896,000)	0	0
0	(6,340,000)	0	0
0	0	0	0
0	0	0	0
1,781,767	3,195,244	8,453,372	2,596,013
<u>(1,787,767)</u>	<u>(3,210,244)</u>	<u>(8,468,372)</u>	<u>(2,611,013)</u>
<u>(6,000)</u>	<u>104,000</u>	<u>6,210,000</u>	<u>(15,000)</u>
30,977	308,881	(7,967)	0
<u>(\$178,236)</u>	<u>(\$431,128)</u>	<u>\$4,930,025</u>	<u>(\$5,470,818)</u>
14.3%	15.3%	11.7%	19.2%

City of Macedonia, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2007	\$277,904,640	\$102,235,100	\$1,086,113,543	\$17,277,840	\$19,633,909
2006	268,854,020	100,205,780	1,054,456,571	17,705,970	20,120,420
2005	242,305,380	95,493,880	965,140,743	19,309,450	21,942,557
2004	229,473,500	91,391,910	916,758,314	19,714,160	22,402,455
2003	219,187,990	86,776,650	874,184,686	20,104,480	22,846,000
2002	186,815,540	78,029,900	756,701,257	20,550,360	23,352,682
2001	176,477,870	72,519,410	711,420,800	24,870,530	28,261,966
2000	168,585,030	69,715,590	680,858,914	26,769,540	30,419,932
1999	152,908,830	62,480,290	615,397,486	26,047,620	29,599,568
1998	144,915,220	56,657,350	575,921,629	26,559,020	30,180,705

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax started being phased out in 2006. For collection year 2007 both types of general business tangible personal property were assessed at 12.50 percent. The percentage will be 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Ohio Department of Taxation

Tangible Personal Property					
General Business		Total			Weighted Average
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$27,964,077	\$223,712,616	\$425,381,657	\$1,329,460,068	32.00%	\$4.64
37,632,555	200,706,960	424,398,325	1,275,283,951	33.28	4.75
48,978,113	195,912,452	406,086,823	1,182,995,752	34.33	4.99
43,521,081	174,084,324	384,100,651	1,113,245,093	34.50	4.98
52,883,435	211,533,740	378,952,555	1,108,564,426	34.18	5.11
52,883,435	211,533,740	338,279,235	991,587,679	34.11	5.34
51,408,180	205,632,720	325,275,990	945,315,486	34.41	5.42
51,440,543	205,762,172	316,510,703	917,041,018	34.51	5.48
56,323,184	225,292,736	297,759,924	870,289,790	34.21	5.68
56,179,236	224,716,944	284,310,826	830,819,277	34.22	5.76

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

	2007	2006	2005	2004	2003
Unvoted Millage					
Operating	\$2.5300	\$2.5300	\$2.5300	\$2.5300	\$2.5300
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	<u>2.8300</u>	<u>2.8300</u>	<u>2.8300</u>	<u>2.8300</u>	<u>2.8300</u>
Voted Millage					
2005 Operating					
Residential/Agricultural Real	1.1103	1.1134	1.1861	1.1966	1.1946
Commerical/Industrial and Public Utility Real	1.2409	1.2466	1.2968	1.3071	1.3246
General Business and Public Utility Personal	5.0700	5.0700	5.0700	5.0700	5.0700
2002 Fire Operating					
Residential/Agricultural Real	0.1752	0.1756	0.1871	0.1888	0.1885
Commerical/Industrial and Public Utility Real	0.1958	0.1967	0.2046	0.2062	0.2090
General Business and Public Utility Personal	0.8000	0.8000	0.8000	0.8000	0.8000
<i>Total Voted Millage by Type of Property</i>					
Residential/Agricultural Real	1.2855	1.2890	1.3732	1.3854	1.3831
Commerical/Industrial and Public Utility Real	1.4367	1.4433	1.5014	1.5133	1.5336
General Business and Public Utility Personal	5.8700	5.8700	5.8700	5.8700	5.8700
<i>Total Millage by Type of Property</i>					
Residential/Agricultural Real	4.1155	4.1190	4.2032	4.2154	4.2131
Commerical/Industrial and Public Utility Real	4.2667	4.2733	4.3314	4.3433	4.3636
General Business and Public Utility Personal	8.7000	8.7000	8.7000	8.7000	8.7000

Overlapping Rates by Taxing District

Nordonia Hills City School District					
Residential/Agricultural Real	\$29.5276	\$30.2394	\$32.0086	\$25.6240	\$25.7076
Commerical/Industrial and Public Utility Real	31.3513	32.1414	33.7380	28.0342	28.1518
General Business and Public Utility Personal	63.4600	64.0700	64.0700	57.5700	57.6700
Cuyahoga Valley JVSD					
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000	2.0000
Commerical/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000	2.0000
Summit County					
Residential/Agricultural Real	10.9414	10.5997	9.0633	9.6107	9.6343
Commerical/Industrial and Public Utility Real	11.4860	11.4020	10.0247	10.3113	10.2999
General Business and Public Utility Personal	12.8000	13.1100	12.2200	12.2200	12.2200
Akron Summit Library District					
Residential/Agricultural Real	1.9582	1.9206	1.9333	2.1358	0.7800
Commerical/Industrial and Public Utility Real	2.0252	1.9896	1.9907	2.1400	0.7800
General Business and Public Utility Personal	2.0700	2.0300	2.0400	2.1400	0.7800

Source: Summit County Fiscal Officer

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Voted real property tax rates are reduced so that inflationary increases in value do not generate additional taxes.

Overlapping rates are those of local and county governments that apply to property owners within the City.

2002	2001	2000	1999	1998
\$2.5300	\$2.5300	\$2.5300	\$2.5300	\$2.5300
0.3000	0.3000	0.3000	0.3000	0.3000
2.8300	2.8300	2.8300	2.8300	2.8300
1.3499	1.3567	1.3571	1.4396	1.4722
1.3897	1.4150	1.4150	1.5079	1.5444
5.0700	5.0700	5.0700	5.0700	5.0700
0.2130	0.2140	0.2141	0.2271	0.2323
0.2192	0.2232	0.2232	0.2379	0.2436
0.8000	0.8000	0.8000	0.8000	0.8000
1.5629	1.5707	1.5712	1.6667	1.7045
1.6089	1.6382	1.6382	1.7458	1.7880
5.8700	5.8700	5.8700	5.8700	5.8700
4.3929	4.4007	4.4012	4.4967	4.5345
4.4389	4.4682	4.4682	4.5758	4.6180
8.7000	8.7000	8.7000	8.7000	8.7000
\$27.4826	\$27.9382	\$24.4203	\$26.2502	\$26.5879
29.6025	30.4144	27.3709	28.8437	29.2297
57.5900	57.9400	54.2900	54.2900	54.2900
2.0000	2.0000	2.0000	2.0000	2.0000
2.0000	2.0000	2.0000	2.0000	2.0000
2.0000	2.0000	2.0000	2.0000	2.0000
9.6215	10.5666	10.5864	8.8947	9.5646
10.2128	11.0662	11.1466	10.0509	10.4906
12.2200	12.2200	12.2200	11.4200	11.4200
1.2633	1.0993	1.1411	1.1431	1.6120
1.4346	1.2739	1.3232	1.3222	1.7679
1.5900	1.3500	1.3900	1.3900	1.7900

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City of Macedonia, Ohio
Principal Real Property Taxpayers
 2007 and 2003 (1)

<i>2007</i>		
Taxpayer	Real Property Assessed Valuation (2)	Percentage of Total Assessed Valuation
Dorts Limited Liability Company	\$7,866,230	2.07 %
Developer Diversified Realty Corporation	4,193,540	1.10
W.W. Granger Inc.	3,849,930	1.01
Cleveland Steel Warehouse LTD	2,822,810	0.74
Empire Die Casting Co., Inc.	2,253,570	0.59
Graco Childrens Products, Inc.	2,108,820	0.55
Westminster RH Macedonia LLC	2,002,430	0.53
8146 Bavaria LLC	1,855,030	0.49
Zorn Eric S. Trustee	1,641,300	0.43
Kuchar LLC	1,584,860	0.42
Total	\$30,178,520	7.93 %
Total Assessed Real Property Valuation	\$380,139,740	
<i>2003</i>		
Taxpayer	Real Property Assessed Valuation (2)	Percentage of Total Assessed Valuation
Dorts Limited Liability Company	\$8,413,040	2.75 %
Developers Diversified Realty Corporation	4,302,860	1.41
Retail Trust IV	3,746,970	1.22
G. W. Macedonia LLC	2,828,310	0.92
Cleveland Steel Warehouse LTD	2,689,210	0.88
Schneider, Robert J. Trustee	2,254,820	0.74
Empire Die Casting Co., Inc.	2,155,260	0.70
W. W.A12 Grainger Inc.	2,147,540	0.70
Graco Childrens Products, Inc.	2,013,250	0.66
DDR Ohio Opportunity II, LLC	1,668,800	0.55
Total	\$32,220,060	10.53 %
Total Assessed Real Property Valuation	\$305,964,640	

Source: Summit County Fiscal Officer

(1) Information prior to 2003 is not available.

(2) The amounts presented represent the assessed values upon which 2007 and 2003 collections were based.

City of Macedonia, Ohio
Property Tax Levies And Collections
Last Nine Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2007	\$1,982,336	\$1,907,016	96.20 %	\$75,319	\$1,982,335	100.00%	\$244,766	12.35 %
2006	2,061,018	2,006,592	97.36	54,425	2,061,017	100.00	256,197	12.43
2005	2,053,347	1,966,114	95.75	87,233	2,053,347	100.00	214,456	10.44
2004	1,977,984	1,855,333	93.80	122,651	1,977,984	100.00	229,053	11.58
2003	1,871,360	1,798,132	96.09	73,228	1,871,360	100.00	313,460	16.75
2002	1,791,289	1,704,344	95.15	86,945	1,791,289	100.00	291,791	16.29
2001	1,767,209	1,666,860	94.32	100,349	1,767,209	100.00	308,713	17.47
2000	1,730,137	1,666,103	96.30	64,034	1,730,137	100.00	91,693	5.30
1999	1,690,802	1,623,552	96.02	67,250	1,690,802	100.00	91,988	5.44

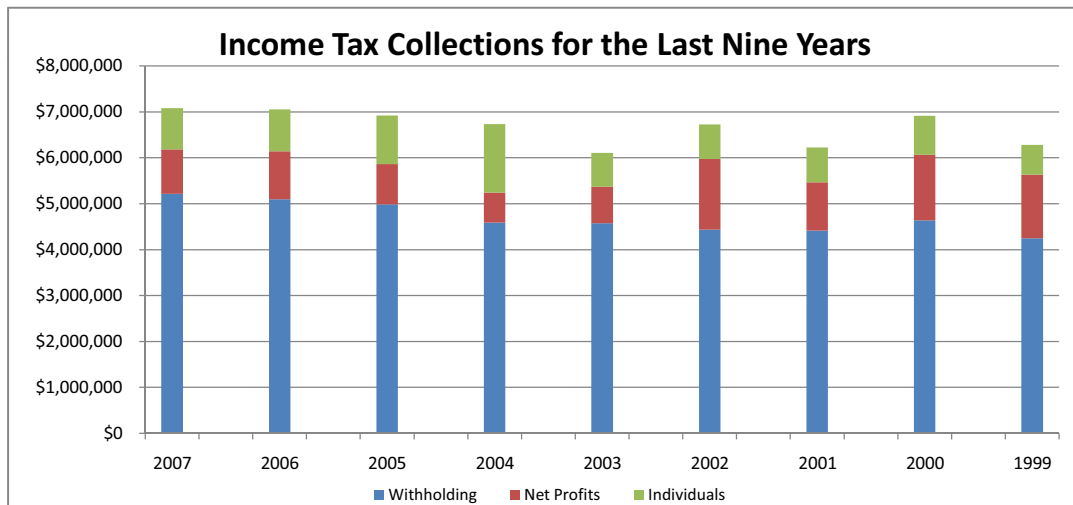
Source: Summit County , Ohio; County Fiscal Officer

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County does not identify delinquent collections by the year for which the tax was levied.

City of Macedonia, Ohio
Income Tax Revenue Base and Collections
(Modified Accrual Basis)
Last Nine Years

Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2007	2.00 %	\$7,535,191	\$5,218,422	69.25%	\$964,111	12.79%	\$901,444	11.95%
2006	2.00	7,580,461	5,095,009	67.21	1,043,459	13.77	911,492	12.02
2005	2.00	6,827,372	4,982,167	72.97	879,337	12.88	1,055,849	15.47
2004	2.00	5,599,410	4,590,917	81.99	655,211	11.70	1,490,032	26.61
2003	2.00	5,796,977	4,576,111	78.94	789,041	13.60	743,983	12.83
2002	2.00	6,421,634	4,437,978	69.11	1,535,965	23.92	751,617	11.69
2001	2.00	6,367,129	4,412,756	69.31	1,051,017	16.51	761,798	11.96
2000	2.00	6,651,088	4,634,280	69.67	1,430,484	21.51	850,360	12.79
1999	2.00	5,599,542	4,250,058	75.90	1,381,426	24.67	649,026	11.59



Source: Regional Income Tax Agency data

City of Macedonia, Ohio
Income Tax Filers by Income Level
Tax Years 2006 and 2005 (1)

Tax Year 2006				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	771	17.94 %	\$116,898,269	44.46 %
75,001-100,000	631	14.68	54,577,875	20.76
50,001-75,000	763	17.76	47,479,539	18.06
25,000-50,000	839	19.53	31,685,064	12.05
Under 25,000	1,293	30.09	12,266,919	4.67
Total	4,297	100.00 %	\$262,907,666	100.00 %

Tax Year 2005				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	747	16.78 %	\$110,962,183	42.33 %
75,001-100,000	622	13.97	54,029,684	20.61
50,001-75,000	813	18.26	50,819,104	19.39
25,000-50,000	865	19.43	32,305,074	12.33
Under 25,000	1,405	31.56	13,993,068	5.34
Total	4,452	100.00 %	\$262,109,113	100.00 %

Source: Regional Income Tax Agency data - certain amounts may be estimates - years are tax years. Number of filers does not equal total taxpayers due to taxpayers paying city taxes through employers withholding only without filing requirement.

As of December 31, 2007, year 2007 information has not been compiled.

(1) Information prior to 2005 not available.

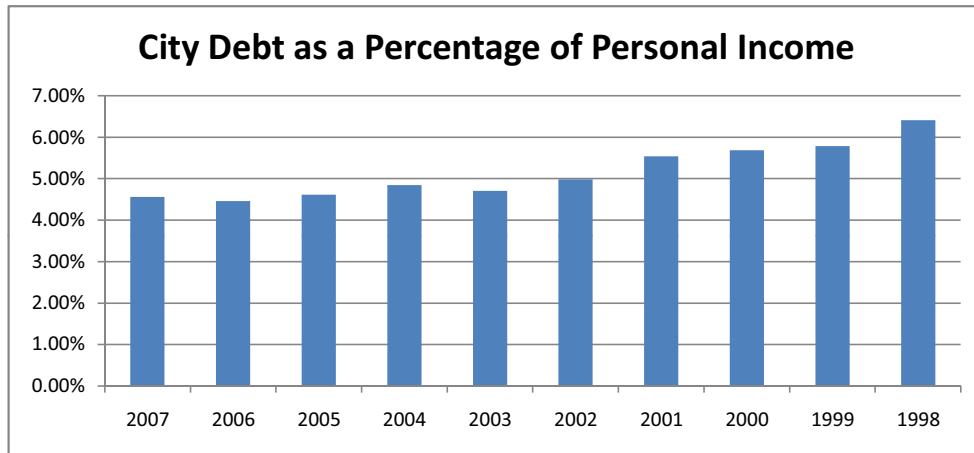
City of Macedonia, Ohio
*Ratio of General Obligation Bonded Debt to Estimated Actual
 Value of Taxable Property and Bonded Debt Per Capita
 Last Ten Years*

Year	General Obligation Bonds	Estimated True Value of Taxable Property	Ratio of Bonded Debt to Estimated True Value of Taxable Property	Bonded Debt per Capita
2007	\$8,177,089	\$1,329,460,068	0.62%	\$773
2006	8,656,210	1,275,283,951	0.68	831
2005	9,120,331	1,182,995,752	0.77	884
2004	9,569,452	1,113,245,093	0.86	944
2003	10,003,573	1,108,564,426	0.90	1,001
2002	10,252,857	991,587,679	1.03	1,050
2001	10,926,112	945,315,486	1.16	1,163
2000	4,847,699	917,041,018	0.53	523
1999	5,425,023	870,289,790	0.62	583
1998	5,974,405	830,819,277	0.72	661

Source: Summit County Fiscal Officer

City of Macedonia, Ohio
*Ratio of Outstanding Debt to
 Total Personal Income and Debt Per Capita
 Last Ten Years*

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Notes Payable	Capital Leases Payable
2007	\$8,177,089	\$1,770,200	\$645,009	\$720,000	\$226,788
2006	8,656,210	1,850,200	678,957	965,000	334,460
2005	9,120,331	1,370,400	493,939	1,780,000	438,490
2004	9,569,452	1,605,100	0	1,905,000	539,000
2003	10,003,573	1,834,100	0	1,200,000	0
2002	10,252,857	757,400	0	2,500,000	0
2001	10,926,112	1,006,700	0	2,500,000	0
2000	4,847,699	1,252,500	0	8,510,000	0
1999	5,425,023	1,322,800	0	8,180,000	0
1998	5,974,405	1,545,900	0	8,554,000	0



- (1) Macedonia Finance Department estimates 1998-1999, 2001-2007;
 U.S. Census Bureau 2000
- (2) Estimates 1998-1999, 2001-2007; U.S. Census Bureau 2000

State Infrastructure Bank Loans	Total Primary Government	Total Personal Income (1)	Percentage Of Personal Income	Population (2)	Per Capita
\$1,829,931	\$13,369,017	\$293,293,693	4.56 %	10,573	\$1,264
407,000	12,891,827	288,984,902	4.46	10,418	1,237
0	13,203,160	286,044,568	4.62	10,312	1,280
0	13,618,552	281,051,548	4.85	10,132	1,344
0	13,037,673	277,140,349	4.70	9,991	1,305
0	13,510,257	270,954,552	4.99	9,768	1,383
0	14,432,812	260,552,427	5.54	9,393	1,537
0	14,610,199	256,918,618	5.69	9,262	1,577
0	14,927,823	258,028,178	5.79	9,302	1,605
0	16,074,305	250,621,865	6.41	9,035	1,779

City of Macedonia, Ohio

Legal Debt Margin

Last Ten Years

	2007	2006	2005	2004
Total Assessed Property Value	<u>\$425,381,657</u>	<u>\$424,398,325</u>	<u>\$406,086,823</u>	<u>\$384,100,651</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>44,665,074</u>	<u>44,561,824</u>	<u>42,639,116</u>	<u>40,330,568</u>
Debt Outstanding:				
General Obligation Bonds	\$8,185,000	\$8,665,000	\$9,130,000	\$9,580,000
Special Assessment Bonds	1,770,200	1,850,200	1,370,400	105,100
Bond Anticipation Notes	720,000	965,000	1,780,000	1,905,000
OPWC Loans	645,009	678,957	493,939	0
SIB Loans	<u>1,829,931</u>	<u>407,000</u>	<u>0</u>	<u>0</u>
Total Gross Indebtedness	13,150,140	12,566,157	12,774,339	11,590,100
Less:				
Special Assessment Bonds	(1,770,200)	(1,850,200)	(1,370,400)	(105,100)
Bond Anticipation Notes	(720,000)	(965,000)	(1,780,000)	(1,905,000)
OPWC Loans	(645,009)	(678,957)	(493,939)	0
SIB Loans	<u>(1,829,931)</u>	<u>(407,000)</u>	<u>0</u>	<u>0</u>
Total Net Debt Applicable to Debt Limit	<u>8,185,000</u>	<u>8,665,000</u>	<u>9,130,000</u>	<u>9,580,000</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$36,480,074</u>	<u>\$35,896,824</u>	<u>\$33,509,116</u>	<u>\$30,750,568</u>
Legal Debt Margin as a Percentage of the Debt Limit	81.67%	80.56%	78.59%	76.25%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$23,395,991</u>	<u>\$23,341,908</u>	<u>\$22,334,775</u>	<u>\$21,125,536</u>
Total Gross Indebtedness	13,150,140	12,566,157	12,774,339	11,590,100
Less:				
Special Assessment Bonds	<u>(1,770,200)</u>	<u>(1,850,200)</u>	<u>(1,370,400)</u>	<u>(105,100)</u>
Net Debt Within 5 ½ % Limitations	<u>8,185,000</u>	<u>8,665,000</u>	<u>9,130,000</u>	<u>9,580,000</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$15,210,991</u>	<u>\$14,676,908</u>	<u>\$13,204,775</u>	<u>\$11,545,536</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	65.02%	62.88%	59.12%	54.65%

Source: City Financial Records

2003	2002	2001	2000	1999	1998
<u>\$378,952,555</u>	<u>\$338,279,235</u>	<u>\$325,275,990</u>	<u>\$316,510,703</u>	<u>\$297,759,924</u>	<u>\$284,310,826</u>
<u>39,790,018</u>	<u>35,519,320</u>	<u>34,153,979</u>	<u>33,233,624</u>	<u>31,264,792</u>	<u>29,852,637</u>
\$10,015,000	\$10,252,857	\$10,926,112	\$4,847,699	\$5,425,023	\$5,974,405
1,834,100	757,400	1,006,700	1,252,500	1,322,800	1,545,900
1,200,000	2,500,000	2,500,000	8,510,000	8,180,000	8,554,000
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
13,049,100	13,510,257	14,432,812	14,610,199	14,927,823	16,074,305
(1,834,100)	(757,400)	(1,006,700)	(1,252,500)	(1,322,800)	(1,545,900)
(1,200,000)	(2,500,000)	(2,500,000)	(8,510,000)	(8,180,000)	(8,554,000)
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>10,015,000</u>	<u>10,252,857</u>	<u>10,926,112</u>	<u>4,847,699</u>	<u>5,425,023</u>	<u>5,974,405</u>
<u>\$29,775,018</u>	<u>\$25,266,463</u>	<u>\$23,227,867</u>	<u>\$28,385,925</u>	<u>\$25,839,769</u>	<u>\$23,878,232</u>
74.83%	71.13%	68.01%	85.41%	82.65%	79.99%
<u>\$20,842,391</u>	<u>\$18,605,358</u>	<u>\$17,890,179</u>	<u>\$17,408,089</u>	<u>\$16,376,796</u>	<u>\$15,637,095</u>
13,049,100	13,510,257	14,432,812	14,610,199	14,927,823	16,074,305
(1,834,100)	(757,400)	(1,006,700)	(1,252,500)	(1,322,800)	(1,545,900)
<u>10,015,000</u>	<u>10,252,857</u>	<u>10,926,112</u>	<u>4,847,699</u>	<u>5,425,023</u>	<u>5,974,405</u>
<u>\$10,827,391</u>	<u>\$8,352,501</u>	<u>\$6,964,067</u>	<u>\$12,560,390</u>	<u>\$10,951,773</u>	<u>\$9,662,690</u>
51.95%	44.89%	38.93%	72.15%	66.87%	61.79%

City of Macedonia, Ohio
Computation of Direct and Overlapping
Governmental Activities Debt
December 31, 2007

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
Direct Debt:			
City of Macedonia			
General Obligation Bonds	\$8,177,089	100.00%	\$8,177,089
Special Assessment Bonds	1,770,200	100.00	1,770,200
Bond Anticipation Notes	720,000	100.00	720,000
OPWC Loans	645,009	100.00	645,009
SIB Loans	1,829,931	100.00	1,829,931
Capital Leases	226,788	100.00	226,788
Total Direct Debt	13,369,017		13,369,017
Overlapping			
Nardon Hills Local School District			
General Obligation Bonds	32,369,950	42.73	13,831,680
Capital Leases	67,748	42.73	28,949
Summit County			
General Obligation Bonds	61,414,960	3.33	2,045,118
Akron/Summit Library			
General Obligation Bonds	53,825,000	4.89	2,632,043
Regional Transit Authority			
General Obligation Bonds	650,000	3.33	21,645
<i>Total Overlapping Debt</i>	<i>148,327,658</i>		<i>18,559,434</i>
Total	\$161,696,675		\$31,928,451

Source: Summit County Fiscal Officer

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

City of Macedonia, Ohio
Demographic and Economic Statistics
Last Eight Years (1)

Year	Population (2)	Total Personal Income (3)	Per Capita Income (4)	School Enrollment (5)	Unemployment Rate (6)		City Square Miles (7)
					Akron MSA	State of Ohio	
2007	10,573	\$293,293,693	27,739	4,045	5.3%	5.8%	9.70
2006	10,418	288,984,902	27,739	3,967	4.9	5.4	9.70
2005	10,312	286,044,568	27,739	3,839	5.5	5.5	9.70
2004	10,132	281,051,548	27,739	3,887	5.1	5.5	9.70
2003	9,991	277,140,349	27,739	3,736	5.4	5.7	9.70
2002	9,768	270,954,552	27,739	3,719	4.9	5.0	9.70
2001	9,393	260,552,427	27,739	3,701	4.6	4.5	9.70
2000	9,262	256,918,618	27,739	3,670	3.6	3.7	9.70

(1) Information prior to 2000 is not available

(2) U.S. Census Bureau 2000 - 2006, Estimate 2007

(3) 2000 Per Capita Income multiplied by Population

(4) U.S. Census Bureau 2000

(5) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us>"

(6) U.S. Department of Labor, Bureau of Labor Statistics

(7) City Records

City of Macedonia, Ohio
Principal Employers
Current Year and Two Years Ago (1)

2007		
Employer	Employees	Percentage of Total City Employment
Graco Children Supplies	821	7.79%
Nordonia Hills City Schools	303	2.87
W W Grainger	299	2.84
Patio Enclosures	289	2.74
City of Macedonia	197	1.87
Empire Die Casting	181	1.72
Excello Engineered Systems	171	1.62
Tradesmen International	141	1.34
Ohio State Home Services	136	1.29
Beauty Systems Group	129	1.22
Total	2,667	25.30%
Total Employment within the City	10,541	

2005		
Employer	Employees	Percentage of Total City Employment
Graco Children Supplies	811	8.14%
Ohio State Home Services	560	5.31
Wal-Mart Associates	412	3.91
Nordonia Hills City Schools	348	3.30
Excello Engineered Systems	305	2.89
W W Grainger	244	2.31
Beauty Systems Group	160	1.52
Total	2,840	26.94%
Total Employment within the City	9,968	

Source: Regional Income Tax Agency

(1) Information prior to 2005 is not available

City of Macedonia, Ohio
Capital Assets Statistics by Function/Program
Last Eight Years (1)

Function/Program	2007	2006	2005	2004	2003	2002	2001	2000
General Government								
Building Department Vehicles	2	2	2	2	2	2	2	2
Other Department Vehicles	3	3	2	2	3	3	4	4
Square Footage of Building	30,600	30,600	30,600	30,600	30,600	30,600	30,600	30,600
Police								
Stations	1	1	1	1	1	1	1	1
Square Footage of Building	13,259	13,259	13,259	13,259	13,259	13,259	13,259	13,259
Vehicles	16	16	14	15	15	16	17	16
Fire								
Stations	1	1	1	1	1	1	1	1
Square Footage of Building	12,241	12,241	12,241	12,241	12,241	12,241	12,241	12,241
Vehicles	12	13	12	12	13	11	12	11
Service Department								
Streets (lane miles)	154	152	150	148	146	144	142	140
Square Footage of Buildings								
9683 Valley View	8,890	8,890	8,890	8,890	8,890	8,890	8,890	8,890
9000 Valley View	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
948 E Twinsburg Rd	5,450	5,450	5,450	N/A	N/A	N/A	N/A	N/A
Other Public Services Vehicles	26	26	26	26	28	26	24	25
Recreation								
Recreation Center	1	1	1	1	1	1	1	1
Recreation Center Square Footage	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Number of Parks	3	3	3	3	3	3	3	3
Number of Baseball Diamonds	5	5	5	5	5	5	5	5
Number of Playgrounds	3	3	3	3	3	3	3	3
Number of Volley Ball Courts	1	1	1	1	1	1	1	1
Number of Full Sized Soccer Fields	7	7	7	7	7	7	7	7
Vehicles	0	1	1	1	2	2	2	2

(1) Information is not available prior to 2000.

City of Macedonia, Ohio
Operating Indicators by Function/Program
Last Five Years (1)

Function/Program	2007	2006	2005	2004	2003
General Government					
<i>Council and Clerk</i>					
Number of Ordinances and Resolutions Passed	142	153	119	123	76
<i>Finance Department</i>					
Number of checks/ vouchers issued	3,642	3,320	3,018	2,889	2,821
Amount of checks written	\$11,034,451	\$10,590,431	\$7,543,739	\$6,602,722	\$10,278,864
Interest earnings for fiscal year (cash basis)	\$173,905	\$270,663	\$58,662	\$16,585	\$32,012
Number of Receipts issued	5,240	N/A	N/A	N/A	N/A
Number of Journal Entries issued	32,598	21,129	11,596	11,150	10,400
Purchase Orders issued	1,819	1,707	1,387	1,385	NA
Health Insurance Costs vs General Fund Expenditures %	11.08%	10.72%	10.18%	10.18%	10.66%
General Fund Cash Balances	934,544	0	367,787	0	333,381
Accounts Receivable Invoices issued	5,309	5,361	N/A	N/A	N/A
<i>Mayor's Court</i>					
Number of Traffic Cases	2,383	2,928	2,683	2,088	2,285
Number of OVI Cases	51	52	30	26	40
Number of Misdemeanor Criminal Cases	181	188	146	133	169
Number of Other Cases	458	482	235	122	294
<i>Civil Service</i>					
Number of police entry tests administered	1	0	0	1	0
Number of fire entry tests administered	0	1	0	0	0
Number of dispatch entry tests administered	0	1	1	0	0
Number of police promotional tests administered	0	0	0	2	0
Number of fire promotional tests administered	0	0	0	1	0
Number of hires of Police Officers from certified lists	1	0	0	3	0
Number of hires of Fire/Medics from certified lists	1	0	0	0	0
Number of hires of Dispatchers from certified lists	1	2	2	0	0
Number of promotions from police certified lists	0	0	1	3	2
Number of promotions from fire certified lists	0	0	0	1	0
Number of Misdemeanor Criminal Cases	181	188	146	133	169
Number of Other Cases	458	482	235	122	294
<i>Civil Service</i>					
Number of police entry tests administered	1	0	0	1	0
Number of fire entry tests administered	0	1	0	0	0
Number of dispatch entry tests administered	0	1	1	0	0
Number of police promotional tests administered	0	0	0	2	0
Number of fire promotional tests administered	0	0	0	1	0
Number of hires of Police Officers from certified lists	1	0	0	3	0
Number of hires of Fire/Medics from certified lists	1	0	0	0	0
Number of hires of Dispatchers from certified lists	1	2	2	0	0
Number of promotions from police certified lists	0	0	1	3	2
Number of promotions from fire certified lists	0	0	0	1	0
<i>Building Department Indicators</i>					
Residential Construction Permits Issued	502	49	101	422	122
Estimated Value of Residential Construction	\$7,704,601	\$12,576,970	\$32,216,792	\$28,288,524	\$30,500,000
Commercial Construction Permits Issued	128	183	94	71	80
Estimated Value of Commercial Construction	\$13,998,794	\$11,437,800	\$14,500,801	\$14,595,939	\$10,608,000
Number of permits issued	630	232	195	493	202
Estimated Value of Construction	\$21,703,395	\$24,014,770	\$46,717,593	\$42,884,463	\$41,108,000
Number of residential inspections	N/A	3,483	5,192	N/A	2,150
Number of commercial inspections	N/A	693	554	N/A	240

(continued)

City of Macedonia, Ohio
Operating Indicators by Function/Program (continued)
Last Five Years (1)

Function/Program	2007	2006	2005	2004	2003
Security of Persons & Property					
<i>Police</i>					
Total Calls for Services	20,728	20,491	16,519	19,325	18,016
Number of traffic citations issued	2,421	2,844	2,605	2,052	2,257
Number of parking citations issued	458	482	235	122	294
Number of criminal arrests	675	N/A	N/A	N/A	N/A
Number of accident reports completed	1,020	1,078	1,075	1,030	1,038
Part 1 Offenses (major offenses)	3,198	2,616	3,470	3,358	3,227
Animal Warden service calls responded to per annual report	50	90	N/A	N/A	N/A
Police Dept. Auxiliary hours worked					
DUI Arrests	67	45	26	23	30
Prisoners	920	1,060	873	787	850
Prisoner meal costs	\$20,578	\$15,601	\$9,845	\$10,432	\$6,448
Motor Vehicle Accidents	687	764	711	705	643
Property damage accidents					
Fatalities from Motor Vehicle Accidents	3	N/A	N/A	N/A	N/A
Gasoline costs of fleet	\$64,753	\$63,192	\$50,175	\$42,192	\$41,642
Community Diversion Program Youths	42	N/A	N/A	N/A	N/A
Community Diversion Program - community service hours	328	N/A	N/A	N/A	N/A
<i>Fire</i>					
EMS Calls	924	840	877	945	899
Ambulance Billing Collections (net)	\$157,545	\$142,669	\$171,272	\$143,553	\$186,454
Fire Calls	398	342	285	312	344
Fires with Loss	30	35	56	43	61
Fires with Losses exceeding \$10K	0	2	0	4	5
Fire Losses \$	\$9,200	\$45,180	\$17,520	\$92,105	\$183,200
Fire Safety Inspections	1,000	801	748	731	701
Number of times Mutual Aid given to Fire and EMS	92	85	83	134	75
Number of times Mutual Aid received for Fire and EMS	83	56	45	70	46
Leisure Time Activities					
<i>Recreation</i>					
Birthday Party Revenue	\$11,249	\$8,597	\$8,083	\$7,362	\$5,614
Community Garage Sales Receipts	\$1,907	\$1,861	\$1,292	\$1,078	\$656
Daily Pass Sales	\$45,588	\$39,442	\$31,104	\$27,356	\$21,980
Donations/Misc Receipts	\$13,942	\$1,773	\$2,450	\$2,047	\$1,870
Memberships Sold	\$547,492	\$585,092	\$523,080	\$481,407	\$416,416
Merchandise Sold	\$816	\$920	\$1,790	\$1,132	\$1,591
Rental Income - Rec. Ctr.	\$45,488	\$43,639	\$36,436	\$30,771	\$20,884
Rental Income - Parks	\$7,346	\$6,199	\$5,568	\$5,855	\$6,415
Youth Sports Revenue	\$65,015	\$56,735	\$45,839	\$37,306	\$38,629
Macedonia Basketball Receipts	\$407	\$70,591	\$60,358	\$57,075	\$48,680
Tot Room Receipts	\$3,688	\$3,347	\$4,187	\$4,218	\$4,885
Youth Camps Revenue	\$66,011	\$66,521	\$63,907	\$46,207	\$45,876
Fitness Revenue	\$83,210	\$95,827	\$92,332	\$76,321	\$86,337
Swim Lessons Revenue	\$77,348	\$77,789	\$78,241	\$81,982	\$66,003
Special Events	\$114	\$1,530	\$1,215	\$711	\$822
Youth Programs	\$7,598	\$5,312	\$3,462	\$6,732	\$4,014
Adult/Senior Programs	\$2,995	\$268	\$201	\$84	\$54
Concessions/Vending Commission - Rec. Ctr.	\$3,920	\$4,076	\$3,533	\$3,447	\$3,453
Total Recreation Department receipts	<u>\$984,134</u>	<u>\$1,069,520</u>	<u>\$963,078</u>	<u>\$871,090</u>	<u>\$774,178</u>
Transportation					
Pavement Marking Cost	\$53,443	\$55,081	\$50,568	\$0	\$41,003
Street Sweeping (tons of debris collected)	59	36	20	7	7
Street Sweeping (number of sweeps)	4	4	1	1	1
Cold Patch (tons)	89	72	173	87	
Leaf collection (cubic yards collected)	4,765	4,635	5,000	6,250	4,700
Leaf collection (overtime hours)	600	360	590	N/A	N/A
Recycling Program (tons)	144	98	98	55	32
Number of Trees Planted per year	165	66	238	108	75
Tons of snow melting salt purchased	8,191	2,309	8,941	8,131	7,071

(1) Information prior to 2003 is not available

City of Macedonia, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Five Years(1)

Function/Program	2007	2006	2005	2004	2003
General Government					
Council	6.50	6.50	6.50	6.50	6.50
Finance	4.50	4.50	3.50	4.00	4.00
Tax	0.00	0.00	0.00	0.00	2.00
Law	3.00	3.00	3.00	3.00	3.00
Administration	3.00	3.00	3.00	2.00	2.00
Engineer	1.00	1.00	1.00	1.00	1.00
Planing and Zoning	1.00	1.00	1.00	1.00	2.00
Civil Service	0.50	0.50	0.50	0.50	0.50
Court	2.00	2.00	2.00	2.00	2.00
Public Building	3.50	3.50	3.00	3.00	3.00
Public Safety					
Police	25.00	24.00	23.00	24.00	25.00
Police - Dispatchers/Office/Other	6.00	8.00	9.00	9.00	9.00
Police - Jailers	0.00	0.00	0.00	0.00	0.00
Fire	24.00	27.00	25.00	30.00	28.00
Fire - Secretary/Other	0.50	0.50	0.50	0.50	0.50
Leisure Time Activities					
Recreation	55.00	59.00	52.00	57.00	55.00
Community Development					
Building	2.00	2.00	2.00	2.00	2.00
Transportation					
Service	26.00	23.00	22.00	22.00	25.00
Totals:	<u>163.50</u>	<u>168.50</u>	<u>157.00</u>	<u>167.50</u>	<u>170.50</u>

Source: City Payroll Department W2 Audit Listing

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee as of December 31, 2007.

(1) Information prior to 2003 is not available



Mary Taylor, CPA
Auditor of State

CITY OF MACEDONIA

SUMMIT 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
NOVEMBER 6, 2008**