



**Auditor of State
Betty Montgomery**

**CITY OF SIDNEY
PERFORMANCE MANAGEMENT PROJECT**

DECEMBER 30, 2004



Auditor of State Betty Montgomery

To the Citizens, Officials, and Project Team of the City of Sidney:

The City of Sidney (the City) and six other local governments were invited to participate in a Performance Management Project (the Project) because each was identified as a leader in financial reporting by professional organizations. This project was designed to enhance the City's public reporting process by assembling requested information in a user friendly manner. The seven entities participating in the Project include one county, four cities, one library, and one special district.

The mission of the Project is to provide citizens, officials, and employees with comprehensive and easily accessible indicators to assess the performance and enhance the planning process of the affected government entity. The report for the City contains socioeconomic indicators, key financial ratios, and a performance measurement exercise for two selected areas.

Reporting of socioeconomic conditions is important in the long-range planning process of an entity because it allows policies to be enacted within the parameters of the quantifiable resources and needs of the community. Reporting of key financial ratios is important to the strategic planning and budgeting processes. By using financial ratios, the entity can develop financial policies that help to define the amount of service available in a given time. Performance measurement allows the entity to determine the efficiency and effectiveness of an activity. This information can then be used to further enhance the strategic planning process and ensure the effective use of public dollars.

This report includes the following sections: project introduction; socioeconomic indicators; financial ratios; and performance management exercise. This report has been provided to the Mayor, Council President, City Manager, Finance Director, and the Project Team of Sidney, and its contents have been discussed with the City Manager, Assistant City Manager, Finance Director, and the Accounting Manager.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this report can be accessed online through the Auditor of State of Ohio website at <http://www.auditor.state.oh.us/>, by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
AUDITOR OF STATE

December 30, 2004



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Background on Performance Management

Any organization requires reliable data to make informed decisions. Recent advances in information technology have made it possible to efficiently gather, sort and store data on internal and external factors impacting organizations. These repositories of data enable managers to analyze strengths, weaknesses, opportunities and threats to their organization like never before to benefit their consumers.

As citizens continually demand more responsive and competitive government, public officials are increasingly collecting data to assess both external socioeconomic indicators for planning services and measure the performance of those services. Other states and national researchers have labeled Ohio a forerunner in collecting elementary and secondary education data through the Educational Management Information System (EMIS), which contains more than 200 data elements. This data is constantly analyzed by educators, researchers, the media, policymakers and citizens to measure the efficiency and effectiveness of education in Ohio.

Nonetheless, there are thousands of other local governments in Ohio that do not have such an effective tool to analyze data for planning and measuring their services. They must use websites of various state, federal and private agencies to search databases on the information they desire on external factors in their communities. In addition, many local governments do not consistently collect and maintain data to measure performance and manage their operations effectively. While the implementation of the Governmental Accounting Standard Board's Statement No. 34 will make government financial data much easier to analyze for policy purposes, many officials may not understand how to use this data to its full potential.

Brief Project Description

The Performance Management Project (PMP) attempts to transfer knowledge and information enabling local governments in Ohio to better serve citizens in an increasingly efficient and effective manner. It envisions a comprehensive portal system of data-sharing among Ohio's counties, municipalities, townships, libraries and other special districts. This network would offer a broad base of performance measures, both financial and socioeconomic, to help guide operating and policy decisions. It would also present an Internet class designed by academic experts to help local officials establish performance-based organizations. Site information could be tailored to the user profile.

This project takes into account that most organizations, government and non-government, go through cycles of high performance to low performance. Unlike many performance assessment programs, it does not attempt to institutionalize a methodology of performance management on any one or a group of governments. Rather, it provides a tool for all governments to use as they progress through the cycles.

This project is currently being piloted among several high-performing local governments, as defined by their financial reporting practices, which include the cities of Brecksville, Upper Arlington, Westlake and Sydney; the Wayne County library system; Lake Metroparks; and Richland County. Each partner government is financially contributing to develop pilot performance measures in the areas of socioeconomic indicators, financial ratios, and operating performance measures.

Each partner will have a project team comprised of legislative, executive and operational members of the entity as well as one or more citizens. Team members involved with the PMP project for the City of Sidney included:

<u>Name</u>	<u>Title</u>
Thomas L. Judy	Finance Officer, Team Leader
Ginger Adams	Accounting Manager
Steve Stillwell	City Manager
Jon Crusey	Asst. City Manager
Greg Miller	City Councilman
Ed Hamaker	Citizen

This report concludes Phase I of the PMP project, and details the selection of performance measures and the tools necessary to develop a performance driven organization. Key objectives and action plans for approaching Phase II of the project include:

- 10-15 socioeconomic indicators to assist in high-level, long-term policy analysis.
- 16 financial ratios providing a deeper analysis of government finances to help guide policy in the short-term.
- An exercise to develop objectives, performance measures and a self-assessment for two operational areas.

Background on the City of Sidney

The city of Sidney is located in west central Ohio. It is the seat of Shelby County and comprises approximately half the county's population. The city has experienced steady but slowing growth in population in recent decades. The 2000 Census reported an 8 percent increase over 1990 levels. If trends from 2002 Census estimates continue, growth will fall to 6 percent by 2010.

While the local economy grew at a robust pace from 1962 through 1999, recent trends reflect the falling national economy. Total income tax collections for the city have shown limited growth since 1999, although the portion of income taxes collected from employee withholdings slightly increased. This indicates stability in local employment.

The city has a long history of progressive financial management through the development of detailed policies to provide conceptual standards for financial decision making. City leaders hope to use data generated from this project to augment these planning efforts.

Socioeconomic Indicators

Socioeconomic indicators encompass economic and demographic characteristics of the community, including population, income levels, age distribution, property values, employment, and business activities. They allow a government analyst to focus on external opportunities (e.g, new revenue sources) and threats (e.g, increasing service demands).

For this project section, the AOS mined databases from numerous state, federal and private organizations to develop potential socioeconomic indicators. It categorized hundreds of indicators into the following groups:

- Geography and housing,
- Environment,
- Public safety,
- Local business climate,
- Local labor market,
- Personal finance,
- Property taxes,
- Sales taxes,
- Income taxes,
- Other taxes,
- Abatements, and
- Local government fund.

In addition to the indicators presented, clients could also request analysis of specific socioeconomic indicators they desired. After assessing the options, the Sidney team chose to have AOS populate the following indicators.

1. Land area and percentage change, including persons per square mile and housing units per square mile.
2. Indicators on home valuations.
3. Indicators on renter versus owner-occupied units, including vacancy rates.
4. Fire calls per 1,000 population.
5. Full-time law enforcement per 1,000 population.
6. Quarterly net wages per industrial sector, per employee.

7. Per capita income.
8. Municipal income tax rates and collections.
9. Real property values, including breakouts for business classifications and new construction.
10. Abatement activity.

Finally, Sidney had the option to gather indicators on peers to produce benchmark comparisons. The team requested data on the cities of Troy and Piqua, cities of similar size in Miami County that also adjoin Interstate 75. For county-specific indicators, Miami County was chosen as a peer.

The following pages describe the result of each request, as well as observations made by AOS and discussion generated by the county team.

A. Housing and Geography

Issues to Look For

Studying annexation patterns in relation to population and housing units can help determine density patterns and the potential need for land use policy adjustments. This is important because low rates of annexation can represent lost revenues while high rates can threaten a government's ability to effectively deliver services to the expanded area.

Changes in median home value relative to similar cities are good indicators of revenue stability for governments reliant on property taxes. Tracking the growth of housing units will assist in projecting desired density rates, as well as determining current and future property tax revenues.

Assessing owner vs. rental rates, as well as vacancy rates, helps determine real estate appreciation and housing demand in general. According to a national real estate publication, a low vacancy rate (under 5 percent) is generally a good indicator of future real estate price appreciation, while high vacancy rates tend to indicate an excess supply of rentals. High vacancy rates (7-10 percent) are generally a negative sign for real estate prices. Rental rates also provide a useful indicator for housing demand. A tightening rental market (as evidenced by increasing rents and low vacancy rate) is a sign that little new housing is being built.

Observations

- Sidney increased 30.1 percent in geographic size between 1990 and 2002, compared to a 23.1 percent increase in Troy and a 53.2 percent increase in Piqua (page 6).
- Sidney's population and housing density decreased 16.6 percent and 9.7 percent, respectively, from 1990 to 2002. Sidney's density is falling at a higher rate than Troy, but a much lower rate than Piqua (page 6).
- By controlling its annexation rate, Sidney minimizes the potential strain on its resources from serving an expanded geographic area (page 6).
- While Sidney has the slowest increase in home valuation from 1990 to 2000 among the peers, Troy and Piqua's closer proximity to Dayton may influence their valuations (page 6).
- Sidney has the greatest percentages of homes under \$50,000 and over \$200,000 in 2000 compared to the peer cities. The city might want to investigate why it replaced Piqua as having the highest percentage of low-value homes (page 7).
- Sidney had the second-highest rate of increase in housing units at 16 percent between 1990 and 2000. However, the increase in renter-occupied housing nearly doubled that of owner-occupied housing (page 8).
- Homeowner vacancy rates in Sidney increased by four times between 1990 and 2000, which is the highest rate when compared to the peers and could relate to the increasing amount of lower-value homes in Sidney (page 8).

GEOGRAPHY AND HOUSING PATTERNS

LAND AREA, SQUARE MILES

	Sidney	Troy	Piqua
2002	11.2	10.6	11.3
2000	10.4	9.7	10.7
1990	8.6	8.6	7.4
Percent change, 2000-02	7.3%	9.2%	6.1%
Percent change, 1990-02	30.1%	23.1%	53.2%

Source: U.S. Census Bureau

PERSON PER SQAURE MILES

	Sidney	Troy	Piqua
2002	1,815	2,078	1,799
2000	1,939	2,268	1,939
1990	2,176	2,268	2,783
Percent change, 1990-02	-16.6%	-8.4%	-35.4%

Source: U.S. Census Bureau

HOUSING UNITS PER SQUARE MILE

	Sidney	Troy	Piqua
2002	775.1	N/A	N/A
2000	822.8	979.1	830.5
1990	858.8	930.9	1,085.7
Percent change, 1990-02	-9.7%	N/A	N/A
Percent change, 1990-00	-4.2%	5.2%	-23.5%

Source: U.S. Census Bureau

VALUE OF OWNER-OCCUPIED UNITS

	Sidney	Troy	Piqua
Median value , 2000	\$87,600	\$98,700	\$84,000
Median value, 1990 (inflated)	\$73,081	\$75,636	\$58,132
Percent change	19.9%	30.5%	44.5%

Source: U.S. Census Bureau

HOUSING VALUES, 2000 VS. 1990 ¹

SIDNEY

2000	Number	Percent
Specified over-occupied units	4,499	
Less than \$50,000	295	6.6%
\$50,000 to \$99,999	2,586	57.5%
\$100,000 to \$149,999	1,039	23.1%
\$150,000 to \$199,999	354	7.9%
\$200,000 to \$299,999	180	4.0%
\$300,000 to \$499,999	36	0.8%
\$500,000 to \$999,999	9	0.2%
\$1,000,000 or more	0	0.0%
Median (dollars)	87,600	

Source: U.S. Census Bureau

1990	Number	Percent
Specified over-occupied units	3,979	
Less than \$50,000	1,442	36.2%
\$50,000 to \$99,999	2,039	51.2%
\$100,000 to \$149,999	336	8.4%
\$150,000 to \$199,999	102	2.6%
\$200,000 to \$299,999	50	1.3%
\$300,000 or more	10	0.3%
Median (dollars)	58,100	

TROY

2000	Number	Percent
Specified over-occupied units	5,205	
Less than \$50,000	151	2.9%
\$50,000 to \$99,999	2,580	49.6%
\$100,000 to \$149,999	1,676	32.2%
\$150,000 to \$199,999	558	10.7%
\$200,000 to \$299,999	191	3.7%
\$300,000 to \$499,999	34	0.7%
\$500,000 to \$999,999	4	0.1%
\$1,000,000 or more	11	0.2%
Median (dollars)	98,700	

Source: U.S. Census Bureau

1990	Number	Percent
Specified over-occupied units	4,445	
Less than \$50,000	1,332	30.0%
\$50,000 to \$99,999	2,627	59.1%
\$100,000 to \$149,999	422	9.5%
\$150,000 to \$199,999	44	1.0%
\$200,000 to \$299,999	14	0.3%
\$300,000 or more	6	0.1%
Median (dollars)	60,300	

PIQUA

2000	Number	Percent
Specified over-occupied units	4,963	
Less than \$50,000	211	4.3%
\$50,000 to \$99,999	3,489	70.3%
\$100,000 to \$149,999	678	13.7%
\$150,000 to \$199,999	345	7.0%
\$200,000 to \$299,999	188	3.8%
\$300,000 to \$499,999	52	1.0%
\$500,000 to \$999,999	0	0.0%
\$1,000,000 or more	0	0.0%
Median (dollars)	84,000	

Source: U.S. Census Bureau

1990	Number	Percent
Specified over-occupied units	4,645	
Less than \$50,000	2,706	58.3%
\$50,000 to \$99,999	1,651	35.5%
\$100,000 to \$149,999	195	4.2%
\$150,000 to \$199,999	61	1.3%
\$200,000 to \$299,999	21	0.5%
\$300,000 or more	11	0.2%
Median (dollars)	46,200	

¹ In actual dollars

HOUSING UNIT DATA

2000

Name	Total housing units	Occupied housing units	Owner-occupied units	Renter-occupied units	Average household size of owner occupied	Average household size of renter occupied	Vacant housing units				Vacancy rate	
							Percent				Home-owner	Rental
							Total	For sale	For rent	Seasonal , rec, use		
Sidney	8,557	7,981	4,958	3,023	2.55	2.42	576	20.7%	39.9%	7.6%	2.3%	7.1%
Troy	9,497	8,920	5,378	3,542	2.51	2.24	577	19.1%	48.7%	6.9%	2.0%	7.4%
Piqua	8,886	8,263	5,229	3,034	2.51	2.40	623	15.9%	47.2%	3.0%	1.9%	8.8%

Source: U.S. Census Bureau

1990

Name	Total housing units	Occupied housing units	Owner-occupied units	Renter-occupied units	Average household size of owner occupied	Average household size of renter occupied	Vacant housing units				Vacacny rate	
							Percent				Home-owner	Rental
							Total	For sale	For rent	Seasonal , rec, use		
Sidney	7,386	7,044	4,487	2,557	2.71	2.50	342	8.5%	55.2%	5.2%	0.6%	6.9%
Troy	8,006	7,649	4,806	2,843	2.63	2.31	357	18.2%	48.1%	3.6%	1.3%	5.7%
Piqua	8,034	7,753	5,108	2,645	2.65	2.59	281	18.5%	39.5%	4.6%	1.0%	4.0%

Source: U.S. Census Bureau

B. Public Safety

Issues to Look For

Fire and EMS calls per 1,000 population indicates level of activity. This is important to track as population ages and the city considers land use policies to ensure proper resources are being provided. Actual fire incidents can be another indicator to determine if sufficient resources are being allocated for fire protection, including prevention programs. Lastly, tracking law enforcement staff makeup in relation to changing population levels can help determine an appropriate level of resources.

Observations

- The level of fire calls has remained fairly constant at Sidney and the peer cities. EMS calls per 1,000 population have fluctuated in varying degrees from year-to-year for each city. However, all of the cities' EMS calls per 1,000 population increased from 1998 to 2002 (page 10).
- Overall, Sidney appears to have minimized major fire incidents and damage, although Troy has realized greater improvements in minimizing fires and experienced significantly fewer fires and dollar loss in 2002 (page 10).
- Sidney has the highest 2002 level of law enforcement staff per 1,000 capita (2.5) compared to Troy (2.0) and Piqua (2.0). This level has risen 8.7 percent in Sidney from 1997 to 2002, compared to 2.6 percent and 17.6 percent, respectively, for Troy and Piqua (page 11).
- Sidney has the highest 2002 level of sworn officers per 1,000 capita (1.9) compared to Troy (1.8) and Piqua (1.6). Sidney's rate of increase from 1997 to 2002 was 5.5 percent, compared to no change for Troy and a 14.3 percent increase for Piqua (page 11).
- Sidney had the highest 2002 level of civilian law enforcement personnel per 1,000 capita (0.5), compared to Troy (0.3) and Piqua (0.4). Sidney experienced no change in total civilian personnel from 1997 to 2002, compared to a 50 percent increase in Troy and 33 percent increase for Piqua (page 11).

PUBLIC SAFETY

FIRE/EMS CALLS PER 1,000 POPULATION ¹

	Sidney	Troy	Piqua
Fire/EMS, 2002	24.2/ 106.1	22.8/ 114.1	22.7/ 111.7
Fire/EMS, 2001	23.1/ 103.5	23.0/ 103.8	21.4/ 112.8
Fire/EMS, 2000	23.4/ 107.1	21.3/ 103.8	22.2/ 115.5
Fire/EMS, 1999	26.8/ 105.6	21.5/ 109.1	21.6/ 110.0
Fire/EMS, 1998	24.8/ 100.2	22.6/ 101.9	22.6/ 108.3

Source: Sidney and peer fire departments, U.S. Census

¹ Calls reflect service to home cities only.

STRUCTURE FIRES ¹

	Sidney	Troy	Piqua
2002	44	28	47
2001, percentage change	-10%	-24%	62%
2000-02, percentage change	-12%	-20%	15%

Source: Ohio Dept. of Commerce, Division of Fire Marshall Fire Incident Reporting System

¹ May involve incidents in township areas served by department.

VEHICLE FIRES ¹

2002	22	16	36
2001, percentage change	-31%	-30%	9%
2000-02, percentage change	16%	-33%	6%

Source: Ohio Dept. of Commerce, Division of Fire Marshall Fire Incident Reporting System

¹ May involve incidents in township areas served by department.

OTHER FIRES ¹

2002, ²	42	40	8
2001, percentage change	40%	3%	60%
2000-02, percentage change	14%	14%	60%

Source: Ohio Dept. of Commerce, Division of Fire Marshall Fire Incident Reporting System

¹ May involve incidents in township areas served by department.

² Includes fires in trash, dumpster, grass, etc.

DOLLAR LOSS ¹

2002 dollar loss	\$545,965	\$253,030	\$687,385
2001, percentage change	-49%	-70%	37%
2000-02, percentage change	-39%	-45%	11%

Source: Ohio Dept. of Commerce, Division of Fire Marshall Fire Incident Reporting System

¹ May involve incidents in township areas served by department.

FULL-TIME LAW ENFORCEMENT STAFF

TOTAL PERSONNEL PER 1,000 CAPITA ¹

	Sidney	Troy	Piqua
2002	2.5	2	2
2000	2.4	2.1	2.0
1997	2.3	1.95	1.7
Percent change, 1997-2002	8.7%	2.6%	17.6%

Source: Sidney and peer police departments, U.S. Department of Justice Uniform Crime Reports, U.S. Census

¹ Total personnel may not equal exact totals of sworn officer and civilian ratios due to rounding.

TOTAL SWORN OFFICERS PER 1, 000 CAPITA

	Sidney	Troy	Piqua
2002	1.9	1.8	1.6
2000	1.8	1.9	1.6
1997	1.8	1.8	1.4
Percent change, 1997-2002	5.5%	0.0%	14.3%

Source: Sidney and peer police departments, U.S. Department of Justice Uniform Crime Reports, U.S. Census

TOTAL CIVILIAN PERSONNEL PER 1,000 CAPITA

	Sidney	Troy	Piqua
2002	0.5	0.3	0.4
2000	0.5	0.3	0.4
1997	0.5	0.2	0.3
Percent change, 1997-2002	0.0%	50.0%	33.0%

Source: Sidney and peer police departments, U.S. Department of Justice Uniform Crime Reports, U.S. Census

C. Labor Market

The North American Industry Classification System (NAICS) is a new method for categorizing employment and wages. It changes the focus from what was produced to how products and services are created. This was necessary because economies and new sectors are created and introduced, such as information technology.

Governments can use NAICS data to determine which industrial sectors are emerging in their counties (lowest level available) and which may be declining. This information is crucial for planning economic development policies, as well as predicting future service demands and revenue sources. Since many industries may be seasonal, the most accurate comparisons are gained by comparing the same quarter of different years.

At the county level, NAICS data is available through the third quarter of 2003. All comparisons are made between the third quarter 2003 and third quarter 2002. At the ZIP code level, NAICS data is only available on an annual basis through 2001. ZIP code information does not include government employment.

Observations

- Employment in Shelby County increased 0.9 percent and wages improved 2.7 percent between 2002 and 2003. In Miami County, employment fell 2.1 percent and wages per employee increased only 1.6 percent over the same time period (page 14).
- The wages per employee in Shelby County are higher than Miami, although per capita income (by residence) is higher in Miami. Therefore, while Shelby may have more higher paying jobs, the residents of Miami County may be commuting to high-paying jobs including those in Shelby (page 14).
- In Shelby County, information-related and wholesale trade employment increased 12 percent and 10.5 percent, respectively. Both pay substantially higher than the average wages per employee. Manufacturing remained Shelby County's highest paying and largest employment sector, although employment declined 0.8 percent (page 14).
- In the 45365 ZIP code, which primarily encompasses Sidney, annual payroll dropped 1 percent and employment dropped 1.5 percent from 2000 to 2001. However, 2001 payroll and employment remained 7.8 percent and 8.6 percent, respectively, above 1999 levels. This indicates that large gains made in 2000 were only slightly diminished in 2001. Also, the total number of businesses increased by 2.2 percent from 1999 to 2001 (pages 15-17).
- The number of smallest businesses (1-19 employees) in Sidney remained constant at 559 from 1999-2001. Meanwhile, medium size businesses (20-249 employees) increased 8.8 percent and large businesses (250-1000+ employees) increased 40 percent (pages 15-17).

- From 1999 to 2001, high-paying industries in Sidney with the largest gains for new businesses were information technology (22 percent), wholesale trade (12 percent) and manufacturing (3.4 percent). Lower-paying industries that made gains included administrative support, waste management and remediation services (17.2 percent) and health care and social assistance (7.6 percent). Information taken from pages 15-17.
- From 1999 to 2001, high-paying Sidney industries with the largest losses of firms were finance and insurance (12 percent), real estate and rental leasing (12 percent), professional, scientific and technical services (6 percent). Also, while management of company and enterprises (generally the highest-paying category) only lost one net firm, that firm was listed as employing between 100-249 people (pages 15-17).

WAGES/ EMPLOYMENT BY INDUSTRIAL SECTOR, THIRD QUARTER 2003 ¹
NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM

North American Industry Classification System (NAICS) Industrial Sector	MIAMI COUNTY					SHELBY COUNTY				
	Total Wages (000s)	Employment	Wages per employee	Employment percent change from 3rd quarter 2002	Wage per employee percent change from 3rd quarter 2002	Total wages (000s)	Employment	Wages per employee	Employment percent change from 3rd quarter 2002	Wage per employee percent change from 3rd quarter 2002
Total covered under Ohio UC Law ²	\$312,354	41,486	\$7,529	-2.1%	1.6%	\$250,348	29,357	\$8,528	0.9%	2.7%
Private Sector	\$273,168	36,824	\$7,418	-2.4%	1.2%	\$227,657	26,624	\$8,551	0.6%	2.8%
Agriculture, forestry, fishing, hunt	\$478	172	\$2,779	23.7%	-15.5%	\$228	41	\$5,561	0.0%	10.1%
Mining ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Utilities	\$1,612	123	\$13,106	-31.3%	38.3%	N/A	N/A	N/A	N/A	N/A
Construction	\$15,487	1,959	\$7,906	-9.8%	-0.5%	\$15,649	1,622	\$9,648	-1.3%	0.9%
Manufacturing	\$109,734	11,186	\$9,810	-5.6%	1.3%	\$137,897	13,053	\$10,564	-0.8%	3.7%
Wholesale trade	\$18,968	1,888	\$10,047	1.5%	1.9%	\$16,919	1,844	\$9,175	10.5%	1.5%
Retail trade	\$29,106	5,515	\$5,278	-0.2%	1.9%	\$12,442	2,339	\$5,319	-7.5%	1.1%
Transportation and warehousing	\$6,224	806	\$7,722	1.5%	8.3%	\$6,263	828	\$7,564	17.4%	6.0%
Information	\$2,968	445	\$6,670	3.2%	-5.3%	\$2,342	242	\$9,678	12.0%	3.4%
Finance and insurance	\$8,080	912	\$8,860	7.0%	6.0%	\$3,035	348	\$8,721	3.3%	14.4%
Real estate and rental and leasing	\$1,824	366	\$4,984	0.3%	3.9%	\$1,230	150	\$8,200	-1.3%	10.4%
Professional and technical services	\$6,441	734	\$8,775	1.1%	4.1%	\$2,795	299	\$9,348	2.4%	-1.9%
Management of companies and enterp. ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative and waste services	\$10,514	2,328	\$4,516	4.0%	4.2%	\$5,300	1,382	\$3,835	8.3%	6.1%
Educational services	\$848	167	\$5,078	0.0%	-2.5%	\$628	139	\$4,518	-4.8%	4.9%
Health care and social assistance	\$33,001	4,425	\$7,458	1.3%	1.5%	\$13,483	1,815	\$7,429	3.4%	-3.4%
Arts, entertainment, and recreation	\$1,233	429	\$2,874	0.7%	-0.5%	\$279	108	\$2,583	14.9%	-5.1%
Accommodation and food services	\$8,637	3,176	\$2,719	-0.6%	1.8%	\$3,772	1,579	\$2,389	-1.6%	-5.6%
Other services, except public admin.	\$5,569	1,295	\$4,300	-1.6%	-1.5%	\$3,528	684	\$5,158	-0.4%	3.2%
State & Local Govt.	\$39,186	4,662	\$8,405	0.0%	4.1%	\$22,691	2,733	\$8,303	4.1%	1.4%
State Government.	\$1,346	127	\$10,598	-2.3%	0.8%	\$3,378	333	\$10,144	N/A	N/A
Local Government	\$37,840	4,535	\$8,344	0.0%	4.2%	\$19,313	2,400	\$8,047	N/A	N/A
Federal Government ⁴	\$2,469	227	\$10,877	0.4%	1.0%	\$953	101	\$9,436	-1.9%	1.8%

Source: Ohio Department of Job and Family Services, Bureau of Labor Market Information

¹ Preliminary, based upon employers' reports for third quarter 2003 received in the Bureau of Labor Market Information through January 1, 2004.

² Includes private sector and state government entities, but excludes federal government agencies.

³ Suppressed for confidentiality

⁴ Includes only federal government agencies.

2001 BUSINESS PATTERNS

North American Industry Classification System

Total for ZIP Code 45365

Number of establishments: 720

First quarter payroll in \$1000: 129,090

Number of employees: 17,158 ¹

Annual payroll in \$1000: 525,272

NUMBER OF ESTABLISHMENTS BY EMPLOYMENT-SIZE CLASS

Industry Code Description	Total Estabs	'1-4'	'5-9'	'10-19'	'20-49'	'50-99'	'100-249'	'250-499'	'500-999'	'1000 or more'
Total	720	324	131	104	94	30	23	10	4	0
Forestry, fishing, hunting, and agriculture	3	2	1	0	0	0	0	0	0	0
Mining	2	0	0	0	2	0	0	0	0	0
Utilities	1	0	0	0	1	0	0	0	0	0
Construction	55	31	7	9	4	2	1	1	0	0
Manufacturing	89	21	12	6	15	13	15	4	3	0
Wholesale trade	28	9	7	6	4	1	1	0	0	0
Retail trade	119	41	43	21	10	0	2	2	0	0
Transportation & warehousing	36	19	3	7	5	0	1	1	0	0
Information	11	5	0	2	3	0	0	1	0	0
Finance & insurance	37	20	10	3	4	0	0	0	0	0
Real estate & rental & leasing	21	14	3	3	0	1	0	0	0	0
Professional, scientific & technical services	46	33	3	6	4	0	0	0	0	0
Management of companies & enterprises	4	1	0	1	2	0	0	0	0	0
Admin, support, waste mgt, remediation services	34	16	6	4	4	2	2	0	0	0
Educational services	5	2	1	0	0	2	0	0	0	0
Health care and social assistance	70	30	14	14	8	1	1	1	1	0
Arts, entertainment & recreation	11	5	3	1	2	0	0	0	0	0
Accommodation & food services	66	16	8	14	21	7	0	0	0	0
Other services (except public administration)	73	50	10	7	5	1	0	0	0	0
Unclassified establishments ²	9	9	0	0	0	0	0	0	0	0

Source: U.S. Census Bureau

¹ Chart does not include public-sector employment.

² Those employers without a fixed location or with an unknown ZIP Code are included under an "Unclassified" category indicated by ZIP Code 99999.

2000 BUSINESS PATTERNS
North American Industry Classification

Total for ZIP Code 45365
 Number of establishments: 699
 First quarter payroll in \$1000: 131,584
 Number of employees: 17,436¹
 Annual payroll in \$1000: 530,264

NUMBER OF ESTABLISHMENTS BY EMPLOYMENT SIZE-CLASS

Industry Code Description	Total Estabs	'1-4'	'5-9'	'10-19'	'20-49'	'50-99'	'100-249'	'250-499'	'500-999'	'1000 or more'
Total	699	313	142	103	71	34	23	9	2	2
Forestry, fishing, hunting, and agriculture	3	2	0	1	0	0	0	0	0	0
Mining	2	0	0	0	2	0	0	0	0	0
Utilities	1	0	0	0	1	0	0	0	0	0
Construction	57	34	6	10	2	3	2	0	0	0
Manufacturing	81	12	16	5	14	11	14	6	1	2
Wholesale trade	26	11	5	4	4	1	1	0	0	0
Retail trade	118	41	42	21	10	1	2	1	0	0
Transportation & warehousing	37	20	6	5	3	2	1	0	0	0
Information	10	4	0	3	2	0	1	0	0	0
Finance & insurance	38	19	12	3	4	0	0	0	0	0
Real estate & rental & leasing	25	17	5	2	0	1	0	0	0	0
Professional, scientific & technical services	47	32	5	7	3	0	0	0	0	0
Management of companies & enterprises	4	1	0	1	1	0	0	1	0	0
Admin, support, waste mgt, remediation services	29	15	4	4	2	3	1	0	0	0
Educational services	6	4	0	0	0	2	0	0	0	0
Health care and social assistance	67	30	13	14	6	1	1	1	1	0
Arts, entertainment & recreation	11	7	1	2	1	0	0	0	0	0
Accommodation & food services	60	17	9	13	13	8	0	0	0	0
Other services (except public administration)	75	45	18	8	3	1	0	0	0	0
Unclassified establishments ²	2	2	0	0	0	0	0	0	0	0

Source: U.S. Census Bureau

¹ Chart does not include public-sector employment.

² Those employers without a fixed location or with an unknown ZIP Code are included under an "Unclassified" category indicated by ZIP Code 99999.

1999 BUSINESS PATTERNS

North American Industry Classification System

Total for ZIP Code 45365

Number of establishments: 704

First quarter payroll in \$1000: 109,124

Number of employees: 15,805 ¹

Annual payroll in \$1000: 487,203

NUMBER OF ESTABLISHMENTS BY EMPLOYMENT SIZE-CLASS

Industry Code Description	Total Estabs	'1-4'	'5-9'	'10-19'	'20-49'	'50-99'	'100-249'	'250-499'	'500-999'	'1000 or more'
Total	704	337	131	91	80	27	28	7	2	1
Forestry, fishing, hunting, and agriculture	2	2	0	0	0	0	0	0	0	0
Mining	2	0	0	1	1	0	0	0	0	0
Utilities	1	0	0	0	1	0	0	0	0	0
Construction	55	35	5	8	3	2	2	0	0	0
Manufacturing	86	18	15	5	16	10	16	4	1	1
Wholesale trade	25	9	6	4	3	2	1	0	0	0
Retail trade	117	45	37	20	11	1	2	1	0	0
Transportation & warehousing	35	22	4	3	4	1	1	0	0	0
Information	9	3	0	3	2	0	1	0	0	0
Finance & insurance	42	26	9	3	4	0	0	0	0	0
Real estate & rental & leasing	24	17	4	1	1	1	0	0	0	0
Professional, scientific & technical services	49	33	7	6	3	0	0	0	0	0
Management of companies & enterprises	5	2	0	1	1	0	1	0	0	0
Admin, support, waste mgt, remediation services	29	16	2	4	1	2	3	1	0	0
Educational services	7	5	0	0	1	1	0	0	0	0
Health care and social assistance	65	29	15	10	7	1	1	1	1	0
Arts, entertainment & recreation	11	8	0	2	1	0	0	0	0	0
Accommodation & food services	66	20	12	12	16	6	0	0	0	0
Other services (except public administration)	69	42	15	8	4	0	0	0	0	0
Unclassified establishments ²	5	5	0	0	0	0	0	0	0	0

Source: U.S. Census Bureau

¹ Chart does not include public-sector employment.

² Those employers without a fixed location or with an unknown ZIP Code are included under an "Unclassified" category indicated by ZIP Code 99999.

D. Personal Finance

Issues to Look For

Tracking personal income helps gauge potential revenues or service demands. This is especially true when tracking income levels by age groups, such as seniors who may demand more services but have limited ability to assume tax burdens. This report tracks both money income reported by the Census Bureau and personal income reported by the U.S. Bureau of Economic Analysis.

Money income consists of income in cash and its equivalents, excluding employer contributions to government employee retirement plans and to private health/pension funds, lump-sum payments except earnings and certain government payments (e.g., Medicaid and Medicare). It includes personal contributions for social insurance, retirement income from government employee retirement plans and from private pensions and annuities, and income from interpersonal transfers (e.g. child support.)

Personal income, in general, is a more comprehensive measure. Personal income is defined as the sum of wage and salary disbursements, other labor income, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and government transfer payments to persons such as Social Security, unemployment insurance and veteran's benefits. It excludes personal contributions for social insurance. These measures include incomes of individuals, nonprofit institutions that primarily serve individuals, private noninsured welfare funds, and private trust funds. Proprietors' income is treated in its entirety as received by individuals. While personal income data is issued annually, it is only available at the county level.

Observations

- Per capita money income grew at a slower rate from 1989 to 1999 for Sidney (17.5 percent) than Troy (19.7 percent), Piqua (25.5 percent) and the Ohio average (20.2 percent). Information on page 19.
- Shelby County resident's per capita personal income increased 2.6 percent from 2001 to 2002, compared to 0.4 percent for Miami County (page 20).
- The personal income increase in 2002 is especially evident in earnings. Also, the increased earnings of workers and proprietors within Shelby county more than tripled the state average (page 20). These earnings in 2002 helped Sidney to slightly increase 2002 income tax collections from the prior year while the peer cities fell (page 22).
- Transfer payments comprised 14.0 percent of Shelby County's total personal income in 2002, a 7.1 percent increase from the prior year. Miami County transfer payments comprised 15.0 percent of total personal income, an increase of 8.6 percent from the prior year. These figures are impacted by economic conditions, as well as population aging trends (page 20).

PERSONAL FINANCE

PER CAPITA MONEY INCOME

	Sidney	Troy	Piqua	Ohio
1999	\$19,075	\$19,892	\$18,719	21,003
Percentage change from 1989 (inflated)	17.5%	19.7%	25.5%	20.2
Ratio female to male earnings (full-time, year-round)	0.64	0.71	0.65	0.7

Source: U.S. Census Bureau

PER CAPITA PERSONAL INCOME (PCPI)

	Shelby County	Miami County
PCPI, 2002	\$26,801	\$28,076
As percentage of state PCPI	92%	96%
Percent change, 2001-02	2.6%	0.4%
Percent change for state, 2001-02	2.0%	2.0%
Average annual growth, 1992-2002	3.3%	3.6%
Average annual growth for state, 1992-2002	3.8%	3.8%

Source: U.S. Bureau of Economic Analysis

TOTAL PERSONAL INCOME (TPI)

	Shelby County	Miami County
TPI percent of state total, 2002	0.4%	0.8%
State ranking	45th	26th
Percent change, 2001-02	2.9%	0.8%
Percent change for state, 2001-02	2.2%	2.2%
Average annual growth, 1992-2002	3.9%	4.2%
Average annual growth for state, 1992-2002	4.2%	4.2%

Source: U.S. Bureau of Economic Analysis

PERSONAL INCOME FROM NET EARNINGS

	Shelby County	Miami County
Percent of TPI, 2002 ¹	70.6%	68.8%
Percent change, 2001-02	2.8%	-0.5%
Percent of total, 1992	70.8%	68.8%
Average annual growth, 1992-2002	3.9%	4.1%

Source: U.S. Bureau of Economic Analysis

¹ Net earnings is earnings by place of work—the sum of wage and salary disbursements (payrolls), other labor income, and proprietors' income—less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis.

PERSONAL INCOME FROM DIVIDENDS, INTEREST AND RENT

	Shelby County	Miami County
Percent of TPI, 2002	15.4%	16.2%
Percent change, 2001-02	-0.2%	-0.2%
Percent of total, 1992	17.4%	17.6%
Average annual growth, 1992-2002	2.7%	3.3%

Source: U.S. Bureau of Economic Analysis

PERSONAL INCOME FROM TRANSFER PAYMENTS

	Shelby County	Miami County
Percent of TPI, 2002 ¹	14.0%	15.0%
Percent change, 2001-02	7.1%	8.6%
Percent of total, 1992	11.8%	13.6%
Average annual growth, 1992-2002	5.7%	5.2%

Source: U.S. Bureau of Economic Analysis

¹ Represent government payments to individuals, such as Social Security, medical, income maintenance, unemployment insurance and veterans' benefits.

EARNINGS BY PLACE OF WORK

	Shelby County	Miami County
Earnings (000s)	\$1,347,661	\$1,708,937
2001-02 percentage change ¹	5.1%	-1.1%
2001-02 percentage change for state	1.6%	1.6%
Average annual growth, 1992-2002	4.9%	4.0%
Average annual growth for state, 1992-2002	4.2%	4.2%

Source: U.S. Bureau of Economic Analysis

¹ Represents labor and proprietors' earnings by place of work that indicate the economic activity of business and government within a county.

E. Income Taxes

Issues to Look For

Cities should investigate fluctuations in collections, especially if tax rates did not change over a period of time. Wide variances from prior years or from peer cities may indicate a need to review tax rates, collection procedures, or other matters.

Observations

- Despite the stagnant economy, Sidney's collections have risen every year since 2000 for a cumulative increase of 5.5 percent. Conversely, the 2003 collections for Troy and Piqua were still below 2000 levels (page 22).
- The third quarter 2003 wage data on Shelby County from the North American Industry Classification System (NAICS) likely supports the increasing collection rates for Sidney in comparison to the peer cities. This table showed wages per Shelby County employee had increased at 2.7 percent from the prior year, compared to 1.6 percent for Miami County (page 14).
- Sidney's cumulative collection increase from 1996 to 2003 of 18.7 percent surpassed that of Troy and Piqua (page 22).

INCOME TAX COLLECTIONS

MUNICIPAL INCOME TAXES

	Sidney	Troy	Piqua
Tax rate ¹	1.50%	1.75%	1.75%
Collections, 2003	\$11,692,076	\$11,510,000	\$7,641,191
2002	\$11,212,945	\$11,484,000	\$7,312,313
2001	\$11,207,735	\$12,494,625	\$7,420,655
2000	\$11,079,565	\$11,719,025	\$7,692,681
Percent change in collections, 2000-2003	5.5%	-1.8%	-0.7%
Percent change in collections, 1996-2003	18.7%	14.0%	13.9%

Source: City income tax departments, Ohio Department of Taxation

¹ Tax rates for each city remained unchanged during the comparison period.

F. Property Taxes

Issues to Look For

Trends in property valuation are good indicators of the local tax base, economy and employment opportunities. This should be studied against past years to determine changes in the tax base makeup. A growing over-reliance on any one sector could lead to fiscal distress if this revenue source were to suddenly decline.

County auditors must reappraise all real estate every six years, and make equalization adjustments (updates) in the third year following reappraisal. Real property in Shelby County received a triennial valuation update in 2002, while real property in Miami County received its six-year reappraisal in 2001. To adjust for the impact of these nonconcurrent reassessment schedules, the real property charts on pages 25-26 compare annual valuation data for Sidney with the prior year of the peer cities. In other words, 2002 data for Sidney is accounted for in the 2001 year on the chart, and so on. Unlike real property, personal property taxes on business machinery, equipment and inventory are assessed annually in all Ohio counties so no adjustment is required.

Observations

- Sidney experienced growth in its personal property valuation, while Troy decreased in valuation since 1995. However, this will not remain a reliable revenue source as the Legislature in 2003 accelerated the phase-out of the personal property tax on inventories. Sidney and its overlapping governments should consider how to deal with this coming shortfall (pages 24-25).
- All three cities lost significant valuation in their public utility personal property with deregulation.. The city should assess whether to expect additional fluctuations in this category (pages 24-25).
- Sidney experienced the slowest growth for all real property values (29 percent) compared to Piqua (38 percent) and Troy (43 percent). Information is on pages 24 and 26.
- Sidney has lagged the peers in growth of real business property (23 percent Sidney, 45 percent Piqua, 34 percent Troy), which may be attributed to commercial development in Miami county (pages 24, 26).

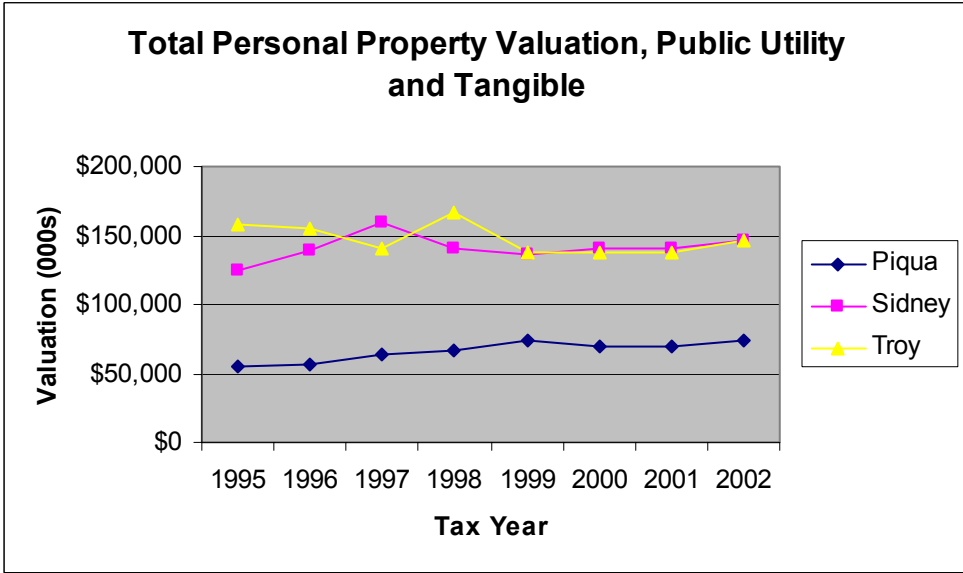
PROPERTY TAXES

ASSESSED PROPERTY VALUATION ¹

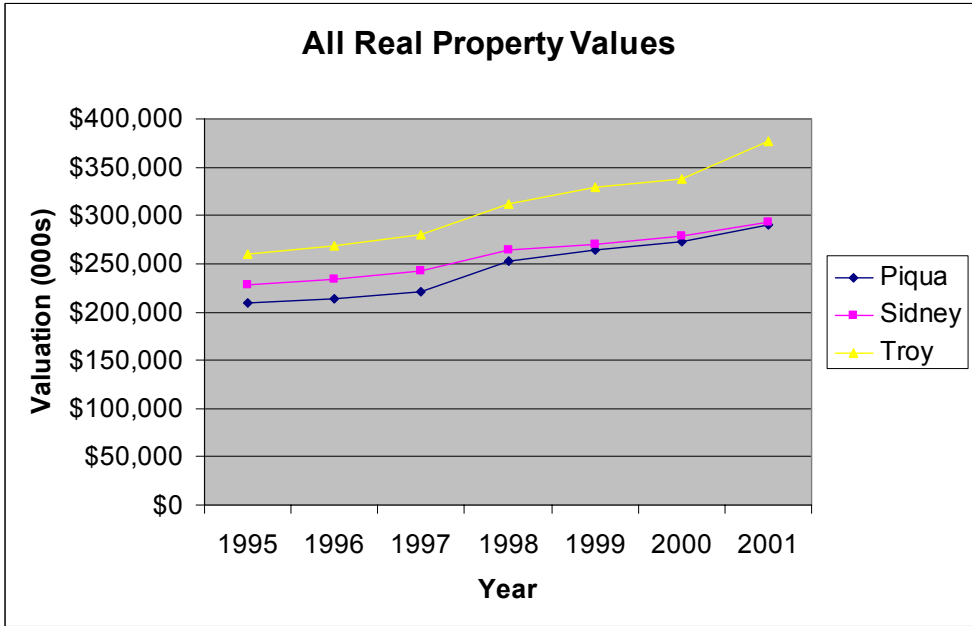
		Residential and Agricultural Real Property	Business Real Property	Total Real Property	Public Utility Tangible Personal	Tangible Personal	Total Personal Property
2002	Sidney	199,085	94,478	293,563	10,722	136,165	146,887
2001	Sidney	185,550	92,686	278,236	10,441	129,893	140,334
2000	Sidney	181,768	87,731	269,499	15,601	125,415	141,016
1999	Sidney	178,452	85,953	264,405	15,742	120,188	135,930
1998	Sidney	159,867	82,927	242,794	16,977	123,610	140,587
1997	Sidney	155,168	78,969	234,138	16,160	143,472	159,632
1996	Sidney	151,446	76,487	227,933	16,251	123,378	139,629
2002	Troy	N/A	N/A	N/A	11,199	135,718	146,917
2001	Troy	244,069	105,928	349,997	11,007	126,520	137,527
2000	Troy	218,210	95,011	313,222	14,963	122,288	137,251
1999	Troy	212,540	93,134	305,674	15,964	122,368	138,332
1998	Troy	205,172	85,045	290,217	17,815	149,376	167,191
1997	Troy	178,400	82,537	260,937	15,464	125,825	141,289
1996	Troy	170,265	80,029	250,294	15,071	139,951	155,022
1995	Troy	165,458	79,043	244,501	15,366	142,566	157,932
2002	Piqua	N/A	N/A	N/A	3,971	69,506	73,477
2001	Piqua	190,137	80,613	270,750	3,920	66,277	70,197
2000	Piqua	174,693	81,359	256,052	6,512	62,903	69,415
1999	Piqua	172,289	74,844	247,132	6,842	66,727	73,569
1998	Piqua	169,725	65,869	235,594	7,189	59,418	66,607
1997	Piqua	145,687	60,755	206,442	7,073	56,001	63,074
1996	Piqua	142,671	57,247	199,918	7,086	49,576	56,662
1995	Piqua	140,820	55,536	196,357	7,200	48,551	55,751

Source: Ohio Department of Taxation, Tax Analysis Division

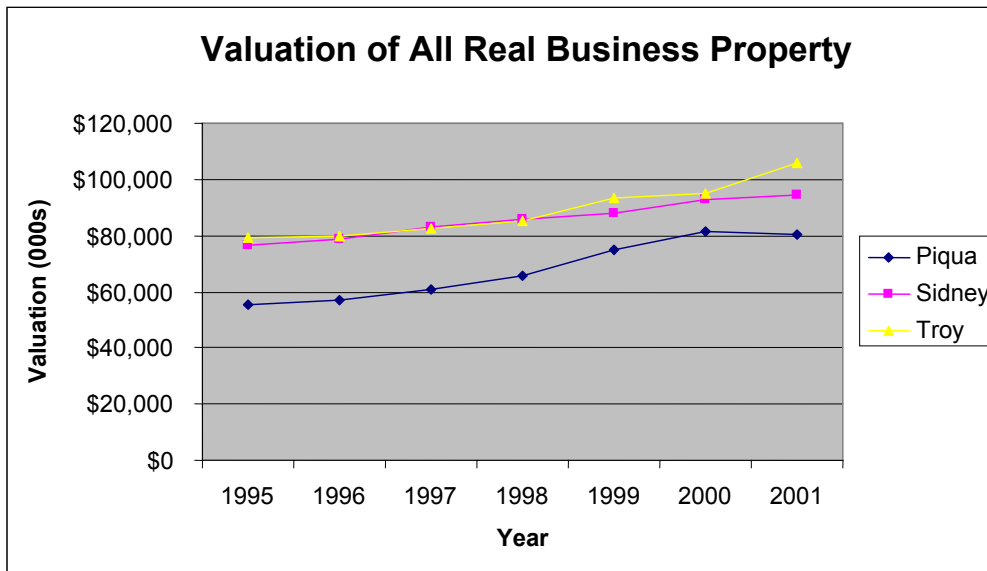
¹The Shelby County Auditor's schedule for adjusting the assessed value of real property (every three years) is one year behind Miami County's adjustment schedule. To adjust for the impact of these nonconcurrent schedules, the real property charts on pages 25-26 compare annual valuation data for Sidney with the prior year of the peer cities. In other words, 2002 data for Sidney is accounted for in the 2001 year on the chart, and so on.



Source: Ohio Department of Taxation, Division of Tax Analysis
Note: All years are current since personal property valuations are done annually.



Source: Ohio Department of Taxation, Division of Tax Analysis
Note: The Shelby County Auditor's schedule for adjusting the assessed value of real property (every three years) is one year behind Miami County's adjustment schedule. To adjust for the impact of these nonconcurrent schedules, the real property charts on pages 25-26 compare annual valuation data for Sidney with the prior year of the peer cities. In other words, 2002 data for Sidney is accounted for in the 2001 year on the chart, and so on.



Source: Ohio Department of Taxation, Division of Tax Analysis

Note: To adjust for separate reappraisal cycles, the table compares annual real property valuation for Sidney with the prior year data for the peer cities. In other words, 2002 data for Sidney is accounted for in the 2001 year on the table, 2001 data is accounted for in 2000, and so on.

G. Abatements

Issues to Look For

The Ohio Department of Development (ODOD) annually tracks forecasted impacts of enterprise zone agreements local governments enter into with businesses. These include 10-year projections on taxes abated versus taxes collected for each new project. Officials should investigate long-term results to assess if the community is receiving an adequate return on investment. However, as ODOD data are only forecasts, officials should study the historical performance of each individual agreement including those excluded from the ODOD study to help form conclusions on the effectiveness of these agreements.

Observations (taken from agreements entered between 1998 and 2002)

- Sidney's forecast revenue as a result of these agreements was 74.2 percent of total abatements. This compared to 39.1 percent for Troy and 115.8 percent for Piqua. However, Piqua abated only \$1.6 million compared to \$11.5 million for Sidney and \$18.1 million for Troy (page 29).
- Sidney forecasted 20 percent more taxes than Troy, although it abated 36 percent less in property valuation (page 29).
- Sidney appeared to place a greater emphasis on abating real property over personal property than the peers. It also forecasts more new taxes from personal over real property. City officials should investigate if recent legislative action to speed the phase-out of the inventory tax on personal property has any impact on these agreements (pages 28-29).
- Anticipated revenues in Sidney were evenly split between income and property taxes, while forecasted revenue from property taxes are greater in Troy and Piqua (pages 28-29).

ENTERPRISE ZONE AGREEMENTS PROJECTED RESULTS¹

REAL PROPERTY TAX REVENUE FORECAST AS A RESULT OF NEW AGREEMENTS

Year entered	Sidney	Troy	Piqua
2002	\$334,836	\$32,718	\$0
2001	\$38,357	\$242,274	\$13,152
2000	\$617,227	\$64,748	\$117,664
1999	\$595,686	\$1,831,571	\$23,217
1998	\$141,434	\$5,038	\$21,593
Totals	\$1,727,540	\$2,176,349	\$175,626

Source: Ohio Department of Development, Economic Development Division

REAL PROPERTY TAXES ABATED AS A RESULT OF NEW AGREEMENTS

Year entered	Sidney	Troy	Piqua
2002	\$807,546	\$98,154	\$0
2001	\$115,073	\$726,823	\$13,152
2000	\$3,276,626	\$200,438	\$429,301
1999	\$1,918,586	\$7,910,095	\$23,217
1998	\$66,819	\$15,115	\$21,593
Totals	\$6,184,650	\$8,950,625	\$487,263

Source: Ohio Department of Development, Economic Development Division

PERSONAL PROPERTY TAX REVENUE FORECAST AS A RESULT OF NEW AGREEMENTS

Year entered	Sidney	Troy	Piqua
2002	\$863,966	\$145,099	\$0
2001	\$278,664	\$2,021,270	\$185,479
2000	\$586,501	\$48,929	\$0
1999	\$835,385	\$803,877	\$0
1998	\$102,829	\$29,853	\$928,591
Totals	\$2,667,345	\$3,049,028	\$1,114,070

Source: Ohio Department of Development, Economic Development Division

¹ All projections were calculated over 10 years from year agreement was made and aggregated for each zone.

PERSONAL PROPERTY TAXES ABATED AS A RESULT OF NEW AGREEMENTS

Year entered	Sidney	Troy	Piqua
2002	\$2,752,183	\$435,299	\$0
2001	\$835,992	\$6,063,811	\$185,479
2000	\$1,209,781	\$146,788	\$0
1999	\$535,197	\$2,411,630	\$0
1998	\$24,979	\$89,559	\$928,591
Totals	\$5,358,132	\$9,147,087	\$1,114,070

Source: Ohio Department of Development, Economic Development Division

LOCAL MUNICIPAL INCOME TAX FORECAST AS A RESULT OF NEW AGREEMENTS

Year entered	Sidney	Troy	Piqua
2002	\$1,010,488	\$104,440	\$0
2001	\$792,173	\$240,275	\$100,625
2000	\$1,276,771	\$195,650	\$61,600
1999	\$985,541	\$1,261,750	\$80,073
1998	\$52,200	\$41,154	\$167,125
Totals	\$4,117,173	\$1,843,269	\$409,423

Source: Ohio Department of Development, Economic Development Division

LOCAL SCHOOL INCOME TAXES FORECAST AS A RESULT OF NEW AGREEMENTS

Year entered	Sidney	Troy	Piqua
2002	\$21,040	\$0	\$0
2001	\$0	\$0	\$28,750
2000	\$0	\$0	\$55,900
1999	\$0	\$0	\$22,878
1998	\$33,750	\$0	\$47,750
Totals	\$54,790	\$0	\$155,278

Source: Ohio Department of Development, Economic Development Division

TOTALS

	Sidney	Troy	Piqua
Total abatements	\$11,542,782	\$18,097,712	\$1,601,333
Total new taxes forecast	\$8,566,848	\$7,068,646	\$1,854,397
Forecast revenue as a percentage of total	74.2%	39.1%	115.8%

Source: Ohio Department of Development, Economic Development Division

Financial Ratios

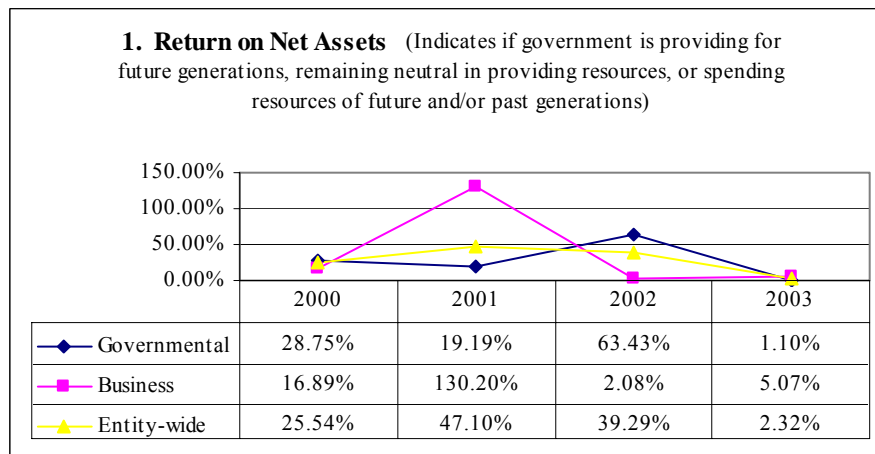
The new financial reporting model known as GASB Statement No. 34 is the most sweeping accounting reform in the history of government accounting. Under the new standard, anyone with an interest in public finance—citizens, the media, bond raters, creditors, legislators, and others—will have more and easier-to-understand information about their governments.

The PMP complemented this innovation by developing 16 ratios, many of which are based on the new GASB statements, to measure financial performance. These ratios fall under the following general categories:

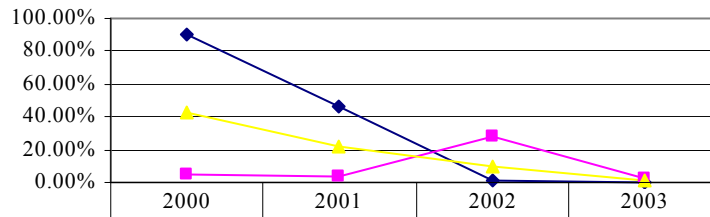
- Financial performance
- Liquidity
- Solvency
- Fiscal capacity
- Risk
- Operational efficiency

The following charts demonstrate the results of these 16 ratios for Sidney given financial information from 2000-2003. The team indicated that it would like to focus on the liquidity, risk and operational efficiency ratios for future study.

A. Financial Performance

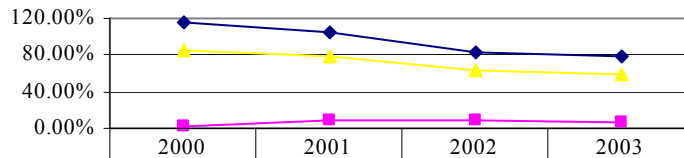


2. Change in Capital Assets (Indicates if government is financially maintaining equipment and infrastructure)



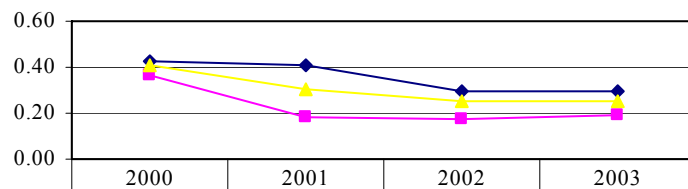
	2000	2001	2002	2003
◆ Governmental	90.10%	46.85%	0.82%	-0.06%
■ Business	4.43%	3.65%	28.21%	2.55%
▲ Entity-wide	42.82%	22.25%	10.10%	0.97%

3. General Support Rate (Indicates the dependency on stat/federal revenues to deliver services. Percentages reflect the amount of local taxes collected divided by expenses)



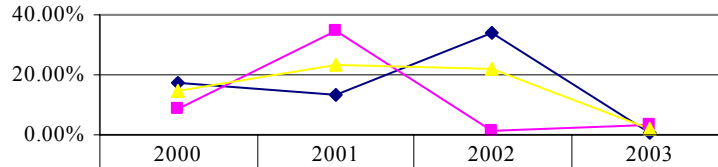
	2000	2001	2002	2003
◆ Governmental	116.22%	105.64%	82.81%	77.91%
■ Business	3.10%	8.36%	9.07%	6.36%
▲ Entity-wide	84.66%	79.19%	63.52%	58.05%

4. Asset Turns per Year (Indicate the time to turn assets into goods or services. 100% equals one year)



	2000	2001	2002	2003
◆ Governmental	0.43	0.41	0.29	0.29
■ Business	0.36	0.18	0.17	0.19
▲ Entity-wide	0.41	0.30	0.25	0.25

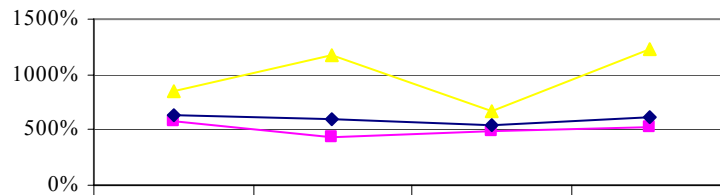
5. Return On Assets (Indicates ability of government to replace assets and/or invest back into operations)



	2000	2001	2002	2003
◆ Governmental	17.65%	13.01%	34.22%	0.96%
■ Business	8.40%	34.89%	1.22%	3.33%
▲ Entity-wide	14.75%	23.06%	21.90%	1.84%

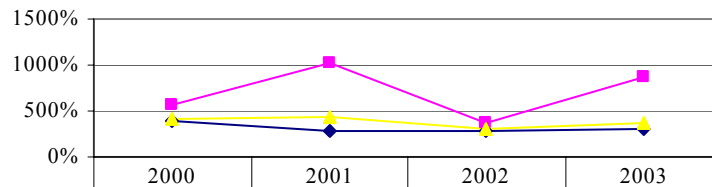
B. Liquidity

6. Current Ratio (Indicates ability of governments to pay current liabilities with current assets.)



	2000	2001	2002	2003
■ Governmental	585%	442%	489%	516%
▲ Business	856%	1176%	676%	1221%
◆ Entity-wide	626%	600%	534%	612%

7. Quick Ratio (Indicates ability of government to pay current liabilities with cash and investments.)



	2000	2001	2002	2003
◆ Governmental	391%	280%	291%	298%
■ Business	564%	1016%	364%	863%
▲ Entity-wide	417%	438%	309%	375%

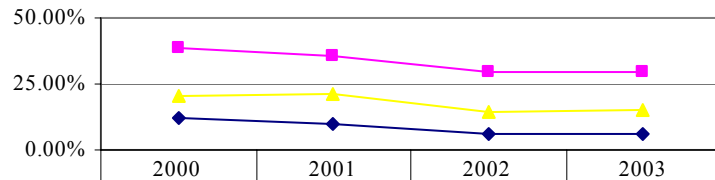
8. Days Cash and Investments in Reserve (Indicates number of days a government could operate with no cash collections.)



	2000	2001	2002	2003
◆ Governmental	302	232	195	192
■ Business	204	620	219	228
▲ Entity-wide	275	338	201	202

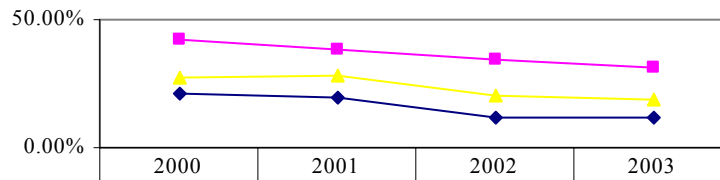
C. Solvency

9. Debt to Assets (Indicates the amount of long-term debt compared to total assets.)



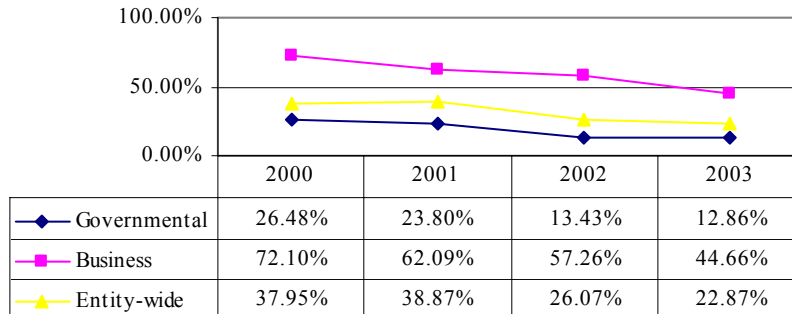
	2000	2001	2002	2003
◆ Governmental	11.83%	9.93%	6.13%	6.21%
■ Business	38.30%	35.30%	29.20%	29.48%
▲ Entity-wide	20.13%	21.58%	14.74%	14.84%

10. Liabilities to Net Assets (Indicates the amount of total debt to total assets.)



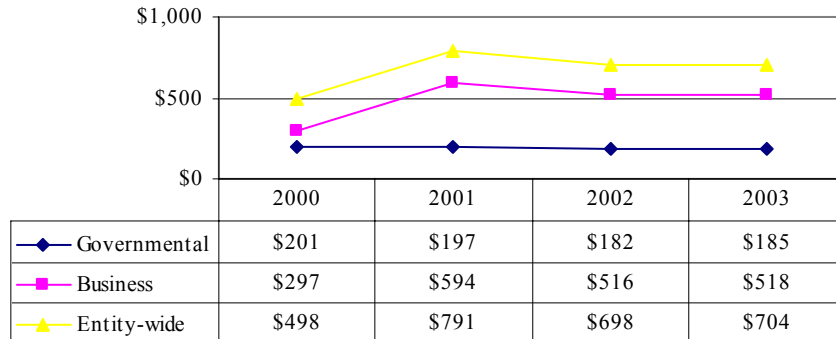
	2000	2001	2002	2003
◆ Governmental	20.94%	19.22%	11.84%	11.40%
■ Business	41.90%	38.31%	34.35%	30.87%
▲ Entity-wide	27.51%	27.99%	20.24%	18.62%

11. Liabilities to Net Assets (Indicates the amount of total liabilities compared to net assets.)

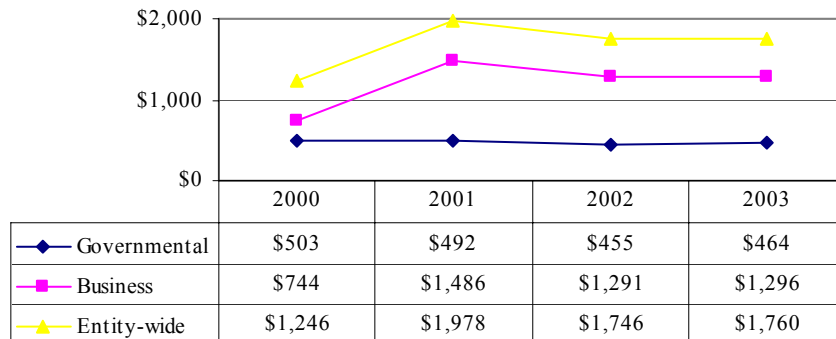


D. Fiscal Capacity

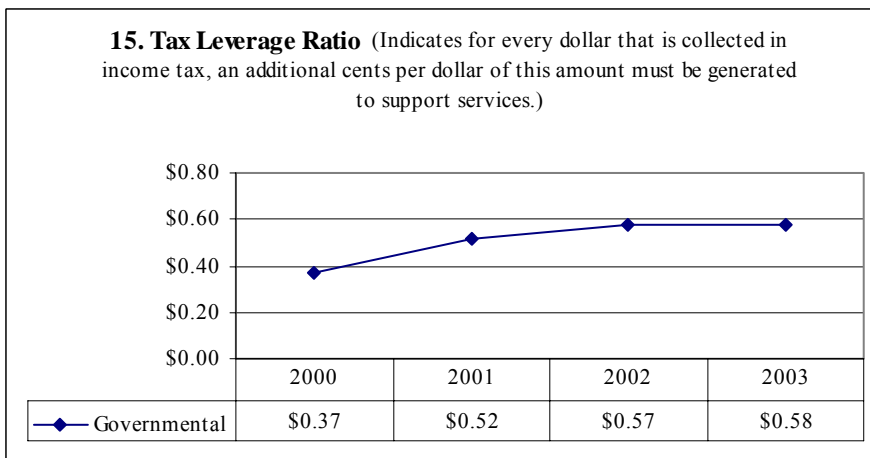
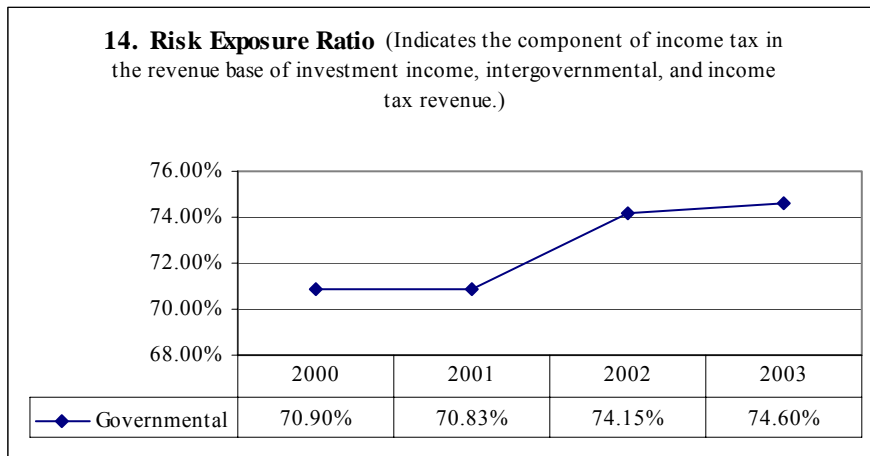
12. Debt per Capita (Indicates government debt per person)



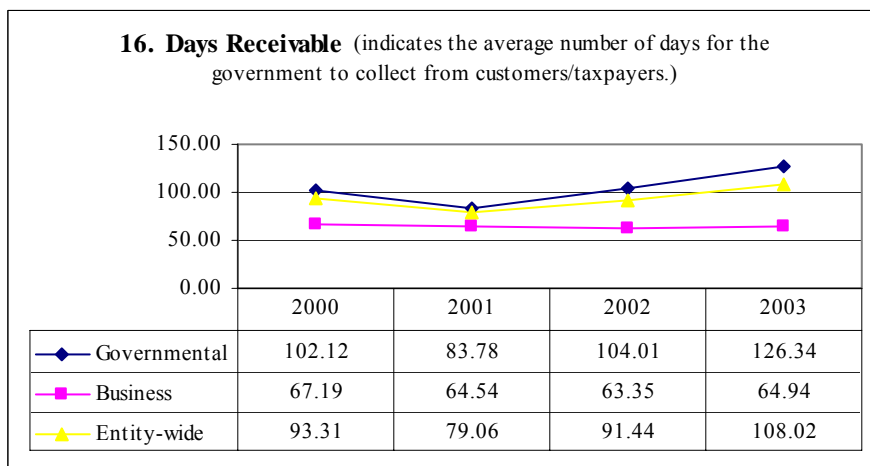
13. Debt per Household (Indicates government debt per household)



E. Risk



F. Operational Efficiency



Performance Measurement Exercise

The final portion of the pilot project involved the development of a performance measurement tool for two operational areas of the city. This self-assessment tool can be employed on a regular basis to determine if established goals and objectives are being met.

An understanding of the following performance measurement terms is critical for employing this tool:

- **Inputs:** Resources (i.e., expenditures or employee time) used to produce outputs and outcomes.
- **Outputs:** Products and services delivered. Output refers to the completed products of the internal activity, and the amount of work done within the organization or by its contractors (such as number of miles of road repaired or number of calls answered).
- **Outcomes:** An event, occurrence, or condition that is outside the activity or program itself and that is of direct importance to customers and the public in general. An outcome indicator is a measure of the amount and/or frequency of occurrences. Service quality is included under this category.
- **Intermediate Outcome:** An outcome that is expected to lead to a desired end but is not an end in itself (such as service response time, which is of concern to the customer making a call but does not tell anything directly about the success of the call). A service may have multiple intermediate outcomes.
- **End Outcomes:** The end result that is sought (such as the community having clean streets or reduced incidence of crime or fires). A service may have more than one end outcome.
- **Efficiency, or Unit-Cost Ratio:** The relationship between the amount of input (usually dollars or employee-years) and the amount of output or outcome of an activity or program. If the indicator uses outputs and not outcomes, a jurisdiction that lowers unit cost may achieve a measured increase in efficiency at the expense of the outcome of the service.
- **Performance Indicator:** A specific numerical measurement for each aspect of performance (e.g., output or outcome) under consideration.

Source: Performance Measurement: Getting Results., Haltry, Harry P. The Urban Institute Press, 2100 M Street, N.W., Washington, DC, 20037.

The Sidney team requested help in developing performance measures for the following departments: fire and public utilities. The Auditor of State interviewed these department chiefs to focus the development of performance measures on specific operational areas. The fire chief selected the department's health and safety program regarding employee injuries, and the utilities chief selected the city's preventive efforts at storm water sewer backups.

Background on Utility Division Sanitary Sewer Program

Sidney has an extensive sewer infrastructure system with more than 70 miles of storm sewers and 115 miles of sanitary sewer, many of which are combined overflow. The City regularly inspects sewer lines and corrects deficiencies through the following strategies:

- Infiltration and Irrigation inspections: Inflow and infiltration from outside water sources reduces the capability of sewer systems and treatment facilities to transport and treat waste waters. The city conducts detailed inspections of select lines to spot such deterioration.
- Maintenance: Primarily clearing blocked lines with a high-powered sewer jet.
- Rehabilitation/Construction: Rehabilitation entails either major repairs to existing sewers (repairing catch basins, drainage ways, etc.). New construction involves replacing old galvanized pipe and constructing lines for new development.

The directors of the public works department and utilities division requested performance measures to assess the city's efforts to guard against flooding backups. Consequently, the AOS and these officials developed the following outcome statement:

Outcome: To have no sanitary sewer backups in a calendar year as result of flooding excluding when rainfall exceeds 1 inch per hour, while maintaining the current rate structure with increases no greater than inflation.

The outcome captures both effectiveness (whether any sewer backups occur within the threshold) and efficiency (whether the city's annual sewer rate increases at no more than the rate of inflation). Given the various factors that can impact sewer rates such as environmental mandates, it is important to distinguish the reasons behind any increases. Furthermore, reviewing staffing levels in relation to outputs would provide a more detailed measure of efficiency. Additional performance measurements include:

Outputs

- 115 miles of sanitary sewer in the city (607,200 feet)
- 1,200 feet of sewers replaced in the past year
- 90,000 feet of sewer maintained or cleaned in the past year
- 15,000 feet of sewer infiltration and irrigation (I&I) inspected in past year

- 0.2 percent of sewers constructed in past year
- 14.82 percent of sewers actively maintained or cleaned in past year
- 2.47 percent of sewers inspected in past year

Direct Inputs

- \$9,737.78 cost per 1,000 feet of sanitary sewer system maintained
- \$254,166.67 cost per 1,000 feet of sanitary sewer rehab/constructed
- \$6,056.73 cost per 1,000 feet of sanitary sewer inspected
- \$2,540.53 cost per 1,000 feet of sanitary sewer system

Table 1 shows sewer program expenditures for inspection, maintenance, rehab/construction, and survey design in the following categories, which were provided by city personnel:

- **Salaries and Fringe Benefits:** Annual cost of department personnel hours directly involved with inspection, maintenance, rehabilitation and construction of sewers.
- **Supplies and Materials:** Annual cost of office supplies and insignificant equipment involved with sewer program.
- **Direct Capital:** Annual capital asset costs involved in sewer program (depreciation).
- **Other:** Annual contract costs directly related to the sewer program not captured in previous categories.
- **Shared Administration:** Annual costs of personnel in other city departments directly involved with sewer program, including time spent by the public works director, city manager, finance director and law director.
- **Administrative Overhead:** Annual costs of office space and equipment related to the program including utility costs, computer support hardware and software, janitorial costs, and lease payments.

Table 1: Sewer Program Expenditures by Category

	Inspection	Maintenance	Rehab/ Construction	Survey Design	Administration	Total
Salaries & Benefits	\$0	\$419,835	\$150,000	\$5,000	\$40,775	\$615,610
Supplies & Materials	\$0	\$298,370	\$150,000	\$5,000	\$34,850	\$488,220
Capital	\$0	\$140,307	\$0	\$0	\$0	\$140,307
Other	\$4,000	\$4,000	\$0	\$0	\$0	\$8,000
Shared Admin. Salaries & Benefits	\$81,851	\$0	\$0	\$113,406	\$100,000	\$295,257
Administrative Overhead	\$5,000	\$13,888	\$5,000	\$5,000	\$1,420	\$30,308
Total Costs	\$90,851	\$876,400	\$305,000	\$128,406	\$177,045	\$1,577,702

Source: City of Sidney Public Works Department

Observations

Based on the assessment tool and Utility Division records for 2003, the current cost allocation strategy achieved the effectiveness outcome (no backups within the threshold) and efficiency outcome (no rate increases above the inflation rate).

The city allocated program input costs of \$1,577,702. The share of total expenses included:

- Total city personnel costs were 57.7 percent, comprising 39.0 percent for the Utilities Division and 18.7 percent for shared administration. This reflects the labor-intensive nature of this program.
- Total supplies and material costs were 30.9 percent. Most of these costs (61 percent) comprised maintenance functions followed by rehabilitation/construction (31 percent).
- Total direct capital costs were 8.9 percent, with all costs from the maintenance category.
- Total indirect costs were 1.9 percent, indicating minimum impact on the program.
- Total contract costs were only 0.5 percent, indicating the program is almost totally administered by the city.

The assessment tool also captured total allocations for components of these inputs (inspection, maintenance, rehabilitation/construction, survey/design and administration). Their share of total expenses included:

- Total maintenance costs were 55.5 percent, accounting for the largest percentage of city sewer lines (14.8 percent). The maintenance costs per square foot were 96 percent less expensive than rehabilitation/new construction. While sewer maintenance identifies sewer line deterioration, it does not repair (i.e., rehab/new construction) sewer line deterioration that can lead to infiltration and inflow from outside water.
- Total rehabilitation and new construction costs were 19.3 percent of total expenses, yet impacted only 0.2 percent of total city lines.
- Administration costs, both inside and outside the Utilities Division, were 11.2 percent.
- Survey and design costs were 8.1 percent, and largely comprised shared administration. This also reflects the high cost of rehabilitation and construction.
- Inspection costs were 5.8 percent, and largely comprised shared administration. This also reveals the high costs involved with storm line deterioration given the small area (2.5 percent) inspected in 2003.

Conclusion

The current strategy of allocating most costs to maintenance is succeeded in meeting the efficiency and effectiveness outcomes for 2003. The annual sewer rate did not increase more than the rate of inflation and sewer backups did not occur as a result of flooding. However, as the system deteriorates with age and/or the city considers annexations requiring new lines, it may become increasingly difficult to meet these outcomes under this strategy. Therefore the city may plan on increasing rehabilitation and new construction.

Background on Fire Department Health and Safety Program

According to the U.S. Fire Administration, only one-half of firefighter injuries occur on the fire ground. The remainder occurs during a non-fire emergency, responding to/returning from an incident, training or other situations while on duty. A 2001 study by the University of Minnesota found that firefighters who tended to ignore safety rules and regulations not only had accidents more frequently, but suffered more severe injuries, while conscientious firefighters performed more safely on the job.

Also, although firefighting and rescue operations may demand strenuous physical exertion from time to time, a majority of the duties of fire department personnel can be characterized as sedentary in nature (i.e. building inspection, public education, equipment maintenance, and incident investigation). The combination of these two extremes in physical activity is responsible for a significant number of on-the-job injuries and illnesses. Annually, the leading cause of death for on-duty firefighters and law enforcement officers is cardiovascular disease; it accounts for nearly 50 percent of all fatalities.

Given these factors, the city of Sidney Fire Department has integrated health and safety as a continuous component of firefighter policy and training. The chief noted that health and safety training begins at the fire academy and continues throughout a firefighter's career. A department Health and Safety Committee also reviews every injury occurring on duty, and recommends corrective action to prevent similar situations from occurring again. Nonetheless, given the significant medical and lost time costs associated with firefighter injury, the department requested a tool to annually assess its safety and health program.

The entire assessment tool can be found on the following pages.

Outcomes: Working with the chief, the Auditor of State developed the following outcome:

Achieve 100 percent of annual staff hours at the active duty (non-injured) level, and expend 100 percent of the annual department budget for purposes unrelated to the Health and Safety Committee.

The outcome captures both effectiveness (percentage lost hour goal) and efficiency (percentage expenditure goal for health and safety-related issues). The city desired to set both outcomes at 100 percent and annually determine how close it arrives at meeting this goal.

Outputs

To determine if outcome goals were met, the city must capture several annual outputs related to the program, including:

- Total staff hours achieved at the active duty, or non-injured level.
- Number of injuries reviewed by the Health and Safety Committee.
- Number of corrective actions recommended by the Health and Safety Committee, and those actually implemented. For example, the committee may recommend purchase of certain equipment that the city determines it cannot afford at the present time.

Inputs

Due to the difficulty of separating the safety element from routine training and equipment upgrades, this analysis focuses solely on costs directly related to the Health and Safety Committee. This includes:

- *Labor*: Annual hours spent by committee members reviewing cases and issuing recommendations. The department should also capture any staff hours spent implementing recommendations, such as time staff may spend researching recommended safety equipment or personnel hours spent at training recommended by the committee.
- *Other*: Annual contract costs of specialized training specifically recommended by the committee.
- *Direct Capital*: Annual costs of equipment specifically recommended by the committee. If the equipment is large enough to be considered a fixed asset on the city's financial statements, the department should work with the finance director to depreciate the annual cost over its expected lifetime.
- *Total Costs*: Annual costs of all direct inputs.

Efficiency Factor

- Annual department expenditures unrelated to health and safety committee over the total department expenditures. The closer to 1.00 (100 percent), the more efficient the program.

Effectiveness Factor

- Total annual staff hours at the activity duty (non-injured) level over all annual staff hours. The closer to 1.00 (100 percent), the more effective the program.

The Auditor of State recommends the department conduct this assessment annually, and compare results with prior years to determine if program adjustments are necessary.

Conclusion

This report provides the city of Sidney an opportunity to explore management for results. Its multi-faceted approach allows for high-level, long-term policy analysis through socioeconomic ratios; more in-depth financial ratios to assist in shorter-term decisions; and finally performance measures for the city to annually apply in key operational areas. The AOS appreciates the input and cooperation of Sidney city officials, employees and community volunteers in assembling this project. These individuals have expressed a true desire to transfer knowledge and information enabling the city to better serve its citizens in an increasingly efficient and effective manner.