



SHARONVILLE

2022

FINANCE DEPARTMENT  
ANNUAL REPORT

AUGUST 29, 2023



SHARONVILLE POLICE

CITY OF SHARONVILLE



### **City of Sharonville Elected,**

2022 was a strong fiscal year for the city. The '22 budget was put to a test with inflation, but with some minor adjustments we were able to see it through and end the year in a good place. I would like to thank the staff of the department for their hard work and the support of the Auditor, Treasurer, and Finance Committee. The frontline Finance Staff is rarely noticed unless something is wrong, their efforts are invaluable in keeping everything in the city moving.

### **Team News**

The Finance Department welcomed Luke Sholl to the team in October for the newly created role of Assistant Finance Director. Luke holds a Bachelors and Masters of Accounting from the University of Cincinnati. Luke came to us most recently from Macy's as a Treasury Analyst. He also worked four and a half years at Plattenburg & Associates where he first came across the City of Sharonville while working on several of our annual audits. He has been a quick study in learning the various aspects of what the department does and attacks projects put in front of him.

Lisa Grimes came to us in March of 2023 as a part-time administrative clerk after years in the customer service industry, most recently in restaurant management. Her sunny demeanor makes her a great face for the city as the first point of contact for City Hall. She has been quick to catch on with everything we've thrown at her and she's a great addition to the team.



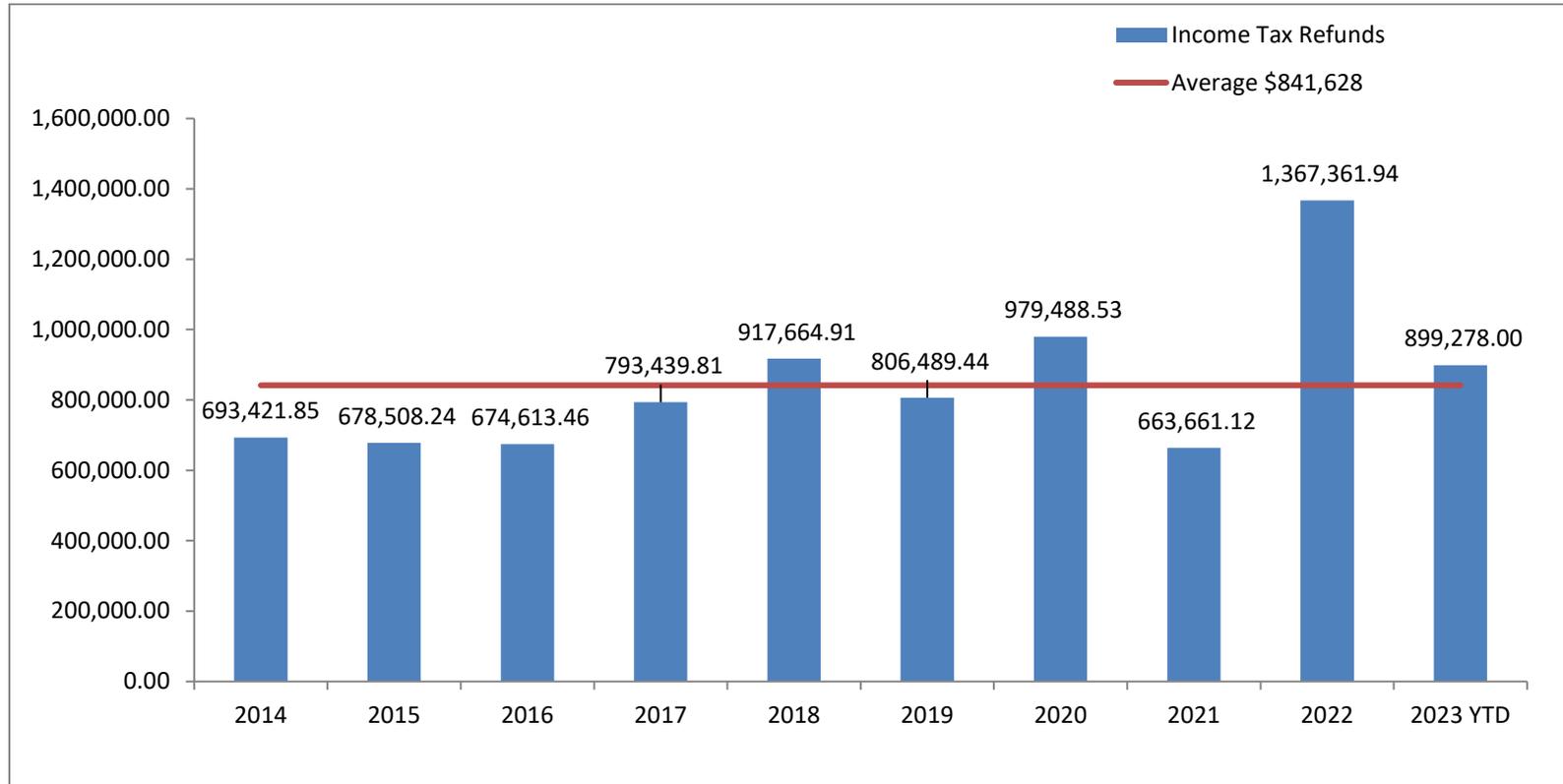
## So what have we been up to...

- The Audit of the 2022 Annual Financial Report was completed June 26, 2023. The City received an unqualified opinion from Plattenburg & Associates Inc. That means our statements are materially correct without any qualifications. The formal audit report has been submitted to the Auditor of State (AOS) Office for review and release. This was our 10<sup>th</sup> and final audit on our contract with Plattenburg & Associates Inc. After being with an Independent Public Accountant (IPA) for ten years we are very likely to return to the State Auditor's Office for at least one annual audit.
- In May the City received a Certificate of Excellence in Financial Reporting from the Governmental Finance Officers Association (GFOA) for our 2021 Annual Comprehensive Financial Report (ACFR). The recently audited 2022 ACFR has also been submitted for the award. The City has received the award each year since 2001. The ACFR is a wealth of comparative financial information and statistical data. A copy can be found on the City's website.
- Training
  - Luke and I were able to attend the first two days of the Ohio GFOA conference in Columbus.
  - Linda Collins, Angela Henry, Stefanie Mahan and Sheri Rausch all attended the Ohio Municipal League's annual tax conference in Columbus. As we have newer staff members, we are increasing our seminars and training opportunities.

- Ohio Attorney General & Mayor's Court
  - A total of 248 accounts were placed with the Ohio Attorney General for collection in 2021 & 2022, and an additional 110 account were sent this year for a total of \$712,696.46. Of the 401 accounts, 176 were residents, 183 non-residents, 32 Withholding accounts, and 10 Net profit accounts.
  - A total of 132 accounts (33%) have been paid in full to date for a total of \$274,003.69 (38.5%) in collections. Many accounts are on payment plans although the largest collections have come from confiscated federal and state refunds.
  - We are systematically sending additional accounts and after invoicing, this is now our main avenue for collecting past due balances.
  - Since we now have this system in place, we are beginning to focus on bringing non-filers into compliance. This process includes numerous letters, warnings, and eventually Mayor's Court if they don't comply. We have 200 accounts currently in the pipeline to Court, however each step (5 total) of the process brings some into compliance. Today we have 23 taxpayers who have brought in their documents (current average balances of \$2,080.93) and 11 are in Mayor's Court.

## Did someone say charts and graphs...

- Tax Refunds



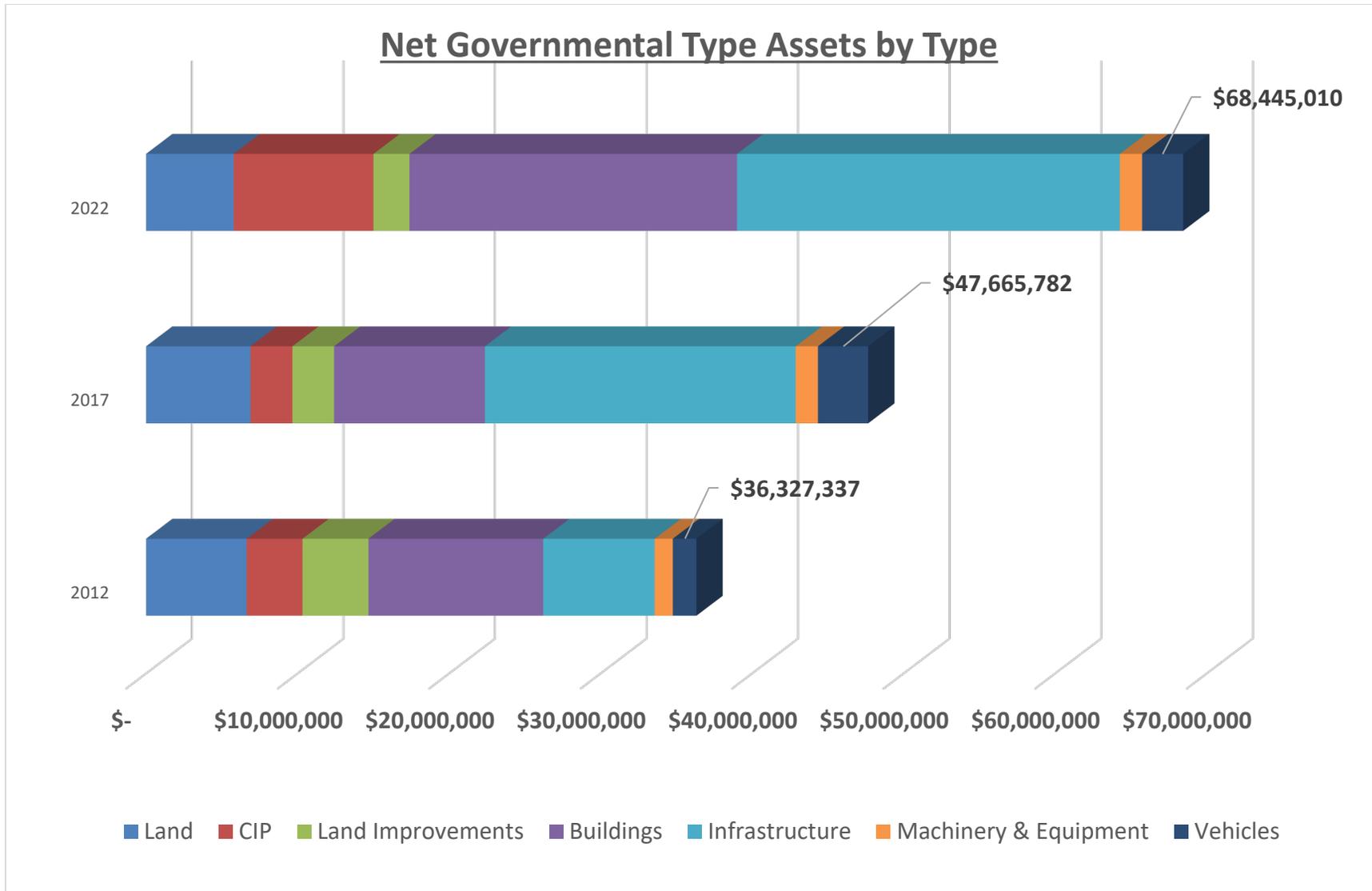
- During 2022 we processed 734 refunds totaling \$ 1,367,361.94 including a one-time \$500,000 net profit refund.
- So far in 2023 we've processed 605 refunds totaling \$899,278 with pending refunds of \$123,187 for a total of \$1,022,465.11. Based on our projections, our EOY refunds will total between \$1.1 and 1.3 million, barring another large net profit refund.
- Work from home and net profit refunds continue to remain high and are both about \$100,000 over past averages.

- The Ohio Supreme Court heard oral arguments on March 1, 2023, regarding the 2020 work from home lawsuit. A final decision is expected any day. If the court rules against the municipalities, we will be processing an additional \$65,000 in refunds for 2020.
- 2022 was another successful year in maintaining costs and revenues exceeding estimates for both the General and Fire Funds. The City continued to practice of making set-asides at year end for fund balance amounts over our fund balance goal. This practice has allowed us to accelerate debt repayment and greatly accelerate capital initiatives to improve infrastructure along with providing better and safer equipment to use in modernized facilities.

<b>General Fund Year-End Set Aside History</b>					
	Debt	Capital	Separation	Facility Improvement	Total
<b>2015</b>	829,762.50	745,000.00	200,000.00		<b>1,774,762.50</b>
<b>2016</b>		2,000,000.00	150,000.00		<b>2,150,000.00</b>
<b>2017</b>		3,790,282.71	100,000.00	100,000.00	<b>3,990,282.71</b>
<b>2018*</b>	2,350,000.00	942,891.20			<b>3,292,891.20</b>
<b>2019</b>	2,573,269.59	2,573,269.59			<b>5,146,539.18</b>
<b>2020</b>	1,353,847.87	1,353,847.87			<b>2,707,695.74</b>
<b>2021</b>	1,017,251.44	4,172,428.76		200,000.00	<b>5,389,680.20</b>
<b>2022</b>	-	3,421,046.58	75,000.00	200,000.00	<b>3,696,046.58</b>
	<b>\$ 8,124,131.40</b>	<b>\$ 18,998,766.71</b>	<b>\$ 525,000.00</b>	<b>\$ 500,000.00</b>	<b>\$ 28,147,898.11</b>
*:					
	During 2018 Council elected to pay off a BAN that was conduit debt to a Hotel Developer. There was an option in the loan to the developer to convert the BAN to an interest bearing loan. This created a long term receivable for the General Fund.				

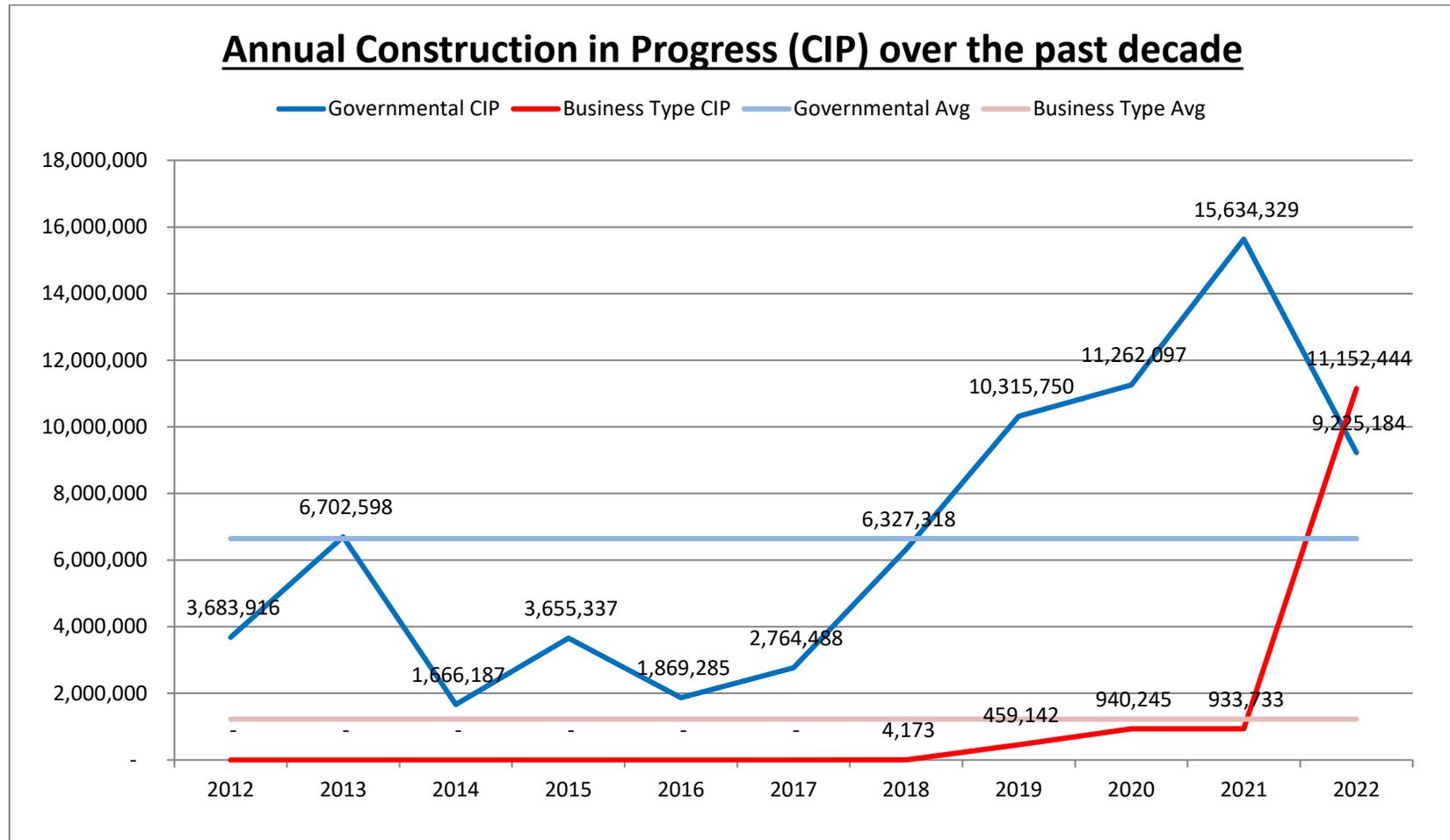
<b><u>Fire Fund Year-End Set Aside History</u></b>				
	405 Capital Bldg	430 Capital Equipment	Separation Benefits	Total
<b>2015</b>		431,373.82	200,000.00	<b>631,373.82</b>
<b>2016</b>		300,000.00	200,000.00	<b>500,000.00</b>
<b>2017</b>	893,705.30	260,000.00	150,000.00	<b>1,303,705.30</b>
<b>2018</b>	1,400,000.00	400,000.00	100,000.00	<b>1,900,000.00</b>
<b>2019</b>		900,000.00	100,000.00	<b>1,000,000.00</b>
<b>2020</b>	250,000.00	500,000.00	100,000.00	<b>850,000.00</b>
<b>2021</b>	900,000.00	300,000.00	100,000.00	<b>1,300,000.00</b>
<b>2022</b>		1,500,000.00	75,000.00	<b>1,575,000.00</b>
	<b>\$ 3,443,705.30</b>	<b>\$ 4,591,373.82</b>	<b>\$ 1,025,000.00</b>	<b>\$ 7,485,079.12</b>

Putting the Set-Asides to work:



## Tackling the hard projects...

- In last year's report and several different committee meetings I have spoken of the fact that Capital projects demand so much more time and attention than they did five or six years ago. The charts below show not just how fortunate we have been to have all these projects put into action, but that in this post pandemic world projects don't wrap up as quickly and concisely as they used to.



Between the budget process and monthly Auditor and Treasurer Reports a lot of traditional financial information is routinely presented and always available. Attached are updated versions of some of my favorite financial information:

- 2022 ACFR Stat Table 'Income Tax Collections Current and Nine Years Ago'
- 2022 General Fund Budget vs Actual Statement
- 2022 Fire Fund Budget vs Actual Statement

## *City of Sharonville, Ohio*

### *Income Tax Collections Current Year and Nine Years Ago*

2021 was 24.75%; 2020 was 27.93

Since 1999, this % has been as high as 38.97% in 2002 with 2021 being the all time low.

#### Calendar Year 2022

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.10%	\$598,362,448	26.82%	\$8,975,437	26.82%
All Others	10,000	99.90%	1,633,004,885	73.18%	24,495,073	73.18%
Total	10,010	100.00%	\$2,231,367,333	100.00%	\$33,470,510	100.00%

2021: \$31,364,827  
2020: \$28,039,158

#### Calendar Year 2013

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.07%	\$433,439,750	28.77%	\$6,501,596	28.77%
All Others	13,917	99.93%	1,073,035,402	71.23%	16,095,531	71.23%
Total	13,927	100.00%	\$1,506,475,152	100.00%	\$22,597,127	100.00%

Source: City Income Tax Department

*General Fund  
For the Year Ended December 31, 2022*

**Budget approved in Dec 2021**

**Cumulative Budget as amended during 2022**

**Revenues exceeded Budget**

	<b>Original Budget</b>	<b>Final Budget</b>	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 18,123,519	\$ 18,123,519	\$ 22,060,420	\$ 3,936,901
Other Local Taxes	0	0	138,544	138,544
Intergovernmental Revenue	284,095	284,095	395,057	110,962
Charges for Services	377,500	377,500	413,256	35,756
Licenses and Permits	472,250	467,750	589,924	122,174
Investment Earnings	275,000	430,000	530,037	100,037
Fines and Forfeitures	160,000	160,000	174,940	14,940
All Other Revenues	259,500	269,500	352,500	83,000
<b>Total Revenues</b>	<b>19,951,864</b>	<b>20,112,364</b>	<b>24,654,678</b>	<b>4,542,314</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Security of Persons and Property	8,006,800	8,304,254	7,419,318	884,936
Public Health and Welfare Services	103,728	104,267	46,138	58,129
Leisure Time Activities	2,684,673	2,891,356	2,482,220	409,136
Community Environment	698,936	750,190	584,031	166,159
Basic Utility Services	760,000	869,537	869,537	0
General Government	5,020,126	6,394,048	5,310,810	1,083,238
<b>Debt Service:</b>				
Principal Retirement	75,000	75,000	64,590	10,410
<b>Total Expenditures</b>	<b>17,349,263</b>	<b>19,388,652</b>	<b>16,776,644</b>	<b>2,612,008</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,602,601	723,712	7,878,034	7,154,322
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(2,535,471)	(6,310,471)	(6,231,517)	78,954
Advances In	100,000	0	400,000	400,000
Advances Out	0	(2,351,282)	(1,971,322)	379,960
<b>Total Other Financing Sources (Uses):</b>	<b>(2,435,471)</b>	<b>(8,661,753)</b>	<b>(7,802,839)</b>	<b>858,914</b>
<b>Net Change in Fund Balance</b>	<b>167,130</b>	<b>(7,938,041)</b>	<b>75,195</b>	<b>8,013,236</b>
Fund Balance at Beginning of Year	8,229,804	8,229,804	8,229,804	0
Prior Year Encumbrances	1,619,758	1,619,758	1,619,758	0
<b>Fund Balance at End of Year</b>	<b>\$ 10,016,692</b>	<b>\$ 1,911,521</b>	<b>\$ 9,924,757</b>	<b>\$ 8,013,236</b>

See accompanying notes to the basic financial statements

**Fund Balance at End of Year includes \$400,000 General Fund Reserve**

**This is a 1 page General Fund summary level budget. A more extensive version of this statement at the department level is included in the ACFR**

*Special Revenue Fund – Fire Department Fund  
For the Year Ended December 31, 2022*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 8,586,481	\$ 8,586,481	\$ 10,449,492	\$ 1,863,011
Intergovernmental Revenue	0	0	57,634	57,634
Charges for Services	525,000	525,000	702,249	177,249
All Other Revenues	19,000	19,000	41,476	22,476
<b>Total Revenues</b>	<b>9,130,481</b>	<b>9,130,481</b>	<b>11,250,851</b>	<b>2,120,370</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Security of Persons and Property	9,053,805	9,479,276	8,309,943	1,169,333
Capital Outlay	287,000	378,171	281,389	96,782
<b>Total Expenditures</b>	<b>9,340,805</b>	<b>9,857,447</b>	<b>8,591,332</b>	<b>1,266,115</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(210,324)	(726,966)	2,659,519	3,386,485
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	20,000	20,000
Transfers In	0	0	75,000	75,000
Transfers Out	0	(1,575,000)	(1,575,000)	0
<b>Total Other Financing Sources (Uses):</b>	<b>0</b>	<b>(1,575,000)</b>	<b>(1,480,000)</b>	<b>95,000</b>
<b>Net Change in Fund Balance</b>	<b>(210,324)</b>	<b>(2,301,966)</b>	<b>1,179,519</b>	<b>3,481,485</b>
Fund Balance at Beginning of Year	5,869,746	5,869,746	5,869,746	0
Prior Year Encumbrances	266,642	266,642	266,642	0
<b>Fund Balance at End of Year</b>	<b>\$ 5,926,064</b>	<b>\$ 3,834,422</b>	<b>\$ 7,315,907</b>	<b>\$ 3,481,485</b>

See accompanying notes to the basic financial statements

**Fund Balance at End of Year includes  
\$664,518 Fire Separation Fund (231) Reserve**

## So what's coming up...

- The time to start the 2024 Budget Process is already upon us.
  - The Council Budget Work Session is penciled in for November 10<sup>th</sup>. We are targeting to provide Elected Officials with a digital budget packet on October 31<sup>st</sup>.
- In 2022 we completed the Risk Study and Fund Balance analysis with the GFOA. This updates the fund balance recommendations and provides an enhanced risk analysis from what was in the 2014 study. The study concluded that fund balances for the General Fund and Fire Fund should be \$9.4M and \$5.5M respectively to obtain similar confidence and properly prepare us for potential risks. (These amounts are adjusted up to the 2023 Budget expenditures) This information is greatly beneficial when it comes to budget season.
  - We have been working on with Shayne Kavanagh from GFOA on an article discussing our Risk and Fund Balance studies. The article should be published in an upcoming GFOA magazine. I will let you know when it is scheduled to be published.
  - If you let your subscription to *Government Finance Review* has lapsed, I can share the finance department copy.
- Over the next two months we will be migrating our Finance and Tax software to the updated CMI Authority systems.
- We are working with HR/Payroll in the preliminary steps to shift our payroll processing over to ADP. This will provide a single portal for employees to complete enrollment elections, request time off, and submit time worked.
- Upcoming Tax Law changes:
  - In 2016 the State required municipalities to restrict the use of 5- year net operating losses to a maximum of 50% during tax years 2017 to 2022. This created taxable income for any business reporting a profit in the current year. Starting in tax year 2023 all businesses can use 100% of their prior 5-year losses in full. This will result in less net profit income & possible refund increases as companies will use the now unrestricted amounts.

- HB 33 2024 State Operating Budget included laundry list of Municipal Income Tax changes. The biggest of which are Limits the penalty that may be imposed on a taxpayer for failing to timely file municipal income tax returns to a one-time \$25 and Exemption on income of those under 18 for tax years beginning on or after January 1, 2024. A very frustrating change is limiting the circumstances under which municipal income tax inquiries or notices may be sent to a taxpayer subject to a filing extension. Limits to \$150 the amount a municipality must reimburse a taxpayer for costs incurred responding to an inquiry or notice delivered following filing an extension.
- Income Taxes collections are performing strong in 2023. The big take away is Withholdings are continuing to see growth while Business Profits (Net Profit Collections) appear to be coming down from some historic highs. Business profits are far more concentrated and more subject to fluctuation than withholdings.

<b>AUDITOR &amp; TREASURER'S REPORT</b>										
<b>July 31, 2023</b>										
<b>Tax Report</b>										
<b>Income Tax</b>										
<b>YEAR-TO-DATE</b>	<b>2019</b>		<b>2020</b>		<b>2021</b>		<b>2022</b>		<b>2023</b>	
<b>BUSINESS PROFITS</b>	\$ 2,543,018.68	-17.88%	\$ 2,088,273.92	112.08%	\$ 4,428,824.52	-4.88%	\$ 4,212,614.05	-14.40%	\$ 3,606,034.18	
<b>INDIVIDUAL</b>	\$ 1,026,367.93	-4.25%	\$ 982,734.16	3.93%	\$ 1,021,384.41	3.38%	\$ 1,055,955.30	-0.54%	\$ 1,050,280.02	
<b>WITHHOLDING</b>	\$ 13,751,747.83	-3.37%	\$ 13,288,084.90	0.80%	\$ 13,394,841.75	6.15%	\$ 14,219,188.37	6.11%	\$ 15,087,362.13	
<b>INTEREST &amp; PENALTY</b>	\$ 157,458.71	-15.08%	\$ 133,707.19	26.14%	\$ 168,662.15	17.05%	\$ 197,419.38	-12.91%	\$ 171,929.14	
<b>TOTAL RECEIPTS</b>	<b>\$ 17,478,593.15</b>	<b>-5.64%</b>	<b>\$ 16,492,800.17</b>	<b>15.28%</b>	<b>\$ 19,013,712.83</b>	<b>3.53%</b>	<b>\$ 19,685,177.10</b>	<b>1.17%</b>	<b>\$ 19,915,605.47</b>	