

City of Sharonville

CITY OF SHARONVILLE



**FINANCE
DEPARTMENT
ANNUAL REPORT**

August 27, 2024

2023

www.cityofsharonville.com



City of Sharonville Elected,

2023 was a strong fiscal year for the city. Inflation continued to impose stress on the budget, but 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:

- Noah Pennington as a Tax Analyst in September 2023. Noah grew up in Lebanon and is a recent grad of Trine University where he studied Actuarial Science.
- In July 2024 Jason Lopez joined tax as a Tax Analyst. Jason grew up in New York and has a bachelor's degree in business administration from Boricua College.
- Dena Mapes also joined the tax team as a Part Time Tax Analyst. Dena has over thirty years of supervisor experience in the sales and restaurant industry.

At the end of 2023 Martha Cross-Funk re-retired. Martha worked Part Time since retiring as Tax Commissioner at the end of 2013. David Winks also re-re-retired at the end of 2023. We're extremely sad to see both go!

So, what have we been up to...

- The Audit of the 2023 Annual Financial Report just concluded. The audit report will be dual dated with a financial statement opinion that was released in June and the Federal Single Audit scheduled for release in the coming weeks. The City received an unqualified opinion from the Ohio Auditor of State (AOS) Office. That means our statements are materially correct without any qualifications. The 2022 audit was our 10th and final audit on our contract with Plattenburg & Associates Inc. After being with an Independent Public Accountant (IPA) for ten years we were required to return to the State Auditor's Office for at least one annual audit.
- In February the City received a Certificate of Excellence in Financial Reporting from the Governmental Finance Officers Association (GFOA) for our 2022 Annual Comprehensive Financial Report (ACFR). The 2023 ACFR was submitted in June 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.
- Tax went live with the software update to CMI Authority Tax earlier this month.
- Training
 - Luke and I were able to attend the Ohio GFOA conference in Cleveland.
 - Linda Collins and Noah Pennington 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. Linda presented during two sessions of the conference.

- As a follow-up to the article 'Persistence Pays Off' *Government Finance Review* on the City's fund balance and risk studies, Luke and I served as panelist with staff from cities in South Carolina and California during the Risk and Reserves session of the 2024 GFOA Best Practices Forum.

Persistence Pays Off

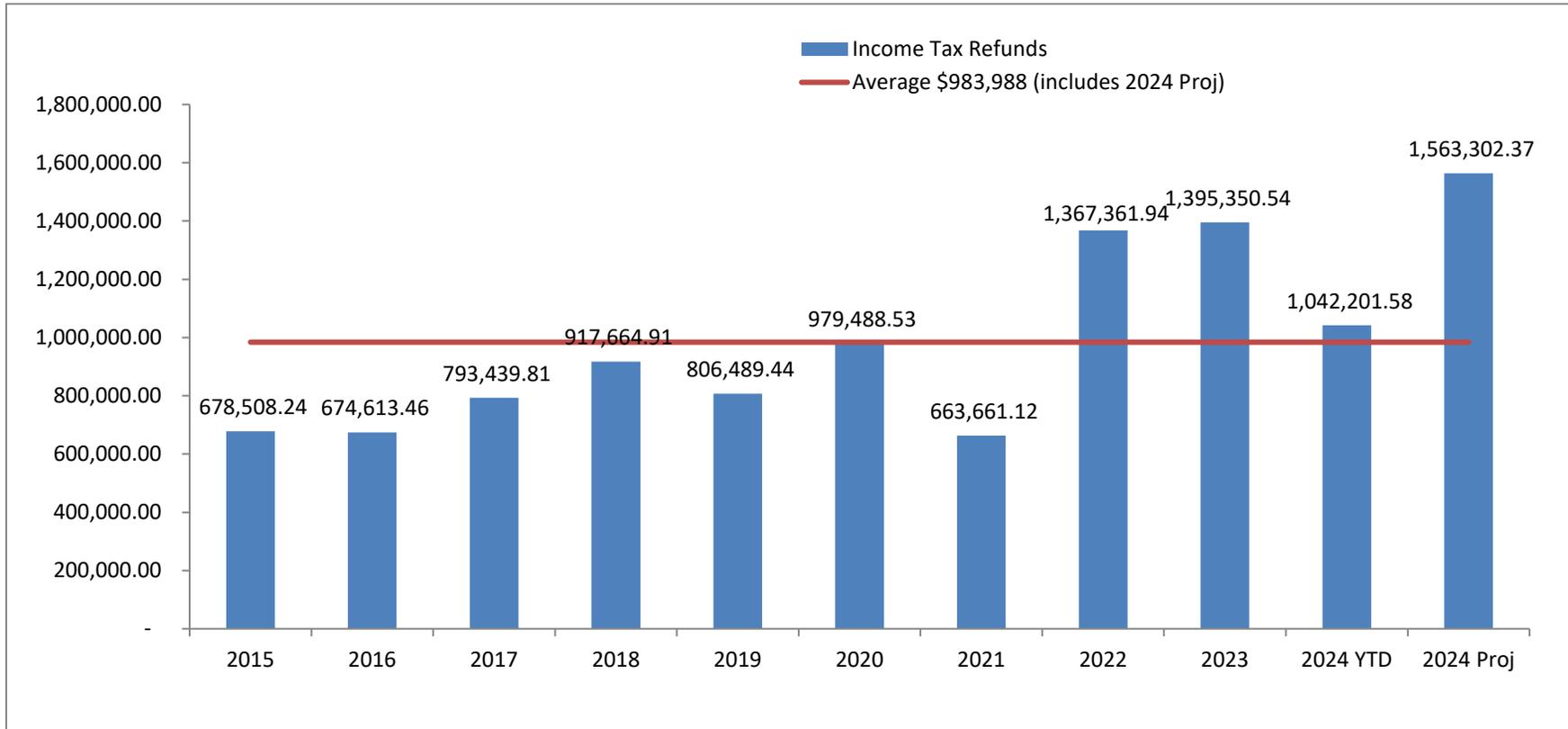
How a decade of risk-aware reserves management has benefited the City of Sharonville, Ohio

BY SHAYNE KAVANAGH AND SCOTT MCKEEHAN



Did someone say charts and graphs...

- Tax Refunds



- During 2023 we processed 806 refunds totaling \$ 1,395,350.54.
- So far in 2024 we've processed 761 refunds totaling \$1,042,201.58. Based on our projections, our EOY refunds will total between \$1.3 and \$1.6 million, barring another large net profit refund.

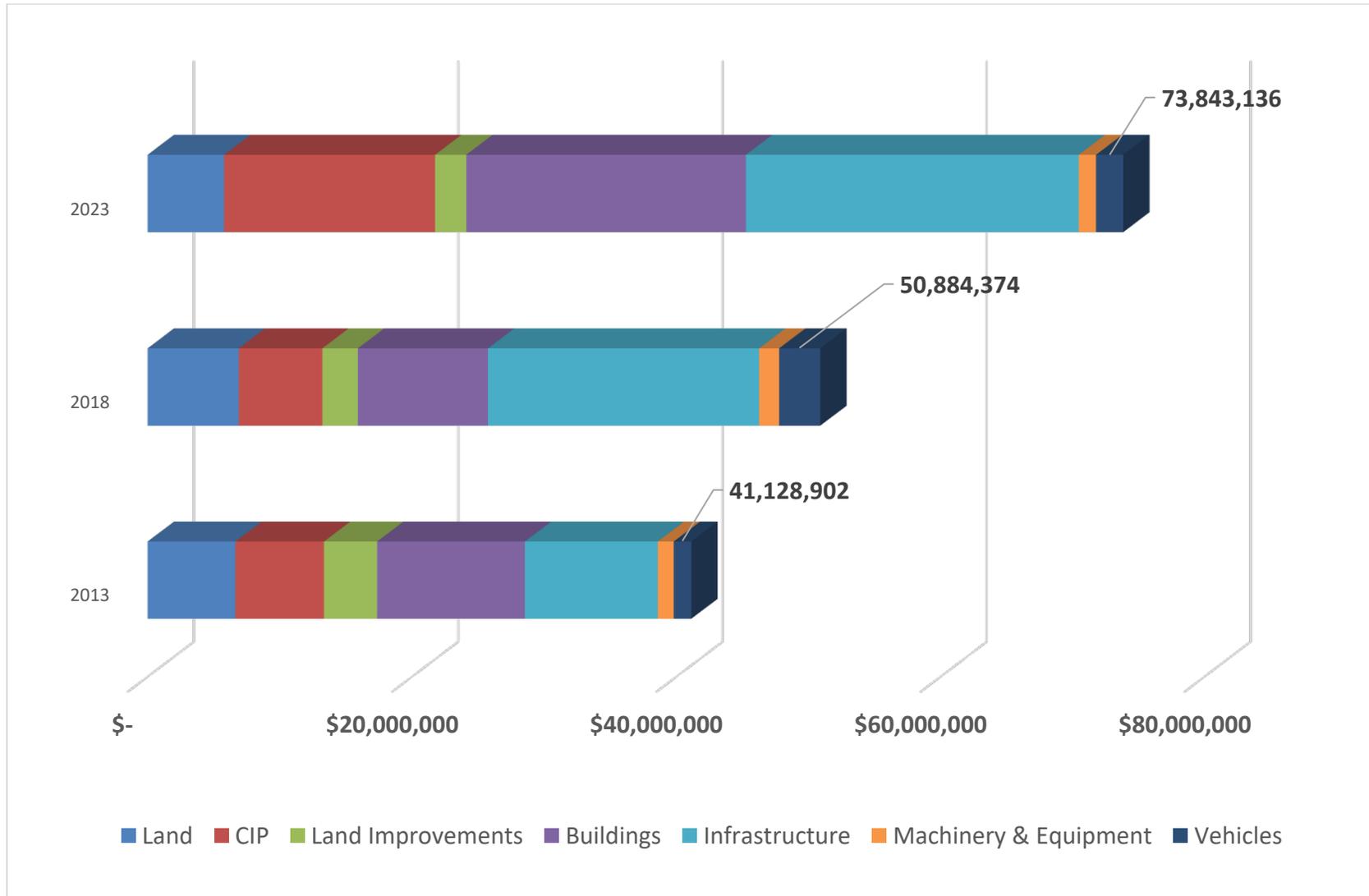
- 2023 was another successful year in maintaining costs and revenues exceeding estimates for both the General and Fire Funds. The City continued to practice of making set-asides at year end for fund balance amounts over our fund balance goal. This practice has allowed us to accelerate debt repayment and greatly accelerate capital initiatives to improve infrastructure along with providing better and safer equipment to use in modernized facilities.

General Fund Year-End Set Aside History					
	Debt	Capital	Separation	Facility Improvement	Total
2015	829,762.50	745,000.00	200,000.00		1,774,762.50
2016		2,000,000.00	150,000.00		2,150,000.00
2017		3,790,282.71	100,000.00	100,000.00	3,990,282.71
2018*	2,350,000.00	942,891.20			3,292,891.20
2019	2,573,269.59	2,573,269.59			5,146,539.18
2020	1,353,847.87	1,353,847.87			2,707,695.74
2021	1,017,251.44	4,172,428.76		200,000.00	5,389,680.20
2022		3,421,046.58	75,000.00	200,000.00	3,696,046.58
2023		7,433,344.43	100,000.00	100,000.00	7,633,344.43
	\$ 8,124,131.40	\$ 26,432,111.14	\$ 625,000.00	\$ 600,000.00	\$ 35,781,242.54
*:	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.				

Fire Fund Year-End Set Aside History				
	405 Capital Bldg	430 Capital Equipment	Separation Benefits	Total
2015		431,373.82	200,000.00	631,373.82
2016		300,000.00	200,000.00	500,000.00
2017	893,705.30	260,000.00	150,000.00	1,303,705.30
2018	1,400,000.00	400,000.00	100,000.00	1,900,000.00
2019		900,000.00	100,000.00	1,000,000.00
2020	250,000.00	500,000.00	100,000.00	850,000.00
2021	900,000.00	300,000.00	100,000.00	1,300,000.00
2022		1,500,000.00	75,000.00	1,575,000.00
2023		1,500,000.00		1,500,000.00
	\$ 3,443,705.30	\$ 6,091,373.82	\$1,025,000.00	\$ 10,560,079.12

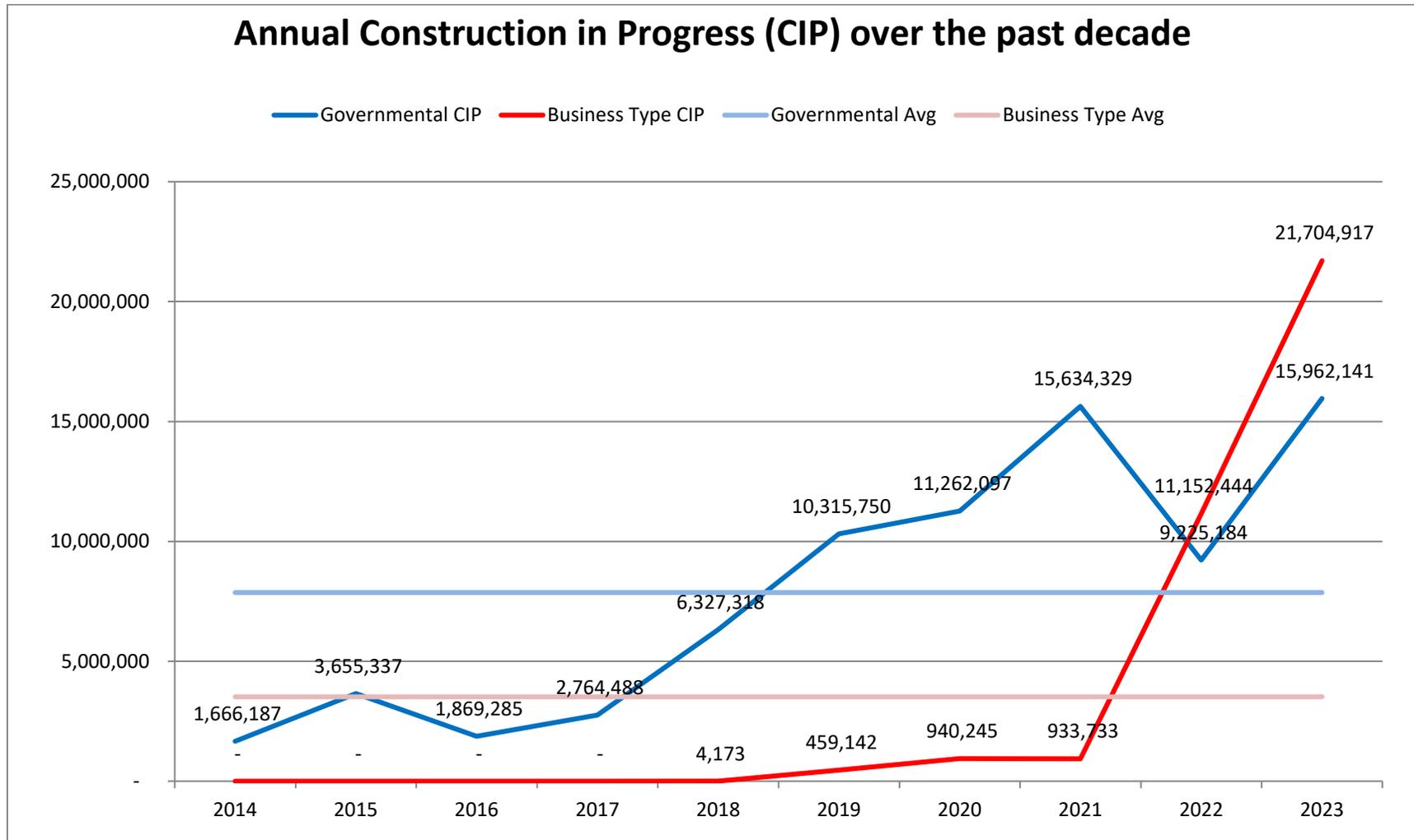
Putting the Set-Asides to work:

Government Type Asset by Class (Net of Depreciation)



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:

- 2023 ACFR Stat Table 'Income Tax Collections Current and Nine Years Ago'
- 2023 General Fund Budget vs Actual Statement
- 2023 Fire Fund Budget vs Actual Statement

City of Sharonville, Ohio

*Income Tax Collections
Current Year and Nine Years Ago*

2022 was 26.82%; 2021 was 24.75%

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

Calendar Year 2023

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%	\$664,215,000	29.68%	\$9,963,225	29.68%
All Others	10,292	99.90%	1,573,421,867	70.32%	23,601,328	70.32%
Total	10,302	100.00%	\$2,237,636,867	100.00%	\$33,564,553	100.00%

Recent Total Collections:
2022: \$33,470,510
2021: \$31,364,827

Calendar Year 2014

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%	\$434,556,533	28.19%	\$6,518,348	28.19%
All Others	15,185	99.93%	1,107,165,667	71.81%	16,607,485	71.81%
Total	15,195	100.00%	\$1,541,722,200	100.00%	\$23,125,833	100.00%

Source: City Income Tax Department

CITY OF SHARONVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2023**

Budget approved in
Dec. 2022

Cumulative Budget
as amended 2023

Revenue exceeded
Budget

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 18,732,176	\$ 18,732,176	\$ 21,605,985	\$ 2,873,809
Other Local Taxes	75,000	75,000	187,178	112,178
Intergovernmental Revenue	284,095	284,095	357,537	73,442
Charges for Services	412,300	412,300	468,688	56,388
Licenses and Permits	472,150	670,650	720,727	50,077
Investment Earnings	425,000	1,525,000	1,969,493	444,493
Fines and Forfeitures	187,400	187,400	165,420	(21,980)
All Other Revenues	273,000	249,500	310,335	60,835
Total Revenues	20,861,121	22,136,121	25,785,363	3,649,242
Expenditures:				
Current:				
Security of Persons and Property	8,484,700	8,834,468	6,405,708	2,428,760
Public Health and Welfare Services	98,300	101,492	82,938	18,554
Leisure Time Activities	2,951,024	3,079,581	2,713,890	365,691
Community Environment	703,874	765,040	658,023	107,017
Basic Utility Services	780,000	877,042	877,042	0
General Government	5,220,319	6,601,056	4,486,400	2,114,656
Debt Service:				
Principal Retirement	75,000	75,000	64,590	10,410
Total Expenditures	18,313,217	20,333,679	15,288,591	5,045,088
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,547,904	1,802,442	10,496,772	8,694,330
Other Financing Sources (Uses):				
Transfers Out	(2,525,000)	(10,725,000)	(10,159,547)	565,453
Advances In	0	1,100,000	1,179,296	79,296
Advances Out	0	(2,268,980)	(2,243,980)	25,000
Total Other Financing Sources (Uses):	(2,525,000)	(11,893,980)	(11,224,231)	669,749
Net Change in Fund Balance	22,904	(10,091,538)	(727,459)	9,364,079
Fund Balance at Beginning of Year	9,924,757	9,924,757	9,924,757	0
Prior Year Encumbrances	1,727,461	1,727,461	1,727,461	0
Fund Balance at End of Year	\$ 11,675,122	\$ 1,560,680	\$ 10,924,759	\$ 9,364,079

Expenses Under Appropriations

See accompanying notes to the basic financial statements

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

CITY OF SHARONVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Fire Department Fund
For the Year Ended December 31, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 8,917,824	\$ 8,917,824	\$ 10,287,164	\$ 1,369,340
Charges for Services	572,200	572,200	986,265	414,065
All Other Revenues	16,500	16,500	56,598	40,098
Total Revenues	<u>9,506,524</u>	<u>9,506,524</u>	<u>11,330,027</u>	<u>1,823,503</u>
Expenditures:				
Current:				
Security of Persons and Property	9,345,317	9,827,747	8,354,157	1,473,590
Capital Outlay	319,000	405,774	345,576	60,198
Total Expenditures	<u>9,664,317</u>	<u>10,233,521</u>	<u>8,699,733</u>	<u>1,533,788</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(157,793)	(726,997)	2,630,294	3,357,291
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	42,660	42,660
Transfers Out	0	(1,500,000)	(1,500,000)	0
Advances Out	(257,100)	(507,100)	(507,100)	0
Total Other Financing Sources (Uses):	<u>(257,100)</u>	<u>(2,007,100)</u>	<u>(1,964,440)</u>	<u>42,660</u>
Net Change in Fund Balance	(414,893)	(2,734,097)	665,854	3,399,951
Fund Balance at Beginning of Year	7,315,907	7,315,907	7,315,907	0
Prior Year Encumbrances	464,204	464,204	464,204	0
Fund Balance at End of Year	<u>\$ 7,365,218</u>	<u>\$ 5,046,014</u>	<u>\$ 8,445,965</u>	<u>\$ 3,399,951</u>

See accompanying notes to the basic financial statements

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

So what's coming up...

- The time to start the 2025 Budget Process is already upon us.
 - The Council Budget Work Session is scheduled for November 14th. We are targeting to provide Elected Officials with a digital budget packet on November 1st.

- Income tax is continuing to focus on cross training of staff. With the anticipated retirement of Becky Rust in July 2025 there is a significant void to fill with business returns.

- Income Taxes collections are performing strong in 2024. 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.

AUDITOR & TREASURER'S REPORT

July 31, 2024

Tax Report

<u>Income Tax</u>							
<u>YEAR-TO-DATE</u>	<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024</u>
BUSINESS PROFITS	\$ 4,428,824.52	-4.88%	\$ 4,212,614.05	-14.40%	\$ 3,606,034.18	-2.02%	\$ 3,533,288.91
INDIVIDUAL	\$ 1,021,384.41	3.38%	\$ 1,055,955.30	-0.54%	\$ 1,050,280.02	6.00%	\$ 1,113,328.60
WITHHOLDING	\$ 13,394,841.75	6.15%	\$ 14,219,188.37	6.11%	\$ 15,087,362.13	6.87%	\$ 16,123,978.27
INTEREST & PENALTY	\$ 168,662.15	17.05%	\$ 197,419.38	-12.91%	\$ 171,929.14	7.95%	\$ 185,603.60
TOTAL RECEIPTS	\$ 19,013,712.83	3.53%	\$ 19,685,177.10	1.17%	\$ 19,915,605.47	5.23%	\$ 20,956,199.38