

**THE COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF MADEIRA**



State of Ohio

FOR THE YEAR ENDED DECEMBER 31, 2017

**CITY OF MADEIRA,
OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017**

Prepared by:

Treasurer's Office



Dave Yost • Auditor of State

City Council
City of Madeira
7141 Miami Avenue
Cincinnati, Ohio 45243

We have reviewed the *Independent Auditors' Report* of the City of Madeira, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Madeira is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 13, 2018

Comprehensive Annual Financial Report City of Madeira, State of Ohio

Fiscal Year Ended December 31, 2017

Excerpts supporting madeiramessenger conclusions
The City of Madeira currently has no justifiable reason
for increasing the City Earnings Tax

Reference Pages

CAF Report, Page 19 & 20

CAF Report, Page 104 & 105

CAF Report, Page 107 – 110

CAF Report, Page 117 City of Madeira Principal Employers, 2017

Governmental activities. Governmental activities increased the City of Madeira's net position by \$227,683, thereby accounting for namely all of the increase in the net position of the City of Madeira. Key elements of this increase are as follows:

- Charges for services increased 33% from the previous year due to increased collections of building permit fees and court fines.
- The income and franchise taxes increased by \$377,183 due to an improved economy.
- Grants for road work decreased by \$177,000.
- Operating grants increased by \$9,881.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services; however, the general government expenses increased due to increased legal costs of \$193,000 to defend the City in various lawsuits. We have received favorable rulings in 2018.

Business-type activities. Business-type activities increased the City of Madeira's net position by \$4,668.

Financial Analysis of the City of Madeira's Funds

As noted earlier, the City of Madeira uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Madeira's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Madeira's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Madeira's governmental funds reported combined ending fund balances of \$3,111,523, an increase of \$115,639 in comparison with the prior year. Of this amount, \$2,112,224 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City of Madeira. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,163,826. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 34% and 35% of total general fund expenditures respectively.

The fund balance of the City of Madeira's general fund increased by \$323,870 during the current fiscal year. Key factors in this change are as follows:

- Increase in tax collections of \$262,994 due to a stronger economy.
- Increase in public safety expenditures of \$74,054 due to increased wages and benefit costs. In addition to \$75,793 for body camera systems.
- Decrease in transfers to other funds of \$105,121.
- Decrease in transportation expenditures of \$166,709 due to lowered capital acquisitions.

The fund balance for Street Repair increased by \$20,024, which was due to a light winter and not purchasing as much salt as we have had to do in the past.

Proprietary fund. The City of Madeira’s proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the rental property fund at the end of the year amounted to \$62,343. The increase in net position was \$4,668. The largest factor in the increase is the addition of a tenant resulting in higher revenues.

General Fund Budgetary Highlights

The increase between the original and final budget anticipated revenues totaled \$400,000. It was evident as the year progressed that intergovernmental revenue and permits were going to exceed original estimates.

The original budget and the final amended budget for expenditures increased \$110,505. During the year, expenditures were more than budgetary estimates, thus increasing the amount to be drawn upon the existing fund balance. Actual revenues, expenditures, and transfers finished better than expected by a total of \$252,247. The favorable variance was due to revenues exceeding the budget and reduced transfers out.

Capital Asset and Debt Administration

Capital Assets. The City of Madeira’s investment in capital assets for its governmental and business type activities as of December 31, 2017 amounts to \$9,741,770 (net of accumulated depreciation). This investment in capital assets includes land, vehicles, improvements, furniture and equipment, and roads. The total increase in the City of Madeira’s investment in capital assets for the current fiscal year was 1.48%.

**City of Madeira’s Capital Assets
(net of depreciation)
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$645	\$645	\$134	\$134	\$779	\$779
Buildings and Improvements	531	639	132	152	663	791
Vehicles	155	153	0	0	155	153
Furniture and Software	170	76	0	0	170	76
Infrastructure	7,974	7,800	0	0	7,974	7,800
Total	\$9,475	\$9,313	\$266	\$286	\$9,741	\$9,599

The Infrastructure capital assets increased due to road and waterline improvements. Additional information on City of Madeira’s capital assets can be found in note IV.C.

CITY OF MADEIRA, OHIO
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2017	2016	2015	2014
Revenues				
Property Taxes	\$2,138,141	\$2,099,324	\$2,047,481	\$1,935,831
Municipal Income Taxes	3,145,091	2,920,914	2,674,456	2,555,081
Charges for Services	254,147	208,652	217,591	217,276
Fees, Licenses and Permits	258,749	145,100	172,660	176,173
Fines and Forfeitures	97,421	65,148	85,092	78,570
Intergovernmental	1,466,978	1,597,325	1,786,065	1,633,477
Interest	31,671	15,644	4,404	2,672
Other	296,138	235,006	274,021	275,299
<i>Total Revenues</i>	7,688,336	7,287,113	7,261,770	6,874,379
Expenditures				
Current:				
General Government	1,259,312	1,067,116	895,712	677,751
Public Safety	3,760,701	3,540,024	3,403,835	3,261,689
Sanitation	505,232	507,686	475,285	495,597
Recreation	112,810	112,203	135,449	109,645
Community Environment	183,909	174,126	155,483	107,216
Transportation	692,071	907,607	697,341	689,010
Capital Outlay	1,049,807	808,125	1,578,916	760,576
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	8,855	6,941	8,975	8,377
<i>Total Expenditures</i>	7,572,697	7,123,828	7,350,996	6,109,861
<i>Excess of Revenues Over (Under) Expenditures</i>	115,639	163,285	(89,226)	764,518
Other Financing Sources (Uses)				
Transfers In	256,879	362,000	920,000	815,000
Transfers Out	(256,879)	(362,000)	(920,000)	(875,000)
<i>Total Other Financing Sources (Uses)</i>	0	0	0	(60,000)
<i>Net Change in Fund Balances</i>	\$115,639	\$163,285	(\$89,226)	\$704,518
Debt Service as a Percentage of Noncapital Expenditures	0.1%	0.1%	0.2%	0.2%

2013	2012	2011	2010	2009	2008
\$1,946,798	\$1,893,761	\$2,098,683	\$1,858,638	\$2,079,768	\$1,995,772
2,466,689	2,333,124	2,293,520	2,349,311	2,211,643	2,343,262
151,632	133,489	116,944	122,935	73,498	72,320
135,034	89,063	123,473	72,382	75,030	87,864
73,312	116,858	78,967	108,149	123,744	132,792
1,412,216	1,433,242	1,472,421	2,986,201	1,949,114	1,864,647
2,722	2,481	1,346	4,535	19,416	104,745
434,876	311,864	344,681	419,847	314,787	239,935
6,623,279	6,313,882	6,530,035	7,921,998	6,847,000	6,841,337
962,013	917,413	987,756	918,369	931,392	1,052,349
3,239,259	3,196,270	3,150,251	3,092,362	3,131,639	3,094,902
438,167	445,654	574,455	540,817	517,959	498,387
174,910	134,013	113,745	130,564	162,086	180,179
119,750	110,175	101,003	99,195	105,225	157,749
736,988	678,752	664,201	766,500	1,029,463	1,759,368
574,405	493,453	338,942	2,677,023	1,535,448	596,005
0	0	285,000	270,000	260,000	250,000
5,603	15,833	17,764	18,765	30,295	41,135
6,251,095	5,991,563	6,233,117	8,513,595	7,703,507	7,630,074
372,184	322,319	296,918	(591,597)	(856,507)	(788,737)
427,447	209,500	148,762	477,000	477,000	652,000
(447,447)	(209,500)	(148,762)	(477,000)	(477,000)	(712,000)
(20,000)	0	0	0	0	(60,000)
\$352,184	\$322,319	\$296,918	(\$591,597)	(\$856,507)	(\$848,737)
0.1%	0.3%	5.1%	5.0%	4.9%	4.8%

CITY OF MADEIRA, OHIO
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Collection Year	Real Property		Tangible Personal Property				Total			
	Assessed Value	Estimated Actual Value	Public Utility		Personal Property		Assessed Value	Total Direct Tax Rate Per Thousand	Estimated Actual Value	Ratio
			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2017	\$372,729,970	\$1,064,942,771	\$6,839,040	\$7,771,636	\$0	\$0	\$379,569,010	7.50	\$1,072,714,408	35.38%
2016	332,585,990	950,245,686	6,385,130	7,255,830	0	0	338,971,120	7.50	957,501,515	35.40
2015	324,308,690	926,596,257	6,193,820	7,038,432	0	0	330,502,510	7.50	933,634,689	35.40
2014	320,768,770	916,482,200	5,993,590	6,810,898	0	0	326,762,360	7.50	923,293,098	35.39
2013	299,558,760	855,882,171	5,609,480	6,374,409	0	0	305,168,240	7.50	862,256,581	35.39
2012	296,358,390	846,738,257	5,226,120	5,938,773	0	0	301,584,510	7.50	852,677,030	35.37
2011	293,306,210	838,017,743	4,991,980	5,672,705	0	0	298,298,190	7.50	843,690,447	35.36
2010	319,494,300	912,840,857	4,625,570	5,256,330	138,080	736,427	324,257,950	7.50	918,833,613	35.29
2009	319,622,020	913,205,771	4,028,650	4,578,011	265,040	1,413,547	323,915,710	7.50	919,197,329	35.24
2008	296,467,680	847,050,514	3,940,800	4,478,182	1,740,610	9,283,253	302,149,090	7.50	860,811,949	35.10

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal. The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009.

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

Source: Hamilton County Auditor

CITY OF MADEIRA, OHIO
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

Fiscal Year	Overlapping Rates									
	City	Countywide			Local School Districts			Total Direct and Overlapping Rates		
	Charter Millage	Great Oaks Joint			Madeira School District	Cincinnati School District	Indian Hill School District	Total Madeira School District	Total Cincinnati School District	Total Indian Hill School District
		Hamilton County Millage	Vocational School District	Total County Millage						
2017	7.50	21.19	2.70	23.89	107.07	77.23	46.16	138.46	129.81	98.74
2016	7.50	20.88	2.70	23.58	101.55	70.15	46.06	132.63	122.11	98.02
2015	7.50	20.88	2.70	23.58	101.55	70.15	46.06	132.63	122.11	98.02
2014	7.50	21.06	2.70	23.76	101.82	71.49	46.06	133.08	123.81	98.38
2013	7.50	21.06	2.70	23.76	101.94	71.34	45.99	133.20	123.66	98.31
2012	7.50	20.06	2.70	22.76	101.27	70.76	45.87	151.59	121.08	96.19
2011	7.50	20.48	2.70	23.18	94.02	68.54	45.72	145.18	119.70	96.88
2010	7.50	20.48	2.70	23.18	91.02	67.87	45.82	142.18	119.03	96.98
2009	7.50	20.63	2.70	23.33	95.39	67.95	46.32	146.85	119.41	97.78
2008	7.50	20.56	2.70	23.26	94.77	59.67	45.42	146.09	110.99	96.74

Source: Hamilton County Auditor

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

Charter Millage is consistently applied to all types of property.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

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

CITY OF MADEIRA, OHIO
Property Tax Levies And Collections
Last Ten Years

<u>Year</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy Amount (1)</u>	<u>Percentage of Levy</u>	<u>Collection in Subsequent Years</u>
2017	\$2,601,838	\$2,507,084	96.36%	\$43,772
2016	2,533,711	2,438,058	96.22	35,505
2015	2,520,615	2,417,493	95.91	49,395
2014	2,358,894	2,245,776	95.20	50,396
2013	2,335,606	2,219,242	95.02	48,337
2012	2,310,912	2,179,595	94.32	56,782
2011	2,516,050	2,372,615	94.30	53,969
2010	2,538,622	2,376,948	93.63	70,010
2009	2,517,907	2,360,628	93.75	65,119
2008	2,346,973	2,200,774	93.77	68,467

Source: Hamilton County Auditor

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

<u>Total Collections to Date</u>		Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
Amount	Percentage of Levy		
\$2,550,856	98.04%	\$50,982	1.96%
2,473,563	97.63	60,148	2.37
2,466,888	97.87	54,833	2.18
2,296,172	97.34	63,325	2.68
2,267,579	97.09	67,593	2.89
2,236,377	96.77	73,550	3.18
2,426,584	96.44	89,132	3.54
2,446,958	96.39	90,669	3.57
2,425,747	96.34	92,049	3.66
2,269,241	96.69	77,058	3.28

CITY OF MADEIRA, OHIO
Income Tax Revenue Base and Collections
Last Ten Years

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2017	1.00%	\$3,145,091	\$1,458,691	46.38%	\$240,831	7.66%	\$1,445,569	45.96%
2016	1.00	2,920,914	1,459,712	49.97	192,623	6.59	1,268,579	43.43
2015	1.00	2,674,456	1,308,687	48.93	214,153	8.01	1,151,616	43.06
2014	1.00	2,555,081	1,238,304	48.46	240,156	9.40	1,076,621	42.14
2013	1.00	2,466,689	1,156,967	46.90	168,862	6.85	1,140,860	46.25
2012	1.00	2,333,124	1,100,442	47.17	170,090	7.29	1,062,592	45.54
2011	1.00	2,293,520	1,081,410	47.15	148,354	6.47	1,063,757	46.38
2010	1.00	2,349,311	1,109,323	47.22	197,602	8.41	1,042,387	44.37
2009	1.00	2,211,643	1,095,639	47.54	124,664	5.64	991,340	44.82
2008	1.00	2,343,262	1,089,159	46.48	219,558	9.37	1,034,544	44.15

CITY OF MADEIRA, OHIO
Principal Employers
Current Year and Ten Years Ago

2017		
Employer	Employees	Percentage of Total City Employment
Kenwood Country Club	345	4.34%
Heartland Employment	304	3.82
Madeira City Schools	268	3.37
Sheakley HR LLC	229	2.88
Kroger Ltd Partnership	205	2.58
Center for Collaborative	200	2.52
One Source Employee	180	2.26
University of Cincinnati	161	2.03
Chuy's OPCO Inc.	158	1.99
Jimmy John's Gourmet	153	1.93
Total	2,203	27.96%
Total W-2s Submitted	7,948	

2007		
Employer	Employees	Percentage of Total City Employment
Kenwood Country Club	375	8.14%
Madcira City Schools	345	7.93
Heartland Employment	298	6.85
Madeira Health Care Inc.	204	4.69
Kroger Company	192	4.41
Embers	158	3.63
Mitchell's Salon	155	3.56
Kutol Products	151	3.47
TGI Fridays's Bistros of OH & KY	133	3.06
St. Gertrude	106	2.44
Total	2,117	50.57%
Total W-2s Submitted	4,350	

Source: Number of W2s submitted to the
City Tax Department