

**Making the Case against Charging Madeira Residents for Waste Collection...** For As Long As Anyone Can Remember Tax's Collected Have Used for Weekly Trash Collection in Our Community, and The Following Letter makes a Strong Argument In favor Of Continuing That Practice.

Mr. Holwadel, Has Studied Madeira Finances, Including Past Budgets and Future Estimated Budgets, Concluding That Madeira Council Members have No Rationality, and Have Made No Case for Charging Residents for Weekly Trash Collection. In Addition, Madeira Council Members Provide No Purpose For The \$560,000 that would Be Created If Trash Collection Cost Are Shifted onto the Backs of Madeira Residents.

At Madeira's City Council Meeting on February 11, the Budget and Finance Committee discussed portions of Madeira's Financial Health Indicator Report, as prepared by the State Auditor. The report is a quantitative analysis based upon Madeira's 2017 Annual Financial Report. The purpose of the report is to help municipalities monitor the financial condition of their city.

Of the 16 "Financial Health Indicators" in the report, only Indicator #11 – Condition of Capital Assets, was reviewed. This indicator is calculated by dividing the Accumulated Depreciation by the Total Depreciable Capital Assets (as found on page 49 of the 2017 Annual Report). This percentage determines the indicator status. If the percentage is less than 50%, the indicator is Positive; 50% - 70%, the indicator is Cautionary; if greater than 70%, the indicator is Critical. The calculated percentage for Madeira for 12/31/2017 was 51.33%, resulting in a Cautionary indicator. The indicator had been Positive in the previous years.

What was not highlighted was the fact that Madeira earned Positive ratings for all other 15 indicators. Of particular significance is Indicator # 2 – Unassigned General Fund Balance of the General Fund. This fund balance represents cash available for operations or capital improvements at the discretion of Council and the City Manager. The report shows that this cash balance increased 35% during 2017, to a total of \$2,164,000. This increase was largely due to the fact that during 2017, Madeira's General Fund Revenues exceeded Expenditures by \$324,000.

By year-end 2018, the General Fund Balance had increased to \$2,842,000 - an increase of another 28%. For 2018, the General Fund's Revenues exceeded Expenditures by \$621,000.

Given the Budget and Finance Committee's recommendation to maintain a reserve in the General Fund equal to 27% of General Fund Expenditures, the General Fund held excess cash reserves of over \$1,000,000. Combined with the year-end cash balance in the Street Repair Fund of \$430,000, Council had total cash available of over \$1,400,000 for street repair projects.

Most everyone would agree with Council's stated position that Madeira needs to invest in its roads and waste water management systems on a continual basis. The question that residents need to ask Council is why aren't those investments being made when the funds are clearly available to do so.

For the Budget and Finance Committee to recommend that Madeira begin to charge its residents directly for waste collection costs in order to fund infrastructure improvements, while the city has excess cash reserves and is generating a significant operating surplus, is irresponsible. As fiduciaries to the governance of Madeira's finances, Council needs to be sure it has a complete understanding of the City's financial condition and to properly prioritize the needs of its residents.

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