



CITY OF NORTH OLMSTED POPULAR ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

5200 Dover Center Road, North Olmsted OH 44070
www.north-olmsted.com 440-777-8000

Dear Citizens of North Olmsted:

We are pleased to present to you the City of North Olmsted’s Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2014. The care of your tax dollars is of great concern to our administration and we believe this direct communication will lead to a more informed and engaged community.

This community report is intended to present an accessible overview of the City’s financial position and the City’s commitment to providing services and programs in a fiscally responsible manner. This PAFR explains where the City’s revenues come from and how the City’s dollars are spent. Information contained within this report was obtained from the more extensive 2014 Comprehensive Annual Financial Report (CAFR). The 2014 CAFR is comprised of more than 160 pages of detailed financial statements, notes, schedules, and statistical information. Our financial statements were prepared in conformance with Generally Accepted Accounting Principles (GAAP), and received an unqualified (or clean) audit opinion.

The highest standards of accounting principles are used by the City to ensure full financial disclosure and accountability. Recognition of this commitment is evidenced by the City attaining the Government Finance Officers’ Association’s *Certificate of Achievement for Excellence in Financial Reporting* for its CAFR for fifteen consecutive years.

While the numbers in this PAFR come from an audited source, they are presented in an un-audited format, on a GAAP basis, but do not include the City’s discretely presented component unit, North Olmsted Commission on Paratransit (NOCOP). Readers desiring the more detailed financial statements and the full disclosure GAAP basis of accounting information reported in the CAFR may review the CAFR on the City’s website at www.north-olmsted.com.

Thank you for taking the time to review this year’s PAFR. We hope it serves its purpose and provides you with a better understanding of the City’s financial health and the steps taken by our administration to ensure that your tax dollars are spent responsibly. We invite you to contact us to share any suggestions, questions, or comments you may have at (440) 777-8000, or finance@north-olmsted.com.

Sincerely,

Kevin M. Kennedy
Mayor

Carrie B. Copfer, CPA
Director of Finance

TABLE OF CONTENTS

Citizen Letter and Table of Contents.....	1
Financial Overview.....	2-3
Overview of Taxes	4-5
Major Initiatives	6
Debt and Development	7
City Bicentennial	8

Your Elected Officials

Kevin M. Kennedy, Mayor
Carrie B. Copfer, CPA, Director of Finance
Michael R. Gareau, Jr., Director of Law
Nicole Dailey Jones, President of Council
Louis J. Brossard, Ward 1
Paul R. Barker, Ward 2
Paul Schumann, Ward 3
Mary Ellen Hemann, Ward 4
Kevin G. Kearney, Council-At-Large
Duane H. Limpert, Council-At-Large
Angela Williamson, Council-At-Large

Appointed Directors

Donald Glauner, Director of Safety and Service
Cheryl Farver, Director of Human Resources
Kimberly Wenger, Director of Planning and Development

In this section, we present an overview of the monies received and spent for the City of North Olmsted for the years ended December 31, 2014 and 2013. The financial information presented in this section is for the City’s Governmental Activities, which includes all revenue and expenses except those of the “business-type” activities (the golf course and ballroom and sanitary sewer operations) and the component unit, NOCOP. Financial information on the City’s Business-Type Activities and NOCOP can be found in the CAFR.

Where the Money Comes From

The City receives the funding it needs to provide basic services to residents through a variety of sources. The table to the right presents a summary of revenues by source for 2014 and 2013.

Overall, total governmental activities revenue decreased by \$843,868 in 2014. Municipal income tax revenue, which comprises the City’s largest revenue source, increased by \$111,259 in 2014, which can be attributed to unemployment continuing to trend downward. These revenues are expected to remain steady in 2015.

Property and other tax revenue, which is the City’s second largest revenue stream, decreased slightly in 2014 due to a decline in assessed valuations in real property.

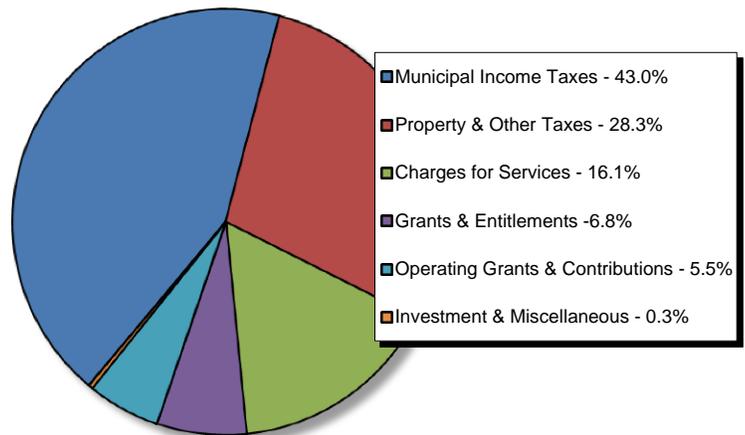
Charges for services revenue increased by \$50,655 in 2014. This can be partly attributed to an increase in revenues from the second full year of the Mayor’s Court program, as well as from an increase in recreation revenues from memberships and programs.

The most dramatic decline in revenues in 2014 was in operating and capital grants and contributions, which decreased by a combined \$722,797. The decrease in grants can be partly attributed to the FEMA grant the City received in the prior year related to disaster clean-up. In addition, the City previously received large grants for community development and road projects.

Municipal income tax revenue is the City’s largest revenue source, accounting for 43.0% of total revenue in 2014.

Revenues	2014	2013
Municipal Income Taxes	\$13,926,264	\$13,815,005
Property and Other Taxes	9,183,826	9,525,254
Charges for Services	5,208,835	5,158,180
Grants and Entitlements	2,201,218	2,147,473
Operating Grants & Contributions	1,796,331	2,100,956
Capital Grants & Contributions	-	418,172
Miscellaneous	63,894	37,415
Investment Earnings	39,775	61,556
Total Revenues	\$32,420,143	\$33,264,011

2014 Revenue by Source



Revenue Source Definitions

- **Income Taxes** – The City levies a 2% income tax on substantially all income earned within the City.
- **Property and Other Taxes** – Includes the City’s portion of the taxes due on real property and the 3% hotel/motel excise tax.
- **Charges for Services** – Significant sources include recreation programs, medical transport fees, building department permits, and court costs and fines.
- **Grants & Entitlements** – Significant sources include revenue received from local government funds distributed by the State.
- **Operating Grants & Contributions** - Includes revenues received from State levied shared taxes, motor vehicle license and fuel taxes, as well as operating grants secured by various departments.
- **Capital Grants & Contributions** – Includes monies and asset contributions received for capital projects.
- **Investments** – Revenue earned by investing all available City funds throughout the year.
- **Miscellaneous** – Includes refunds and reimbursements, as well as the sale of recycled materials and donations.

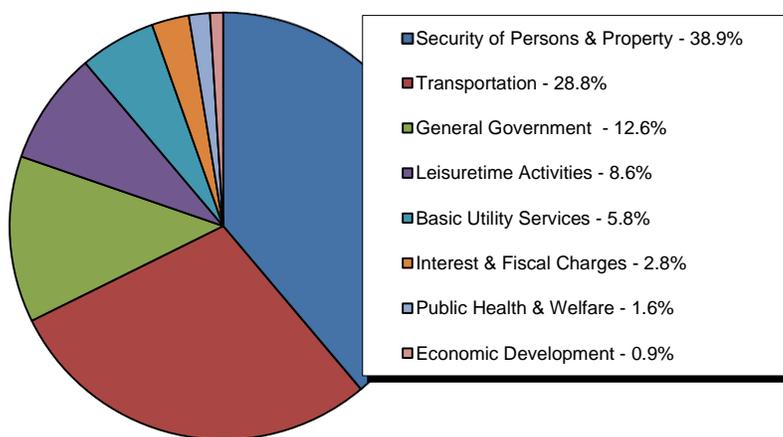
Where the Money Goes

Expenses By Function	2014	2013
General Government	\$4,200,635	\$4,612,689
Security of Persons & Property	12,948,527	12,974,261
Public Health & Welfare	529,304	504,219
Transportation	9,608,806	10,161,662
Basic Utility Services	1,920,086	1,700,564
Leisure time Activities	2,850,349	2,583,952
Economic Development	328,696	339,198
Interest & Fiscal Charges	941,826	1,371,593
Total Expenses	\$33,328,229	\$34,248,138

The chart to the left presents a two-year comparison of the City's governmental activity expenses. Expenses decreased by \$919,909 from 2013 to 2014. A major factor contributing to the overall decrease in expenses was due to employee attrition and timing of replacements. Another major contributing factor was a decrease in interest and fiscal charges which is a result of the City's decreasing long-term debt obligations.

In response to the anticipated further reduction in state-levied revenues, the City has maintained a conservative approach to budgeting. City administration and Council have been reviewing operations for opportunities to gain efficiency and contain costs, including reducing recurring expenses and monitoring employee attrition. The City has also been proactive in seeking additional revenue opportunities including pursuing grants for bullet proof vests, drug use prevention, community recycling, etc.

2014 Expense by Function



The pie chart to the left shows the distribution of the City's expenses by function.

Security of persons and property, which represents the cost of providing police, dispatch, fire and paramedic services, consistently ranks as the largest outlay, as safety is always a priority. Both the Police and Fire divisions require large workforces that are required around the clock to ensure the safety of the community.

Transportation is the City's second largest program function and includes the cost of providing all public works services including street and storm channel maintenance and improvements, public property maintenance, snow removal, and equipment maintenance.

Expense by Function Definitions

- **General Government** – Includes all general administrative expenses such as Council, Mayor's Office, Finance, Law, Human Resources, Information Technology, etc.
- **Security of Persons & Property** – Includes the cost of providing police, dispatch, fire and paramedic services.
- **Public Health & Welfare** – Includes the cost of administering youth and family programs, the food pantry, and senior center operations.
- **Transportation** – Includes the cost of providing all public works services such as street and storm channel maintenance and improvements, public property maintenance, snow removal, and equipment maintenance.
- **Basic Utility Services** – Includes the cost of rubbish collection and recycling.
- **Leisure Time Activities** – Includes the cost associated with operating the Recreation Center and recreation and senior programs.
- **Economic Development** – Includes expenses related to attracting and retaining businesses in the City.
- **Interest and Fiscal Charges** – Includes principal and interest payments on municipal debt.

Income Taxes

Income Tax represents the largest source of revenue for the City. The City of North Olmsted levies a 2% income tax on income earned within the City which is applied to gross salaries, wages, personal services compensation, and net income of for-profit organizations that conduct business in North Olmsted. North Olmsted residents are required to pay this tax on income they earn outside the City, but are given a 100% credit, up to 2%, for income taxes paid to the municipality in which they work.

Income tax collections are comprised of three sources: taxes from employee withholdings, taxes from individuals, and taxes on net profits. As shown in the chart below, taxes from withholdings comprise the largest component of the City's income taxes, representing 77.3% of collections.

The bar graph below shows the City's income tax collections over the past ten years. Income tax collections declined in 2008, as a result of the recession. Slight increases were experienced between 2011 and 2013, and again in 2014 when income taxes finally exceeded 2007 pre-recession levels. Income taxes are anticipated to remain stable in 2015 as the largest increase has been in withholding.

Principal Employers based on Payroll Withholdings	
Employer	
Moen Incorporated	
North Olmsted School District	
The City of North Olmsted	
Factory Mutual Insurance Company	
Bernie Moreno Companies	
Wal Mart Associates, Inc.	
Ganley Westside Imports	
Palmer Holland, Inc.	
Riser Foods Company	
Advanstar Communications	

Division of Income Tax Revenue

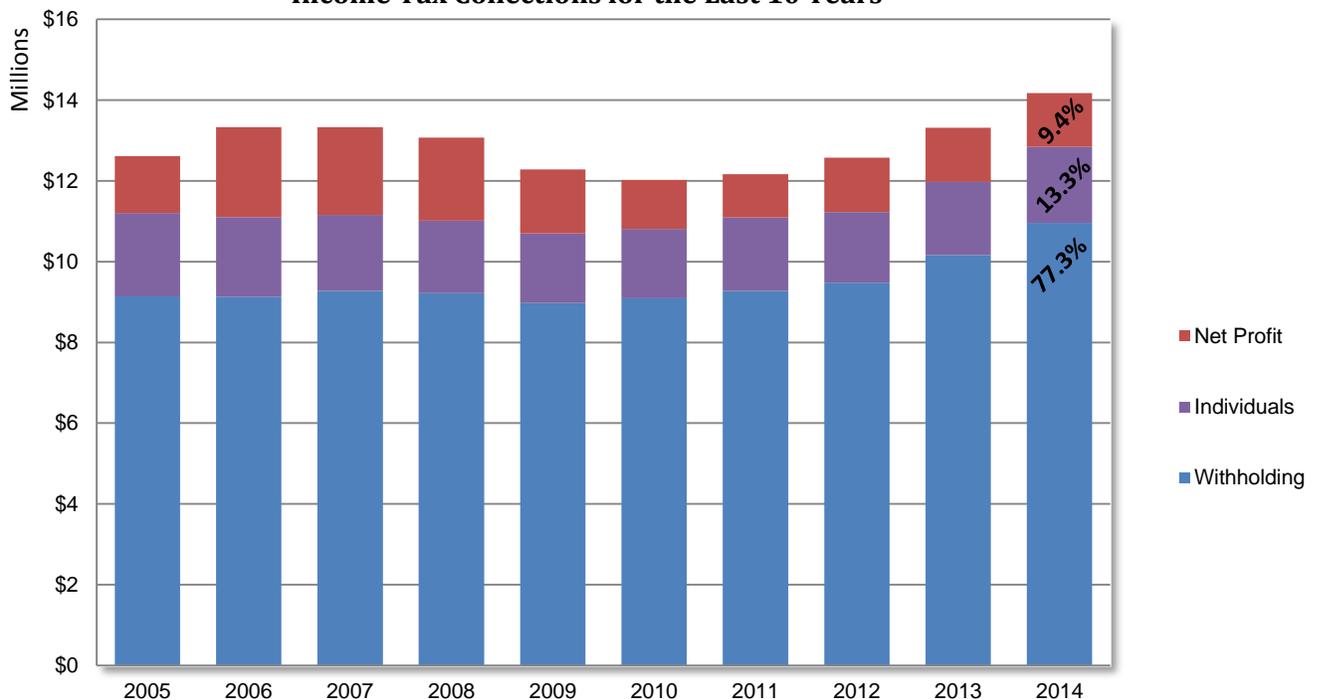
By a vote of the residents, the City's municipal income tax receipts are to be divided as follows:

15% - Permanent Improvement Fund: to pay costs of permanent improvements to street and storm water drainage systems, payment of debt charges on bonds and notes issued for those purposes, and to pay costs of maintaining street and storm water drainage systems, including related equipment.

15% - Solid Waste Fund: to pay costs of services and facilities for solid waste management, recycling and disposal.

70% - General Fund: the remaining balance; to pay costs of general municipal functions.

Income Tax Collections for the Last 10 Years



Note: The above graph presents income tax revenue on a cash basis and depicts only the amounts actually collected in 2014. This differs from the amounts reported in our financial statements on a GAAP basis because the GAAP figures also include the amounts that were receivable at the end of the year.

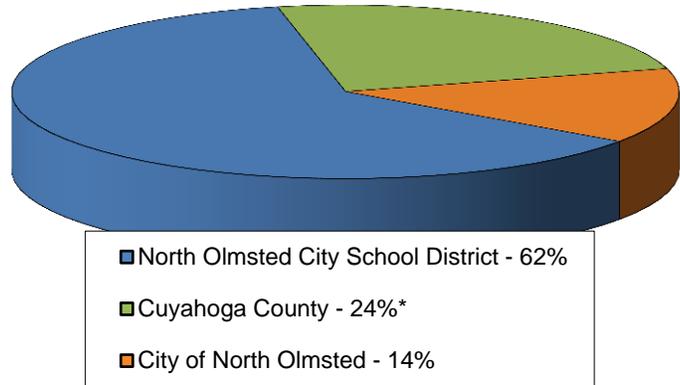
Property Taxes

Property tax in North Olmsted is administered by the Cuyahoga County Fiscal Officer, and is based on the county-assigned value of all parcels of land within each taxing district. The County Fiscal Officer determines an assessed value which is 35% of the appraised market value for each parcel. This value is updated every three years based on the average price that surrounding or similar properties sold for within the previous three-year period. Every six years, the Fiscal Officer revisits all properties to reappraise the value of each piece of land based on any building additions or major improvements. The most recent comprehensive reappraisal was completed in 2012. The next triennial reappraisal will be in 2015.

A key difference between the City of North Olmsted and the North Olmsted City School District is the main funding source used by each entity for operating purposes. The North Olmsted City School District, as all school districts in Ohio, is mostly funded by taxes paid on property that falls within the district. Conversely, the City has a diverse revenue stream that funds governmental operations.

As shown in the chart below, for every \$1.00 of your property taxes paid in 2014, the City received approximately \$0.14. The majority of your tax dollars support the North Olmsted City School District and various Cuyahoga County programs and services.

Recipient of Property Taxes



* - Includes Cuyahoga County (15.0%), Cleveland Metro Parks (2.9%), County Library (2.7%), Cuyahoga County Community College (3.3%) and Cleveland-Cuyahoga Port Authority (0.1%)

For tax collection year 2014, a homeowner in North Olmsted will pay 2.88% of market or appraised value of their home in property taxes. The bar graph below compares the City of North Olmsted's tax rate with the tax rate of other area cities.

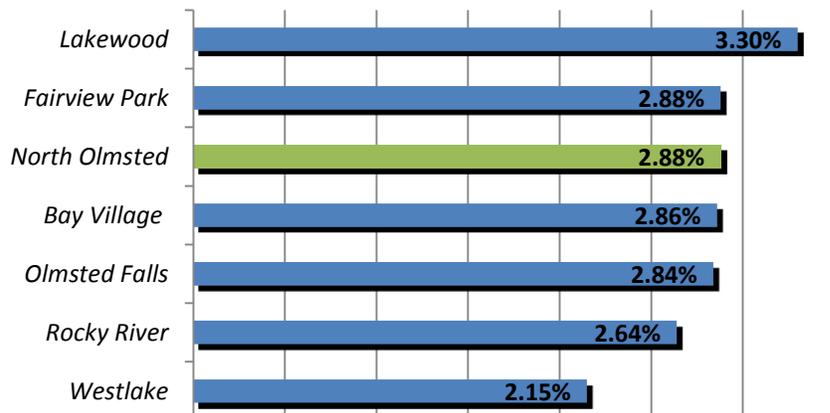
North Olmsted Property Tax as a Percentage of Market Value

A simple percentage can be used to estimate the total property taxes for a home. Multiply the market value of the home by the percent listed for the North Olmsted taxing district (2.88%).

Example: Taxes for a \$150,000 home in North Olmsted:

$$\text{\$150,000} \times 2.88\% = \text{\$4,320 annual property tax bill.}$$

Comparative Property Tax Rates for Collection in 2014 (Shown as a percentage of market value):

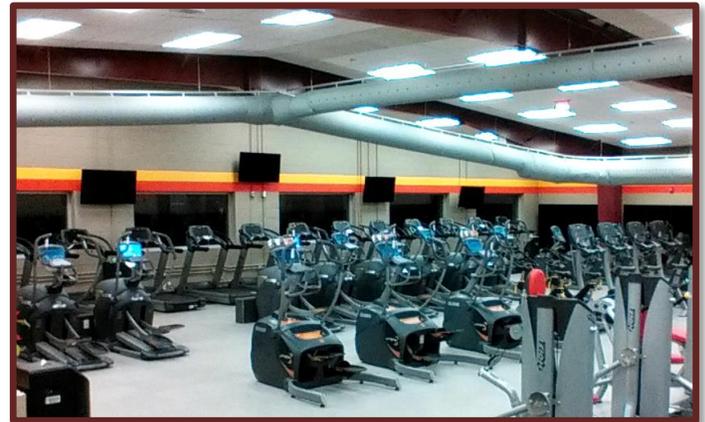


To view your property's tax assessment, please visit the Cuyahoga County Fiscal Officer's website: <http://fiscalofficer.cuyahogacounty.us>

The City of North Olmsted is committed to a long-term goal of rebuilding and maintaining its infrastructure and facilities. The Mayor and his administration have developed a five-year capital plan and are using it to prioritize important improvements within the City. The City actively pursues grant and other funding opportunities in order to make improvements to its capital assets while maintaining fund levels for current operations.

In 2014, the City issued \$2,575,000 of Capital Improvement Bond Anticipation Notes for the following 2014 capital improvements:

- ❖ **Recreation Center Improvements:** In 2014, the Rec Center completed two years of improvements, reconfiguring the recreation center's existing footprint to build a state of the art fitness center to serve all ages. Additionally, they developed a better people-friendly traffic flow with a new front lobby, renovated locker rooms, including the addition of a family friendly changing room, added new fitness and meeting rooms and ice rink locker rooms for hockey teams.



The new fitness area is located on the newly-remodeled second floor of the recreation center. This area features designated spaces for stretching, cardio equipment, selectorized weight equipment and free weights. The cardio space overlooks the City's indoor pool.



Renovating the lobby and front desk area, as well as increasing the capacity of the locker rooms will help accommodate the increasing flow of program participants.

Annual Fitness Membership Rates for North Olmsted Residents:	
Child (3-14 years of age)	\$ 50.00
Student (15-17 years of age)	180.00
Adult (18-54 years of age)	220.00
Senior (55 and older)	180.00
Family (up to 5 members)	350.00

Monthly and Non-Resident memberships are also available.

- ❖ **Storm Water Improvements:** The City reviewed and revised its storm water maintenance and improvement plan after a flood in May of 2014 from a significant rain event. In addition to cleaning out all the large ditches and increasing the capacity where possible, the City designed and renovated a culvert and replaced a pond valve and flood gate control system in a storm water channel on the City owned golf course. The City is in the process of designing storm water detention basins and has borrowed \$1 million dollars toward this project for 2015.
- ❖ **Technology Advances:** In 2014, the Finance Department and Fleet Division implemented the capital asset, fleet work order, and inventory modules. This eliminated duplicate entry and record keeping, while further integrating and automating processes within the City financial system. In 2014, the City's information technology network infrastructure was drastically improved by installing a solid, robust core server platform that utilizes virtualization technology. This created the necessary redundancy, increased the speed of the network, reduced the on-site information technology footprint by 90 percent, and lowered the cost of maintenance, utilities, and future software upgrades.
- ❖ **Master Plan** – The City's charter requires a review of the City master plan every ten years, so in late 2013 a committee of residents and stakeholders was formed called the Committee for the Future, which gave input over a 14 month period and led community engagement in several public forums. The completed plan is an action agenda for realizing the community's shared vision for the future. There are 54 specific actions grouped within the following five goals:
 - Strengthening Quality of Place
 - Advancing Prosperity
 - Improving Housing Choices
 - Retrofitting Infrastructure
 - Enhancing Amenities

The community voted for their top five actions at the final open house. "Create a Town Centre", "Identify Storm Water Management Projects", and "Re-imagine the Existing Recreation Center" were the highest vote recipients. Council adopted the plan in March of 2015 and it will serve as the City's long range planning document for the next ten years.

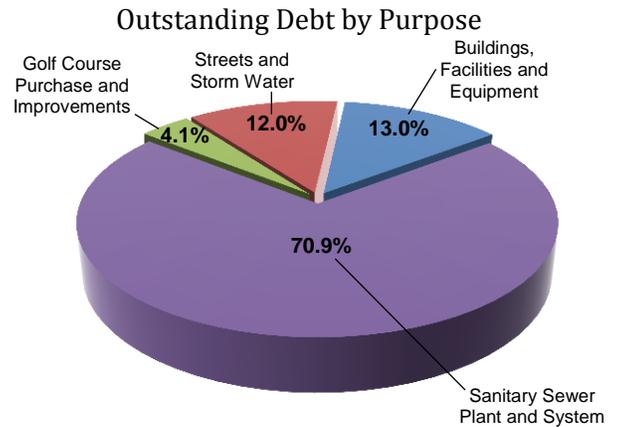
This section provides information on the City's most significant long-term obligations. It presents summarized information for both the governmental and business-type activities. Detailed information regarding all of the City's long-term obligations can be found in the City's 2014 CAFR.

Debt

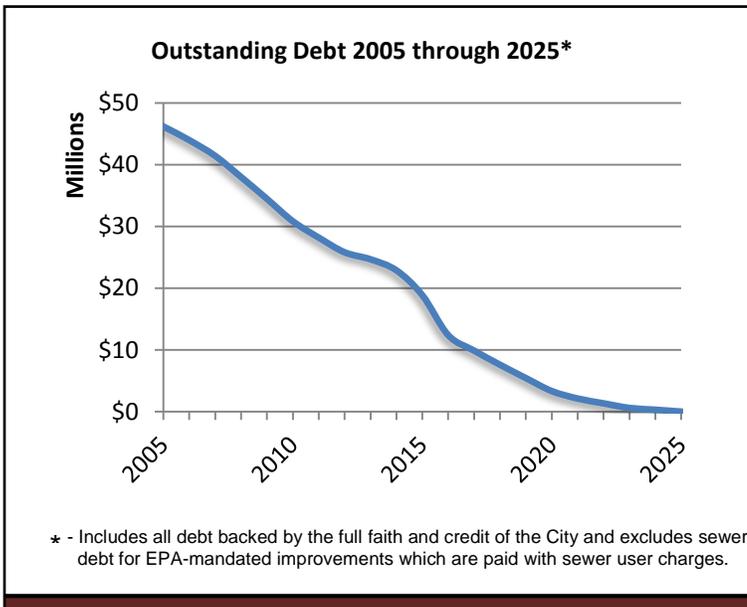
The City of North Olmsted has been a responsible borrower and has issued debt when needed to address significant and necessary capital improvements within a prioritized plan. The chart to the right shows the purposes for which the City's outstanding debt has been issued.

The City takes advantage of the no-interest or low-interest loan programs offered by the Ohio Public Works Commission (OPWC) and the Ohio Water Development Authority (OWDA) for specific approved street or sanitary projects.

The City has obtained OWDA Water Pollution Control Loan Funds (WPCLF) to finance the design and construction costs associated with the EPA-mandated improvements to the City's sanitary collection system and waste water treatment plant. The loans obtained for Phase I and Phase II of the construction project were approved for \$10,079,074 and \$48,047,355, and have interest rates of 2.8% and 2.44%, respectively. These loans will be paid off over twenty years, and will be supported by the user charges for sanitary sewer service.



The primary reason the City has incurred debt or obtained loans is to significantly improve the streets, sewer system, and public facilities throughout the City.



Bond Rating

The City of North Olmsted has maintained stable AA- and Aa2 bond ratings issued by Fitch Ratings and Moody's Investors Services, respectively. According to the most recent ratings:

"The City's financial operations are expected to remain strong in the near term due to a proactive and conservative management team, healthy and growing reserves and a demonstrated willingness to make mid-course budget corrections." – Moody's

"Prudent financial management and conservative budgeting have resulted in strong reserve levels and ample financial flexibility... Given management's history of conservative budgeting Fitch expects the city's financial position to remain sound, characterized by ample reserves and financial flexibility." - Fitch

Local Economy and Development

- ❖ The average yearly unemployment rate in the county declined by 1.3 percent to 6.4 percent during 2014.*
- ❖ The number of single family home sales and the average sales price of homes in North Olmsted remained relatively constant at 452 and \$119,802, respectively as compared to 2013.
- ❖ Improvements continued to the Great Northern Mall property with modernization and enlarging of all mall entrances and several store renovations and expansions.
- ❖ The City's number of building permits declined by 9.3 percent, however, two more automobile dealerships, North Olmsted Chrysler Jeep Dodge Ram and Morris Cadillac Buick GMC, on the 'North Olmsted Auto Mile' made significant renovations, upgrades and various additions.

* - Does not account for those persons who are unemployed, but no longer looking for work.





City of North Olmsted
 5200 Dover Center Road
 North Olmsted, Ohio 44070
 Phone: 440-777-8000
www.north-olmsted.com



ECRWSS
 Postal Customer
 North Olmsted, Ohio 44070

Bicentennial Mission: *Celebrate North Olmsted's history, heritage and future; recognize our achievements and mark milestones of the last 200 years; and create opportunities for sustained collaboration and partnership between city, school, business and community*



EDUCATE

Share our rich history. Remember our City's achievements. Foster a sense of pride in our past.

The land that became North Olmsted was originally part of the Connecticut Reserve in the Northwest Territory. In 1805, Aaron Olmsted, a wealthy sea captain, purchased a vast tract of land comprising present-day North Olmsted, Olmsted Falls and Olmsted Township from the Connecticut Land Company. Olmsted died one year later in 1806 never seeing the land. In 1815, Elijah Stearns purchased the land and his son David became the first permanent settler. The location he settled is marked with an Ohio Historical Marker near the site of North Olmsted's Fire Station #2. David's log cabin became the first school house in 1827. In 1829 the citizens of Lenox voted to change the township name to Olmsted to acquire 500 books owned by Charles Olmsted, brought from Hartford, Connecticut by oxcart. This is believed to be the first public library in the Western Reserve. 125 volumes are still housed in the North Olmsted Public Library.



CELEBRATE

Unite the community with shared purpose. Showcase the City as a premier location to live, work, and play.

The City of North Olmsted, with the leadership of a committee of volunteers, planned many events for 2015 and launched a kickoff for the celebration in October 2014, to increase public awareness of our bicentennial. Three local companies became overall programming sponsors, while other businesses in North Olmsted sponsored a particular event. The City developed an interactive website full of interesting history and a calendar of events, albums of photos, stories, and more. For more information please visit:

www.celebratenortholmsted.com



INSPIRE

Create a legacy for future generations. Champion bold efforts to enhance North Olmsted's sense of place.

North Olmsted's 2015 Master Plan is the road map to fulfill this mission. It calls for and the City is already in the process of a rewrite of the zoning code, exploring property maintenance initiatives such as point of sale inspections, new traffic signalization citywide, reimagining recreation in the community – active and passive, and expanding storm water management infrastructure. Many other action items will take time, but the City had a strong implementation record with the 2005 Master Plan and is dedicated to making this current one a reality, as well. View the Master Plan in its entirety at www.north-olmsted.com.

