



# CITY OF NORTH OLMSTED POPULAR ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2015

5200 Dover Center Road, North Olmsted, Ohio 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, 2015. 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 2015 Comprehensive Annual Financial Report (CAFR). The 2015 CAFR is comprised of 180 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.

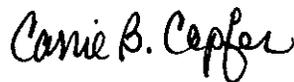
The highest standards of accounting principles are used by the City to ensure full financial disclosure and accountability. Recognition of this commitment is evidenced by the City attaining the Government Finance Officers’ Association’s *Certificate of Achievement for Excellence in Financial Reporting* 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](http://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](mailto:finance@north-olmsted.com).

Sincerely,

  
Kevin M. Kennedy  
Mayor

  
Carrie B. Copfer, CPA  
Director of Finance

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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, 2015 and 2014. 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 2015 and 2014.

Overall, total governmental activities revenue increased by \$1,733,269 in 2015. Municipal income tax revenue, which comprises the City’s largest revenue source, increased by \$113,305 in 2015, which can be attributed to modest increases in taxes from individuals and net profits being offset by a decrease in withholdings. These revenues are expected to continue trending upward in 2016.

Property and other tax revenue, which is the City’s second largest revenue stream, increased in 2015. The percentage of total collections of property taxes to that levied increased 6.4 percent to 103.34 percent, the highest in the last 10 years. Additionally, delinquencies declined to 2.5 percent of the total tax levy.

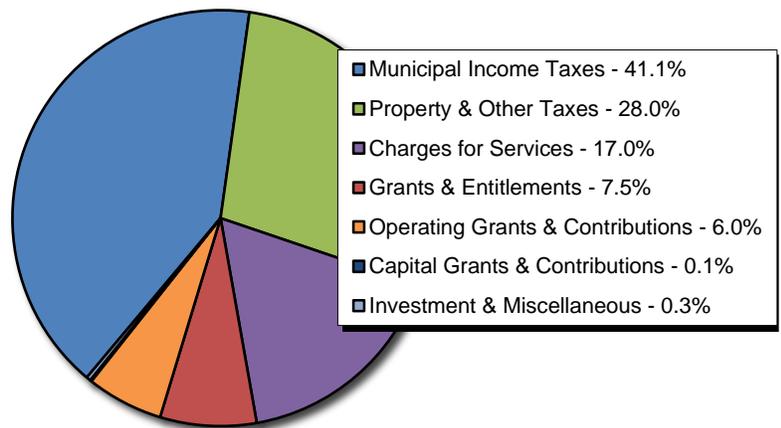
Charges for services revenue increased by \$601,175 in 2015. This can be partly attributed to an increase in revenues from the Mayor’s Court program, as well as from an increase in recreation revenues from memberships and programs.

The increase in revenues in 2015 in operating and capital grants and contributions of \$282,983 can be mostly attributed to the Assistance to Firefighters Grant program operated by FEMA which was used to purchase self-contained breathing apparatus used by the Fire Department.

The pie chart at the right provides a visual as to how significant each source of revenue is to the financial health of the City.

Revenues	2015	2014
Municipal Income Taxes	\$14,039,569	\$13,926,264
Property and Other Taxes	9,558,074	9,183,826
Charges for Services	5,810,010	5,208,835
Grants and Entitlements	2,554,370	2,201,218
Operating Grants & Contributions	2,036,867	1,796,331
Capital Grants & Contributions	42,447	-
Miscellaneous	75,163	63,894
Investment Earnings	36,912	39,775
<b>Total Revenues</b>	<b>\$34,153,412</b>	<b>\$32,420,143</b>

2015 Revenue by Source



Municipal income tax revenue is the City’s largest revenue source, accounting for 41.1% of total revenue in 2015.

### Revenue Source Definitions

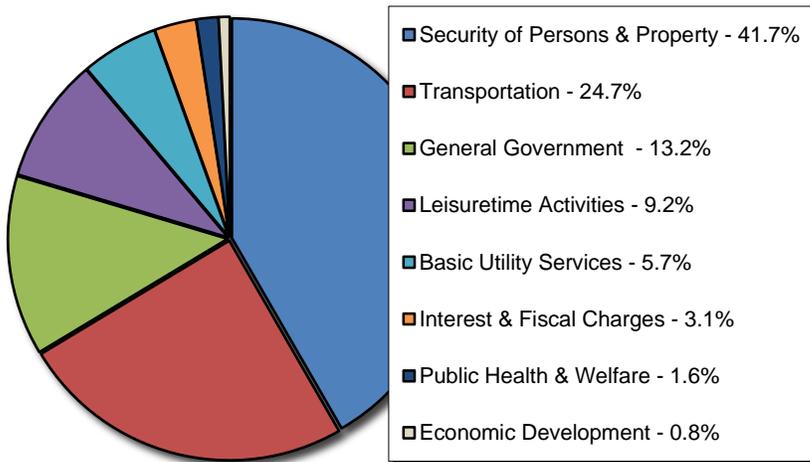
- **Income Taxes** – The City levies a 2% income tax on substantially all income earned within the City.
- **Property and Other Taxes** – Includes the City’s portion of the taxes due on real property and the 3% hotel/motel excise tax.
- **Charges for Services** – Significant sources include recreation 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	2015	2014
General Government	\$4,516,867	\$4,200,635
Security of Persons & Property	14,205,425	12,948,527
Public Health & Welfare	551,565	529,304
Transportation	8,416,485	9,608,806
Basic Utility Services	1,929,636	1,920,086
Leisure time Activities	3,136,618	2,850,349
Economic Development	275,635	328,696
Interest & Fiscal Charges	1,049,394	941,826
<b>Total Expenses</b>	<b>\$34,081,625</b>	<b>\$33,328,229</b>

The chart to the left presents a two-year comparison of the City's governmental activity expenses. Expenses increased overall by \$753,396 from 2014 to 2015. The increase is due to the purchase of self-contained breathing apparatus used by the Fire Department which was reimbursed by the Assistance to Firefighters Grant. Additionally, there was an increase in claims paid under the City's self-insurance program for employee medical, dental and vision benefits. One area of significant decrease in expenses was Transportation. This was partly due to decreased fuel and oil expenses from favorable market prices. Transportation expenses also went down due to the net effect of capital assets purchased and the expense recorded for depreciating all Transportation capital assets including infrastructure.

2015 Expense by Function



In response to the anticipated further reduction in state-leveled 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, energy efficiency, etc.

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

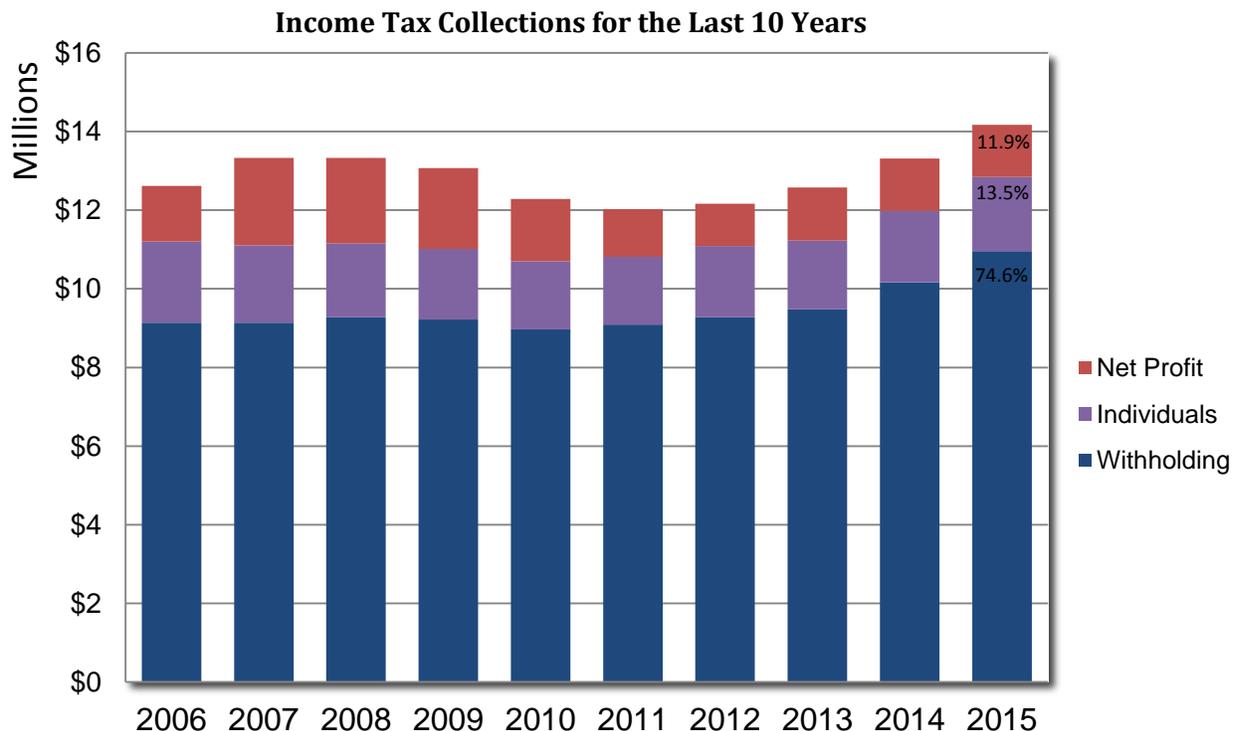
Income Tax represents the largest source of revenue for the City. The City of North Olmsted levies a 2% income tax on income earned within the City which is applied to gross salaries, wages, personal services compensation, and net income of for-profit organizations that conduct business in North Olmsted. 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 74.6% 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. During 2015, municipal income tax collections increased by 1 percent due to increases from net profit business collections and individual tax payer collections which is a result of the gradually improving economy. This trend is expected to continue for 2016.

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

Division of Income Tax Revenue	
By a vote of the residents, the City's municipal income tax receipts are to be divided as follows:	
<b>15% - Permanent Improvement Fund:</b>	to pay costs of permanent improvements including 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.
<b>15% - Solid Waste Fund:</b>	to pay costs of services and facilities for solid waste management, recycling and disposal.
<b>70% - General Fund:</b>	the remaining balance; to pay costs of general municipal functions.



Note: The above graph presents income tax revenue on a cash basis and depicts only the amounts actually collected in 2015. 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.

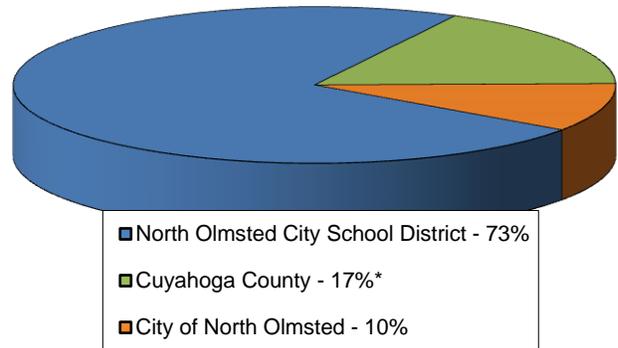
### Property Taxes

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. There was a triannual reappraisal 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 2015, the City received approximately \$0.10. 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 (10.2%), Cleveland Metro Parks (2.0%), County Library (1.8%), Cuyahoga County Community College (2.9%) and Cleveland-Cuyahoga Port Authority (0.1%)

*For tax collection year 2015, a homeowner in North Olmsted will pay 3.11% 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.*

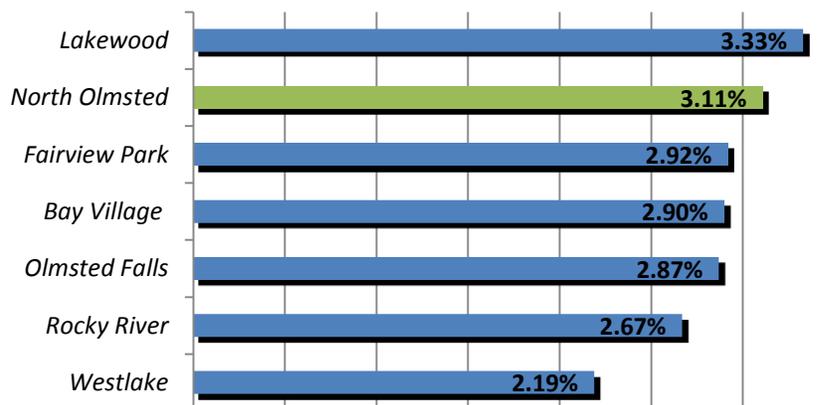
### North Olmsted Property Tax as a Percentage of Market Value

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 (3.11%).

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

**\$150,000 x 3.11% = \$4,665 annual property tax bill.**

Comparative Property Tax Rates for Collection in 2015 (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.



City Council adopted the 2015 “Go North Olmsted” master plan after a 14 month process that involved the entire community. The final document is an action agenda for realizing the community’s shared vision for the next 10 years. There are 54 specific actions grouped within the goals of strengthening quality of place, advancing prosperity, improving housing choices, retrofitting infrastructure, and enhancing amenities. The following initiatives are some of the first steps towards achieving the visions of the master plan:

- ❖ **Commercial Zoning Code Update:** The City began to evaluate the zoning code and the City’s various commercial districts. The results were compiled into the “Blue Print” and presented to Planning and Design Commission and Council in November 2015. One issue identified is that, “The General Retail Business District is too broad and does not give the City the ability to control placement of specific businesses in relation to the established patterns and desired character of individual segments of the Lorain Road Corridor.” The next phase will include code writing then presenting the changes to the community through forums and public hearings.
- ❖ **Recreation:** In early 2015, the City completed the \$2.15 million recreation center improvements which developed a new space configuration and usage of the recreation center’s existing footprint and designed and built a state of the art fitness center to serve all ages, both resident and non-resident. The facility now has 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. In addition to the recreation center improvements, master planning has begun for the both the recreation center and Springvale golf course and ballroom to develop specific long-term plans for both facilities.
- ❖ **Enhance Property Maintenance:** The City created two new chapters of the Building Code in September 2015 entitled “Licensing of Rental Units” and “Interior Maintenance Code.” Both improve the rental registration requirement by permitting the City to conduct interior inspections of rental units of single family homes to apartments. The goal is to inspect the interior and exterior of all rental homes and 25 percent of apartment units. City Council approved the addition of two inspectors and a permit clerk to implement the program which began in January 2016.
- ❖ **EPA/WWTP Improvements:** The City obtained approval from the Ohio EPA and the Ohio Water Development Authority for loans from Ohio EPA’s Water Pollution Control Loan Fund, administered by the OWDA, to pay costs of two phases of a substantial improvement program to the sanitary system collection system and treatment facilities that had been part of a several year study and design. The collection system improvements in phase one were substantially completed in 2012, while phase two, which is primarily for the significant plant improvements and also includes additional collection system improvements began in 2013. All major construction was completed in 2015.



*Bicentennial Salute Ice Show*

- ❖ **Great Northern Boulevard:** Enhancements were made to add an additional lane to improve traffic flow and highway accessibility. This was accomplished in cooperation with the Ohio Department of Transportation which contributed 90 percent of the project costs with safety funds. The City contributed 10 percent in matching funds totaling \$118,255.



*Waste Water Treatment Plant*

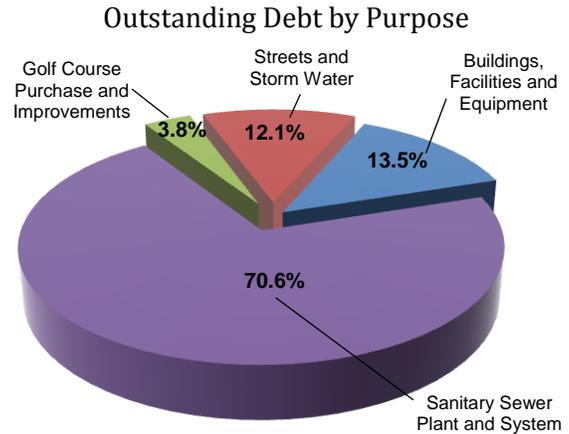
This section provides information on the City's most significant long-term obligations. It presents summarized information for both the governmental and business-type activities. Detailed information regarding all of the City's long-term obligations can be found in the City's 2015 CAFR.

## Debt

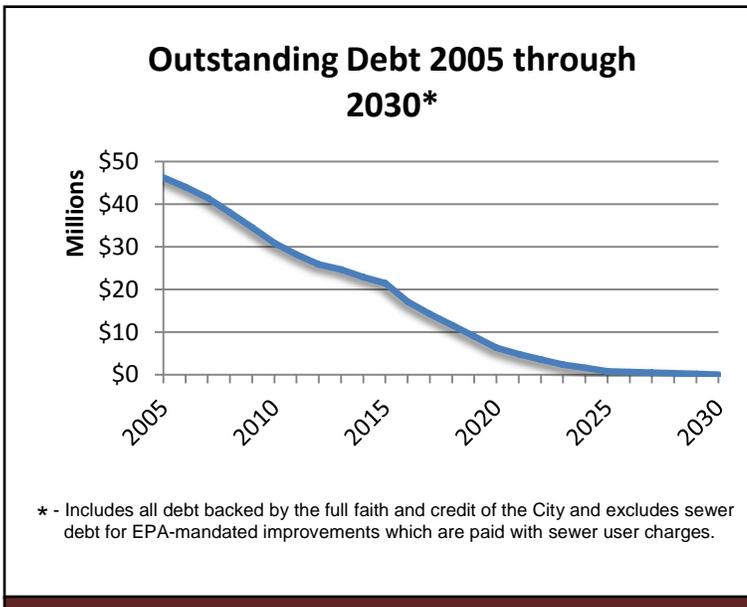
The City of North Olmsted has been a responsible borrower and has issued debt when needed to address significant and necessary capital improvements within a prioritized plan. The chart to the right shows the purposes for which the City's outstanding debt has been issued.

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 issued \$5,340,000 of Capital Improvement and Equipment Bond Anticipation Callable Notes in February of 2015, of which \$2,440,000 was for 2014 improvements, \$1,000,000 was for storm water drainage improvements, \$1,270,000 was for streets, \$385,000 was for police station HVAC, and \$245,000 was for golf course equipment.



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 management of its financial operations is strong, evidenced by its conservative budgeting and the maintenance of healthy reserve levels...Management made significant operational adjustments during periods of revenue decline to sustain positive operations." – 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*

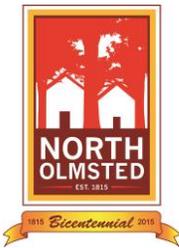
## Local Economy and Development

- ❖ The average yearly unemployment rate in the county declined by 1.4 percent to 5.0 percent during 2015.\*
- ❖ The number of residential home sales increased by 10.4 percent to 499, which is the highest volume since 2006. In addition, the average sales price of residential homes increased 5.9 percent to \$126,838 representing the first significant upward movement in 10 years, though it was 14.1 percent lower than the 2007 average prices.
- ❖ The percentage of total collections of property taxes to that levied increased 6.4 percent to 103.34 percent, the highest in the last 10 years. Additionally, delinquencies declined to 2.5 percent of the total tax levy.
- ❖ The City's number of building permits increased by 7.1 percent, which is due to an increase in new commercial work and continued improvements to the City's automobile dealerships. There was an increase in permits for fences, roofing, and windows which shows an interest in maintenance and repair of existing properties.

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



Hampton Inn and Great Northern Village Apartments



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



**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, Safety and Service  
 Cheryl Farver, Human Resources  
 Kimberly Wenger, Planning and Development

ECRWSS  
 Postal Customer  
 North Olmsted, Ohio 44070

*Thank you to all who volunteered and participated in making the City's bicentennial celebration a huge success.*



**EDUCATE**

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



*On October 11, 2015, Landmarks: A Bicentennial Journey gave guided tours at many of North Olmsted's important landmarks and historic sites.*



**CELEBRATE**

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



*On July 5, 2015, the Bicentennial Boom brought fireworks back to North Olmsted for the first time in 25 years.*



**INSPIRE**

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



*The Mayor's Community Scholarship 5K on June 6, 2015 had 150 participants and provided 14 college scholarships to North Olmsted graduating Seniors.*