



# CITY OF NORTH OLMSTED POPULAR ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

5200 Dover Center Road, North Olmsted, Ohio 44070  
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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, 2017. 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 2017 Comprehensive Annual Financial Report (CAFR). The 2017 CAFR is comprised of 190 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 seventeen 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, 2017 and 2016. 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 2017 and 2016.

Overall, total Governmental Activities revenue increased by \$526,136 in 2017. Municipal income tax revenue, which comprises the City’s largest revenue source, increased by \$780,155 in 2017. This increase can be attributed to increased amounts collected from withholding collections and net profit collections which is a result of the gradually improving economy.

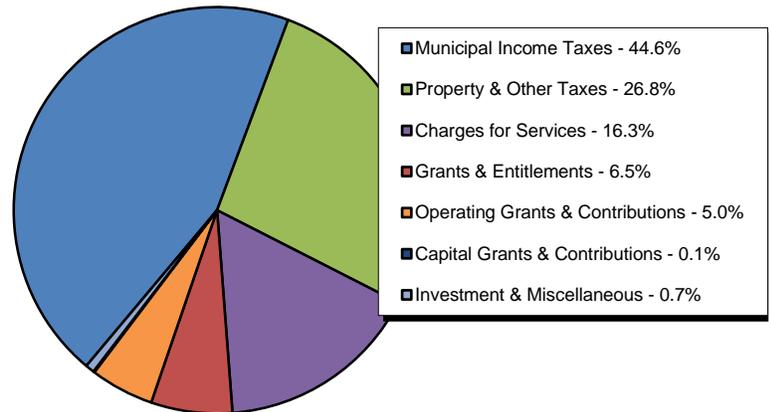
Property and other tax revenue, which is the City’s second largest revenue stream, increased slightly in 2017 due to increased valuations and new business construction.

Charges for services revenue decreased by \$481,028 in 2017. This can be partly attributed to a decrease in revenues from building permits for commercial and residential projects which saw a large spike in the prior year due to the new 6-12 Campus for North Olmsted City Schools and other commercial construction.

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	2017	2016
Municipal Income Taxes	\$16,311,456	\$15,531,341
Property and Other Taxes	9,813,776	9,622,781
Charges for Services	5,959,969	6,440,997
Grants and Entitlements	2,363,717	2,569,538
Operating Grants & Contributions	1,852,500	1,771,865
Capital Grants & Contributions	36,573	3,518
Miscellaneous	61,591	63,590
Investment Earnings	194,422	64,238
<b>Total Revenues</b>	<b>\$36,594,004</b>	<b>\$36,067,868</b>

2017 Revenue by Source



Municipal income tax revenue is the City’s largest revenue source, accounting for 44.6% of total revenue in 2017.

### Revenue Source Definitions

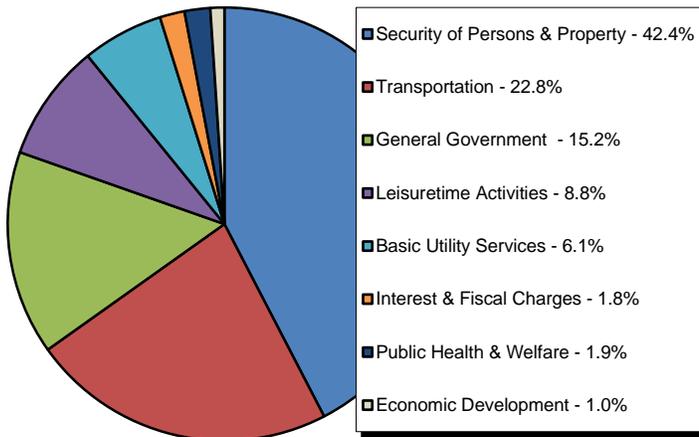
- **Income Taxes** – The City levies a 2% income tax on substantially all income earned within the City.
- **Property and Other Taxes** – Includes the City’s portion of the taxes due on real property and the 3% hotel/motel excise tax.
- **Charges for Services** – Significant sources include recreation 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	2017	2016
General Government	\$5,512,075	\$5,299,633
Security of Persons & Property	15,348,078	15,959,086
Public Health & Welfare	692,738	631,709
Transportation	8,240,799	7,352,641
Basic Utility Services	2,192,149	2,063,026
Leisure time Activities	3,171,864	3,191,927
Economic Development	376,806	271,870
Interest & Fiscal Charges	669,103	668,492
<b>Total Expenses</b>	<b>\$36,203,612</b>	<b>\$35,438,384</b>

The chart to the left presents a two-year comparison of the City's Governmental Activity expenses. Expenses increased overall by \$765,228 from 2016 to 2017. Major factors contributing to the overall increase in expenses was the pension expense recorded using GASB 68 which led to increases in general government and transportation expenses due to increases in the overall net pension liability of the Ohio Public Employees Retirement System of which the City is required to report a proportionate share. These increases were offset by a decrease in security of persons & property expenses including the completion of the HVAC project at the police station. The remaining costs of Governmental Activities remained relatively stable as a result of the City's ability to control costs.

2017 Expense by Function



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, 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 due to around-the-clock coverage 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 graph below, taxes from withholdings comprise the largest component of the City's income taxes, representing 74.4% of collections.

The bar graph below shows the City's income tax collections over the past ten years. Income tax collections started to decline in 2008, as a result of the recession. The increase in income taxes during 2017 is due to increased amounts collected from both withholding collections and net profit collections, which are a result of the gradually improving economy. Income tax collections are expected to remain stable for 2018.

### Principal Employers based on Payroll Withholdings

#### Employer (Alphabetical Order)

Bernie Moreno Companies  
 Champlain Enterprises LLC  
 City of North Olmsted  
 Factory Mutual Insurance Company  
 Ganley Westside Imports  
 Moen Incorporated  
 North Olmsted School District  
 Palmer Holland, Inc.  
 PNC Bank NA  
 Walmart Associates, Inc.

### Division of Income Tax Revenue

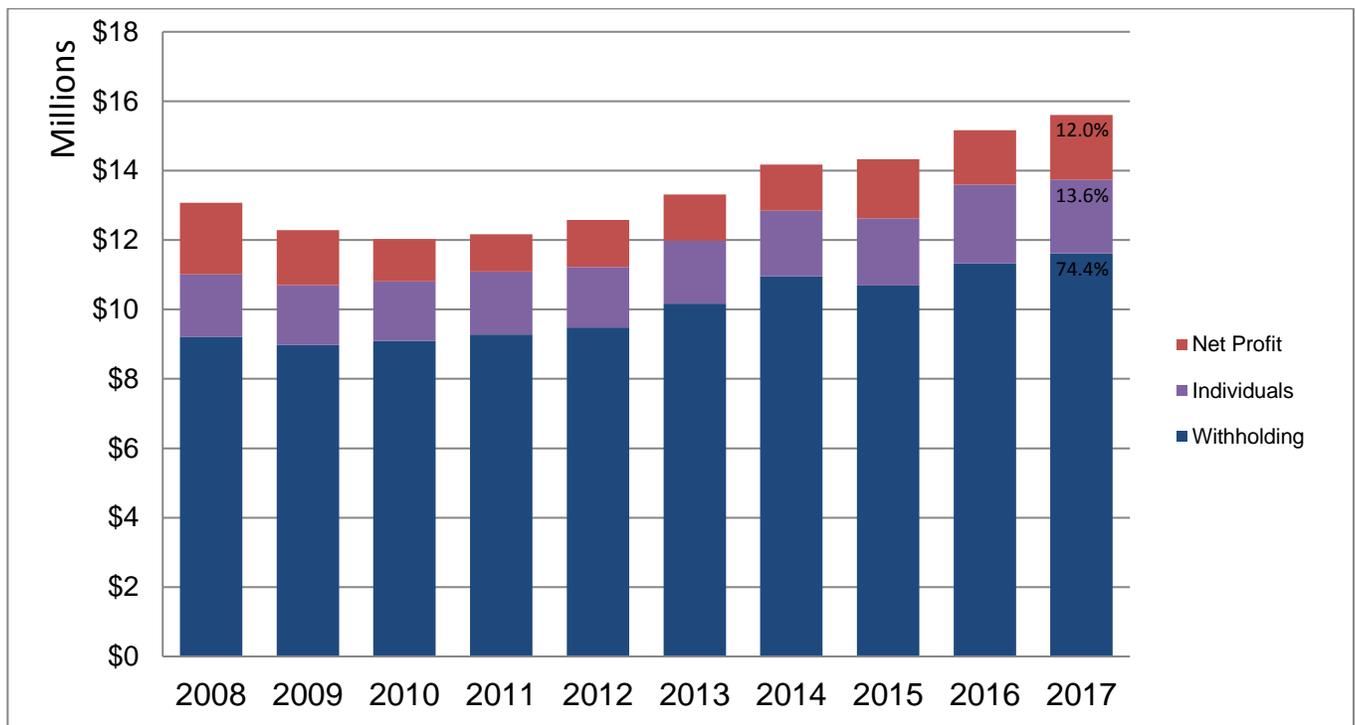
By a vote of the residents, the City's municipal income tax receipts are to be divided as follows:

**15% - Permanent Improvement Fund:** 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.

**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 2017. 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.

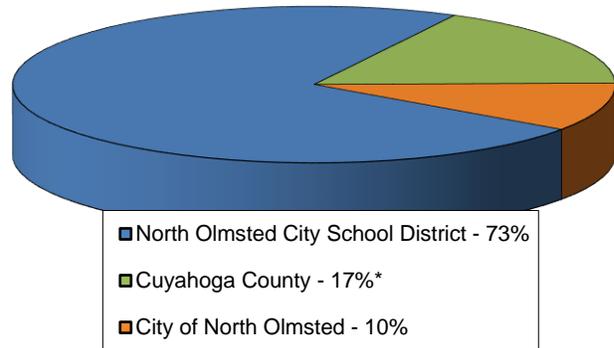
### Property Taxes

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 2017, the City received approximately \$0.10. The majority of your property 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 2017, a homeowner in North Olmsted will pay 3.09% 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.*

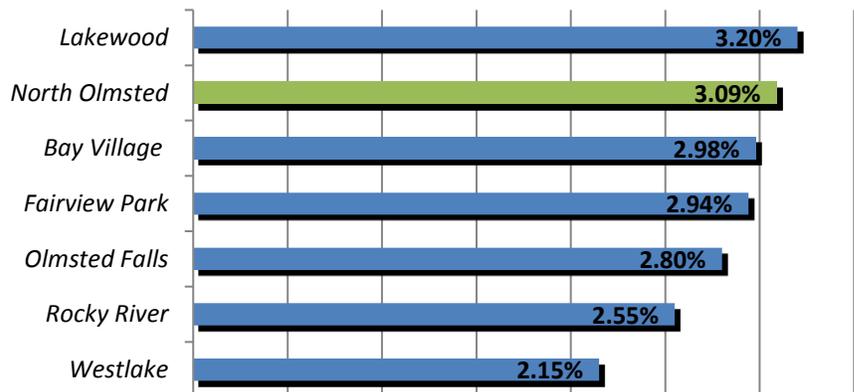
### North Olmsted Property Tax as a Percentage of Market Value

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 (3.09%).

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

**\$150,000 x 3.09% = \$4,635 annual property tax bill.**

Comparative Property Tax Rates for Collection in 2017 (Shown as a percentage of market value):



*To view your property's tax bill, 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.



The City Council adopted the 2015 "Go North Olmsted" master plan which 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 steps towards achieving the visions of the master plan:

- ❖ **Storm Water and Sanitary Sewer:** 2017 saw a continuation of the initiatives undertaken to improve North Olmsted's storm water drainage system with the Pine detention project that will add one million gallons of storm water storage, which will benefit the surrounding residential neighborhoods. Additionally, improvements and upgrades were made to the Bradley sanitary sewer pump station to help process waste more efficiently while minimizing downtime and reducing transportation and landfill costs.



*Bradley Pump Station*

- ❖ **Gateways Plan:** Gateways define city boundaries and make residents and visitors aware of when they're entering, leaving or passing through North Olmsted. It also makes a bold statement that we care about our city. In 2017, a Gateway Plan was developed to include a combination of signage, landscaping, lighting and public art focused along I-480, Brookpark Road, and near the town center. The implementation will be phased in as opportunities present themselves, such as in 2018 applying for a CDBG grant.
- ❖ **Springvale Golf Course and Ballroom:** The administration created a multi-phase Springvale Master Plan to improve the nearly 100 year old ballroom and golf facilities in 2016. Construction began in 2017 on a 7,020 square foot maintenance facility to house all the grounds keeping equipment and tools eliminating a safety issue as they were previously stored beneath the ballroom. This project also includes areas for grounds crew and staff offices and areas to maintain and repair equipment. The first phase also includes a full commercial kitchen that can serve 600 guests in the ballroom and the addition of a pavilion with improved patio areas capable of serving 200 to 400 guests.



*Springvale Golf Course Maintenance Facility*

- ❖ **Sidewalk Program:** The City administration created a sidewalk program in 2017 to regularly inspect, repair or reconstruct damaged sidewalks throughout the City over a multi-year period. The goal is to provide safe pathways for pedestrian travel. In North Olmsted, the property owner is responsible for the maintenance and repair of the sidewalk adjacent to their properties. Many homeowners have difficulty finding a contractor that is willing to repair a small number of sidewalk blocks due to the labor costs and logistics involved. Because of this, the City goes through a competitive bid process to find a contractor that will complete the sidewalk repairs that have been cited by the City. A resident then has the option to use this contractor and be billed or hire their own contractor. This will help residents repair their sidewalks in a more timely and cost effective manner.
- ❖ **Community Cabin:** Major renovations were completed in 2017 at the North Olmsted Community Cabin. These included new floors and removing the dropped ceiling revealing the original vaulted ceiling, giving the Cabin an open, spacious feel. A new HVAC system, LED lighting and a new insulated roof were also added keep the space comfortable for all types of private events and organization meetings.



*Community Cabin*

- ❖ **Annual Street Program:** The City's annual street rating program identifies the roads needing the most repair. The latest street rating for pavement conditions increased from just above 6.8 (out of 10) in 2011 to 7.75 in 2017. The City resurfaced two main streets and 13 residential streets, including Cinnamon Way, Chadbourne Drive and Timber Trail Drive, amounting to over 482,000 square feet of improved roadway during 2017. The City completed a joint project with the City of Westlake and ODOT to resurface a portion of Columbia Road and used money from the Great Northern TIF to resurface Country Club Boulevard. There has also been an increased focus on pavement maintenance so roads don't need to be completely resurfaced as often.

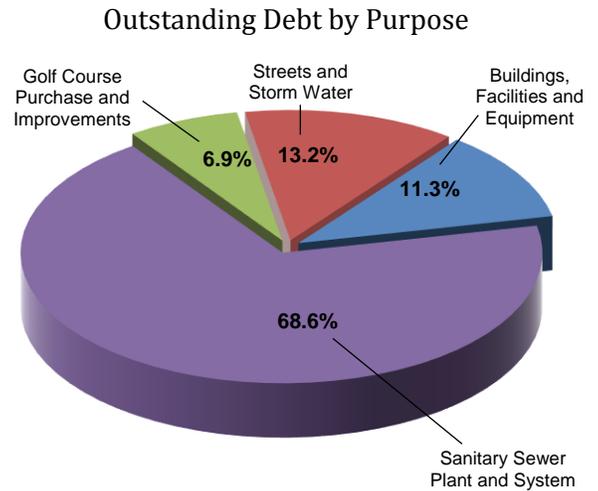
This section provides information on the City's most significant long-term obligations. It presents summarized information for both the governmental and business-type activities. Detailed information regarding all of the City's long-term obligations can be found in the City's 2017 CAFR.

## 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 and various federal and state grants for specific projects or equipment needs.

On January 26, 2017, the City issued \$11,765,000 in capital improvement and refunding bonds, for the purpose of financing certain permanent improvements and to refund certain outstanding general obligation bonds and bond anticipation notes previously issued. Also on January 26, 2017, the City issued \$3,065,000 in library improvement refunding bonds, for the purpose of providing funds to refund for debt service savings of the City's outstanding capital improvement bonds related to the 2001 library project. Refunding is done to achieve interest savings to lower the related improvement's total cost. These two refunding's saved the City \$342,991.



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*

## Local Economy and Development

- ❖ The average annual unemployment rate in the county increased only one half percent to 5.9 percent during 2017.\*
- ❖ The number of residential home sales increased by 5.7 percent to 571, which is the highest volume since 2006. In addition, the average sales price of residential homes increased to \$142,273, though it was still 3.7 percent lower than the 2007 pre-recession average prices.
- ❖ While the dollar amount received for building permits decreased from 2016, the number of permits increased by 4.4% to 1,663. The large school project and several hotel projects caused a spike in the dollar amount of permits in 2016, whereas 2017 showed a continued trend of increases in all other aspects of construction and permit activity.
- ❖ City Council awarded a Job Creation Grant to CommutAir for a ten-year period which would grant CommutAir a percentage of the gross city income taxes withheld by CommutAir for its employees located in the City. CommutAir employs 132 persons in North Olmsted and over the next three years plan to add 84 jobs. In addition, they plan to increase the square footage they lease by over 50%.
- ❖ City Council awarded a Job Retention Grant to Moen for a term of seven years rebating Moen a percentage of income taxes withheld for the 200 employees retained at their Millennium Place facility on Country Club Boulevard. Moen used the savings to consolidate operations which were in two leased spaces into one building and refurbished office space, including required updated technology infrastructure.



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



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**CITY of  
NORTH  
OLMSTED**



**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  
Chris Glassburn, 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**

Marie Gallo, Human Resources  
Donald Glauner, Safety and Service  
Kimberly Lieber, Planning and Development



During the 2015 GO North Olmsted Master Plan process, residents shared opinions on the issues of today and the community's priorities for tomorrow. Investment in parks and recreation was at the top of the list with the following action items specifically identified:

- Re-imagine the Recreation Center
- Expand programming and facilities at North Olmsted Park
- Expand the city sport and field facilities

In response to this call for action, the **Parks and Recreation Master Plan** was developed to address community needs by evaluating existing assets, identifying programming gaps and considering recreational trends to plan for a more active community now and into the future. The five-year phased plan renovates and repurposes existing facilities and land while expanding recreational opportunities, including but not limited to:

- New aquatics center that retires the existing 43 year old pool by building a 10-lane competition pool, an activity pool for all ages and abilities with zero depth entry and an outdoor splash zone
- Four full-court multipurpose gymnasium to provide indoor basketball, volleyball and other organized sporting activities
- Full renovation of the 43 year old ice arena
- Expanded fitness area, more program and class spaces and an indoor walking/running track
- New outdoor walking/running paths at Rec Center and North Olmsted Park
- Renovated ball fields, playgrounds, restrooms and additional safe parking options

Visit our website at [www.north-olmsted.com](http://www.north-olmsted.com) and click on Parks & Recreation under City Departments to learn more