

CITY OF NORTH OLMSTED

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 2020 Comprehensive Annual Financial Report (Annual Report). The 2020 Annual Report is comprised of 216 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 unmodified (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 Annual Report for 20 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. Readers desiring the more detailed financial statements and the full disclosure GAAP basis of accounting information reported in the Annual Report may review the Annual Report on the City's website at www.north-olmsted.com.

We recognize 2020 was a very difficult year full of uncertainties for our community, country, and world. Measuring the overall impact of the ongoing COVID pandemic is difficult, and looking at financials is not enough. This report only offers a snapshot of the fiscal health of the City at a point in time. Despite any financial setback that 2020 presented, the overall outlook for the City of North Olmsted remains stable. The City's consistent fiscally conservative savings and spending priorities, along with federal support, allowed the city to "weather the storm" of 2020. We will continue to use foresight and care with the management of city resources, boosted by American Rescue Plan Act federal funds, as this changing economy continues with its varied financial ramifications for the next few years.

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

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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, 2020, 2019, and 2018. 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). Financial information on the City's Business-Type Activities can be found in the Annual Report.

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 2020, 2019, and 2018.

Overall, total Governmental Activities revenue decreased by \$3,293,663 in 2020. Municipal income tax revenue, which comprises the City's largest revenue source, decreased by \$1,381,428 in 2020, specifically in the net profit collections which went down 38.4%. This decrease can be attributed to the effects of the Coronavirus pandemic (COVID-19) and disruptions to operations, including government mandated actions, employee and supplier-related challenges.

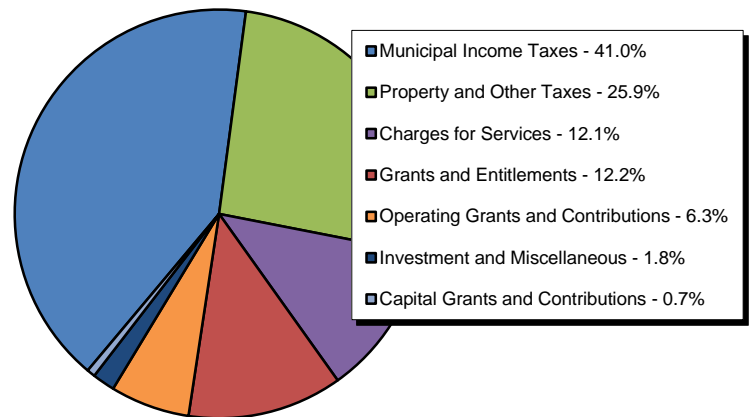
Property and other tax revenue, which is the City's second largest revenue stream, decreased by \$1,270,472 in 2020 from the prior year primarily due to Library Bond being paid off and tax collections ending. This followed the 2019 increase from property valuation changes due to the 2018 reappraisal.

Investment earnings decreased by \$379,218 in 2020, due to the Federal Reserve's reducing interest rates as the country was affected by COVID-19.

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	2020	2019	2018
Municipal Income Taxes	\$15,162,859	\$16,544,287	\$15,357,622
Property and Other Taxes	9,603,241	10,873,713	9,781,544
Charges for Services	4,465,099	6,184,379	6,543,865
Grants and Entitlements	4,530,927	2,679,464	2,006,231
Operating Grants and Contributions	2,324,235	2,466,651	1,950,646
Capital Grants and Contributions	241,040	450,747	155,067
Investment Earnings	578,682	957,900	629,054
Miscellaneous	80,229	122,834	56,780
Total Revenues	\$36,986,312	\$40,279,975	\$36,480,809

2020 Revenue by Source



Municipal income tax revenue is the City's largest revenue source, accounting for 41.0% of total revenue in 2020.

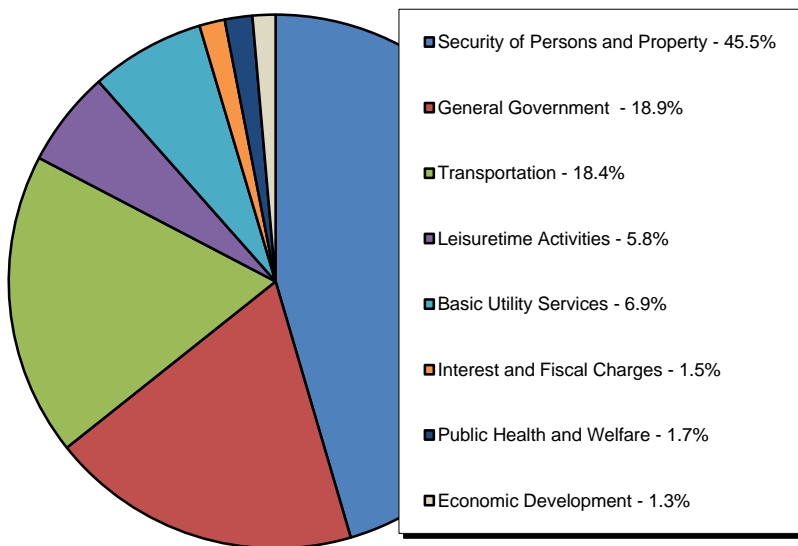
Revenue Source Definitions

- **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 permits, and court costs and fines.
- **Grants and Entitlements** – Significant sources include revenue received from local government funds distributed by the State.
- **Operating Grants and 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 and 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	2020	2019	2018
General Government	\$6,838,897	\$6,179,418	\$5,375,605
Security of Persons and Property	16,496,198	2,958,665	17,388,852
Public Health and Welfare	605,662	664,427	686,988
Transportation	6,664,108	7,761,803	8,093,205
Basic Utility Services	2,513,654	2,271,866	2,142,175
Leisure time Activities	2,108,986	3,481,815	3,083,618
Economic Development	504,106	517,720	494,603
Interest and Fiscal Charges	560,489	540,558	514,478
Total Expenses	\$36,292,100	\$24,376,272	\$37,779,524

2020 Expense by Function



The chart to the left presents a three-year comparison of the City's Governmental Activity expenses. Expenses increased overall by \$11,915,828 from 2019 to 2020. The major factor contributing to the overall increase in expenses was for changes in benefit terms related to Ohio Police and Fire Pension Fund under Government Accounting Standards Board (GASB) Statement 75 during 2019 that caused a significant reduction in security of persons and property expense. The City is required to report a proportionate share of changes in the overall net pension liability of the Ohio Public Employees Retirement System and the Ohio Police and Fire Pension Fund. These standards create an accounting liability rather than a legal liability and there are no legal means to enforce the unfunded liability of the pension systems against the City. These increases were partially offset by a decrease in transportation and leisure time activities which were reduced due to impacts on operations from COVID-19.

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.

General government is the City's second largest program function and includes all the general governmental expenses used by the entire City such as council, mayor, administration, finance, law, human resources, information technologies, building, and engineering.

Transportation makes up nearly as much as the general government 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 and Property** – Includes the cost of providing police, dispatch, fire and paramedic services.
- Public Health and 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 75.9% of collections.

The bar graph also shows the City's income tax collections over the past ten years. Income tax collections bottomed out in 2010, as a result of the recession that began in 2008. The decrease in income taxes during 2020 is primarily due to fluctuations in business profits from year to year and is likely an effect of the COVID-19 pandemic.

Principal Employers based on Payroll Withholdings

Employer (Alphabetical Order)

Champlain Enterprises LLC
City of North Olmsted
Cleveland Clinic Foundation
FB Global Plumbing Group LLC
Ganley Westside Imports
Moen Incorporated
North Olmsted School District
Palmer Holland, Inc.
Riser Foods Company
Walmart Associates, Inc.

Division of Income Tax Revenue

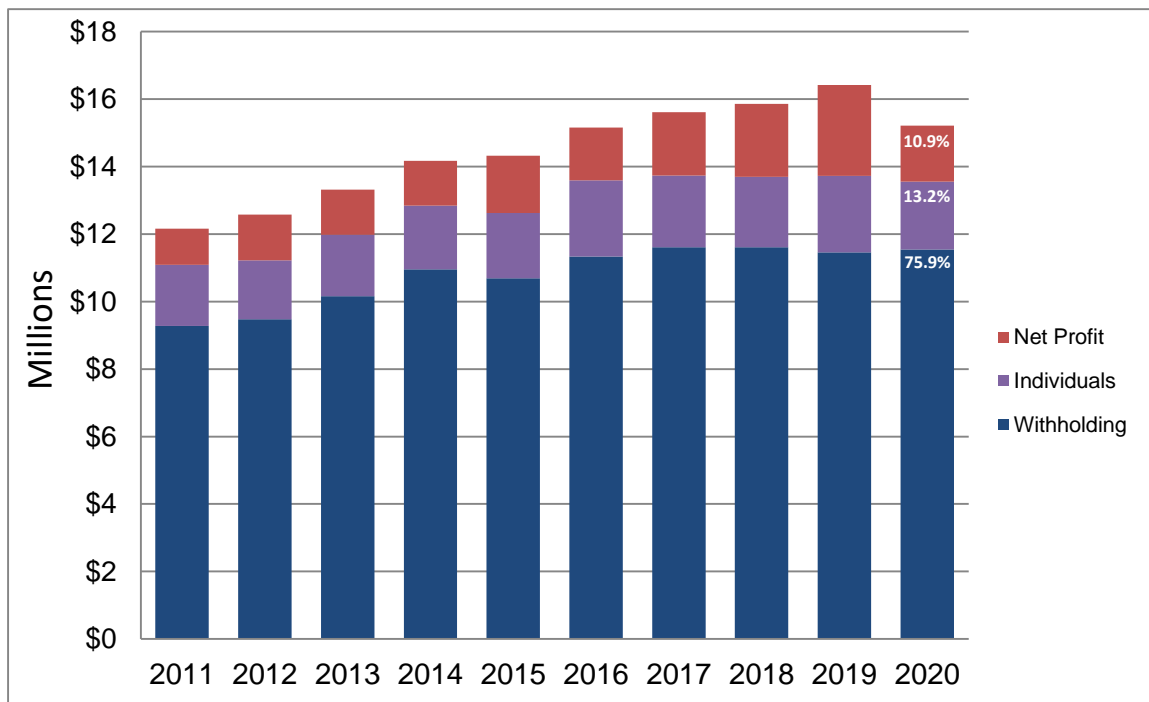
By a vote of the residents, the City's municipal income tax receipts are to be divided as follows:

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 2020. 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.

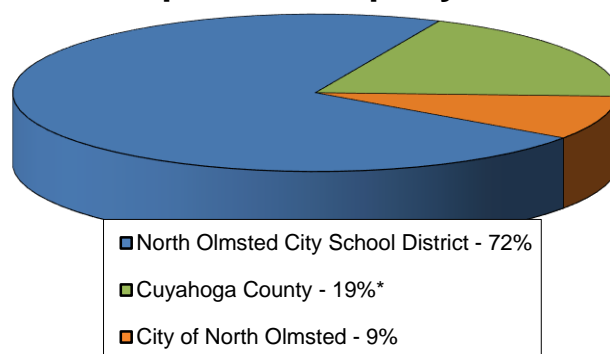
Property Taxes

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 2018, with the first collection of the higher property values in 2019.

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 2020, the City received approximately \$0.09. 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 (10.8%), Cleveland Metro Parks (2.0%), County Library (2.5%), Cuyahoga County Community College (3.6%) and Cleveland-Cuyahoga Port Authority (0.1%)

For tax collection year 2020, a homeowner in North Olmsted will pay 2.83% 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.

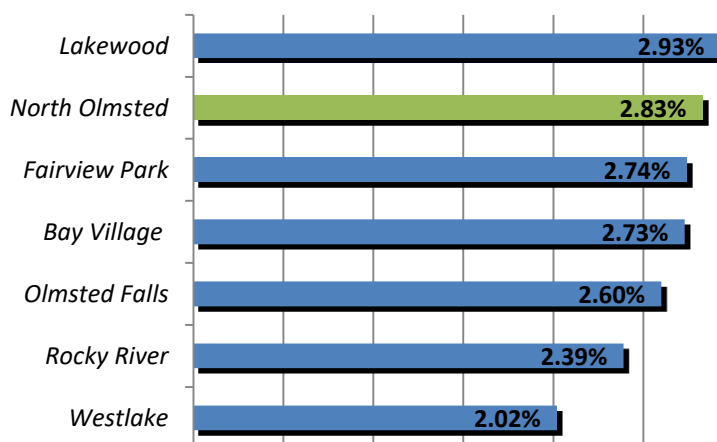
North Olmsted Property Tax as a Percentage of Market Value

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 (2.83%).

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

$$\text{\$150,000} \times 2.83\% = \text{\$4,245} \text{ annual property tax bill.}$$

Comparative Property Tax Rates for Collection in 2020 (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.

- ❖ **Parks and Recreation:** The City’s Recreation Center renovated the ice rink which was in need of many costly repairs. The project included the replacement of the ice floor and dasher boards as well as a full upgrade of the HVAC units. Additionally, a wall separating the rink from the warming area was constructed with new flooring in the warming area, locker rooms, and concession area. A walking path was added at the North Olmsted Community Park and was funded with Community Development Block Grant funds. A “pocket park” project with seating and public art was started on Butternut Ridge Road on land donated by the Kiwanis Club of North Olmsted and paid for through private donations and a grant from Cuyahoga County.



Walking Path at North Olmsted Community Park and Wednesday Walkers Senior Group



Recreation Center Ice Rink



Kiwanis Park on Butternut Ridge Road

- ❖ **Annual Street Program:** The City’s annual street rating program identifies the roads needing the most repair. The City resurfaced nine streets during 2020, including Alden Drive, Ashbury Park Drive, Brendan Lane, Brendan Circle, Brighton Drive, Cambridge Drive, Forest Ridge Drive, Hampton Drive, and Somerset Drive. In total, over 530,000 square feet of road was improved citywide in 2020. It was also the third year of the City’s rejuvenation program which focuses on pavement maintenance so roads will not need to be completely resurfaced as often.

- ❖ **MacKenzie Road Culvert:** A project to replace the deteriorating culvert under MacKenzie Road near the I-480 overpass was completed during 2020. Originally, it was hoped the culvert could just be lined but upon further inspection it was determined the culvert was in need of a full replacement. The project construction was paid for by the Ohio Department of Transportation and the City only had to contribute the engineering costs.

- ❖ **Country Club Boulevard TIF:** The final phase of the Country Club Boulevard project was completed. The project includes street resurfacing between Great Northern Boulevard and Columbia Road and adding a center median with landscaping and street lighting. The project also provides pedestrians and bicyclists with new sidewalk connections and on-street bike lanes. Funding from the City's tax increment financing (TIF) program was used to pay for the improvements.



Final Phase of Country Club Boulevard TIF Project

- ❖ **Fire Division Ladder Truck:** The City's Fire Division took delivery of a new Sutphen SPH 100 ladder truck. The new truck replaced a 1994 ladder truck that had 9,000 hours of use with deteriorating components. The new truck has a 100-foot ladder versus the 75-foot ladder on the old truck. Having a ladder truck in the City improves the divisions Insurance Services Office rating which in turn impacts the insurance rate of homeowners.



Sutphen SPH 100 Ladder Truck



City Hall Lobby

- ❖ **City Hall Upgrades:** Projects were completed in 2020 to upgrade and replace the heating and ventilation system (HVAC) and upgrade the electrical systems at City Hall. The current HVAC system was installed in 1983 and revamped in 1992 and operated on an antiquated Windows 95 system. The new system will be split into several zones allowing for better temperature control. Additionally, the HVAC was upgraded to filter out contaminants that flow through the system. The new HVAC units will be more efficient and should provide a savings in utility costs for the building. The City received an Energized Community Grant from the Northeast Ohio Public Energy Council (NOPEC) to pay for a significant portion of the HVAC project. City Hall also received an upgrade to the electrical system due to the old system being unable to provide the required level of stable power for the City's servers. The City Hall lobby was improved using federal CARES Act monies to make a safer environment for residents and employees. Improvements included a better flow of foot traffic entering the lobby, glass windows to separate visitors from employees, and surfaces that are easily cleaned. Also, ADA improvements were made to restrooms along with no touch systems.

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 the City's 2020 Annual Report.

Debt

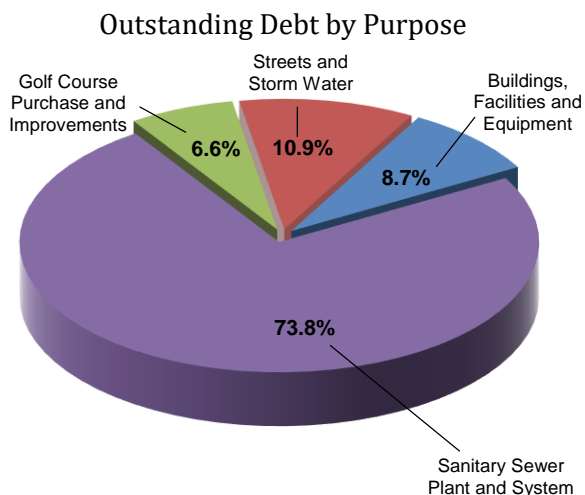
The City of North Olmsted has been a responsible borrower and has issued debt when needed to address significant and necessary capital improvements within a prioritized plan. The chart to the right shows the purposes for which the City's outstanding debt has been issued.

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. As of December 31, 2020, the City had various issues outstanding, including \$9.7 million of governmental activities bonds and \$4.3 million of business type bonds. Additionally, \$45.0 million of business type loans were outstanding for EPA mandated improvements to the waste water treatment plant and collection systems. Repayment for these loans is guaranteed by sewer user charges and will be completely paid off in 2035.

On March 10, 2020, the City issued \$5,115,000 in capital improvement and equipment notes that had an interest rate of 2.0%, in anticipation of the issuance of bonds, for the purpose of improving designated streets, improvements to the recreation center, Springvale Golf Course, City Hall and providing funds for acquiring computer hardware and software equipment.

On April 8, 2020, the City issued \$6,095,000 in various purpose notes that had an interest rate of 2.51%, in anticipation of the issuance of bonds, for the purpose of improving designated streets, improvements to the City's municipal complex and Springvale Golf Course, to provide funds to acquire equipment for the City's Fire Division, and to provide funds for acquiring and installing telecommunications system and computer hardware and software equipment.

Both notes matured in 2021 with a portion being rolled into a new bond issuance and a portion being paid down. After consideration of all borrowing expense, the new issuance has a true interest cost of 1.13% and a weighted average to maturity of 6.4 years.

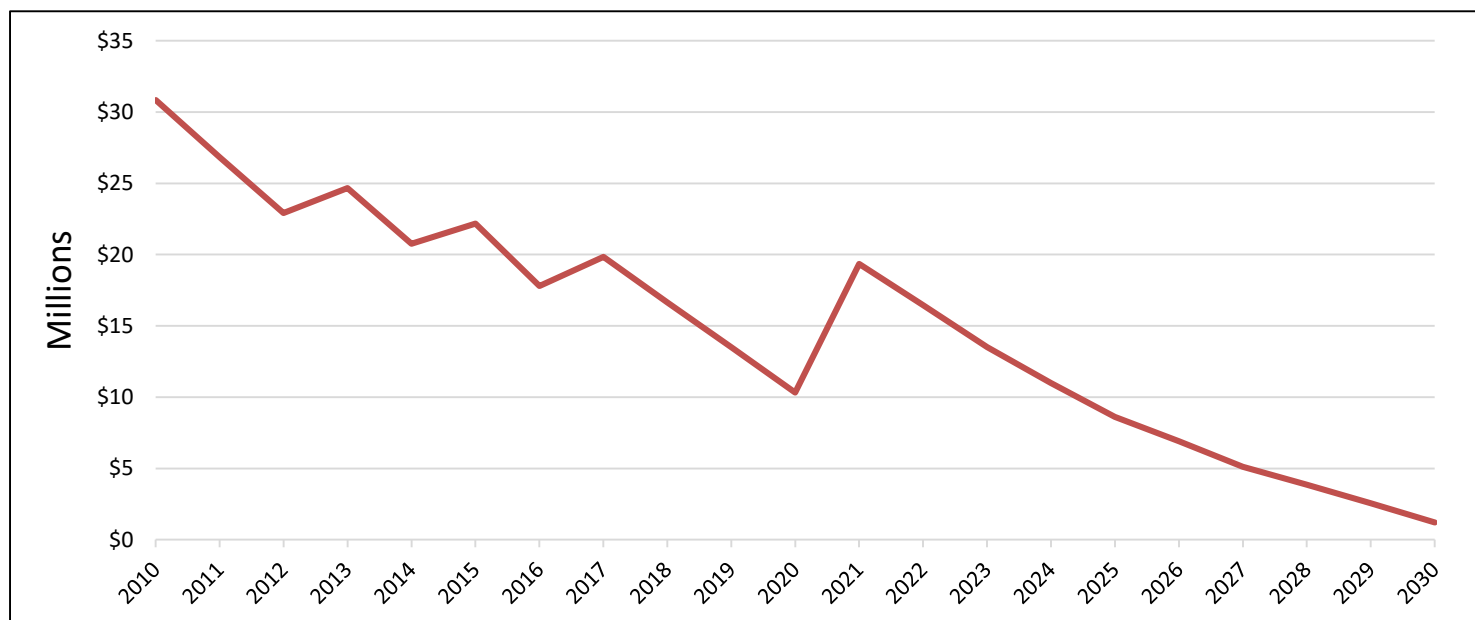


The primary reason the City has incurred debt or obtained loans is to significantly improve the streets, sewer system, and public facilities throughout the City.

Bond Rating

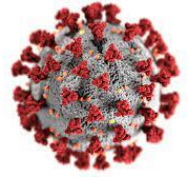
The City of North Olmsted has maintained stable Aa2 bond ratings issued by Moody's Investors Services according to the most recent ratings.

Outstanding Bonded Debt 2010 through 2030*



* Includes all debt backed by the full faith and credit of the City and excludes sewer debt for EPA-mandated improvements which are paid with sewer user charges

The City of North Olmsted has and will continue to take all necessary measures to be in compliance with state and federal mandates to reduce the spread of infection. We are adapting our City operations and taking every precaution to protect our residents and employees.



CARES Act (Covid-19)

The City took swift action when the pandemic began by reducing the budget based on estimated 2020 revenue losses and continued to review and monitor the budget throughout the year as well seek out federal and state assistance in order to make sure all essential services were provided to the residents, including the proper use of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. The City expended \$2.28 million CARES Act federal funding as follows:

- ❖ \$1.3 million for wages and benefits of safety and other workers providing COVID-19 related services which helped stabilize the City's budget due to declining revenues from effects of the virus;
- ❖ \$660,000 for capital improvements to the City Hall lobby for public health purposes to provide improved access and efficiency in a safer environment for both residents and employees;
- ❖ \$150,000 for safety supplies such as disinfectant, sanitizer, personal protective equipment, etc.;
- ❖ \$140,000 for safety equipment such as temperature screening terminals, touchless restroom equipment, and EMS equipment;
- ❖ \$20,000 for technology to enable employees to work and provide government services remotely; and
- ❖ \$16,000 (plus \$15,000 of City funds) for a Small Business Relief Program for businesses located in North Olmsted.



American Rescue Plan Act

The American Rescue Plan Act is expected to help address negative economic impacts experienced by the City, including the residents and businesses and aid in the economy's recovery. The City is expected to receive \$3.28 million split into two equal tranches over the next two years. The funds must be obligated by December 31, 2024 and expended by December 31, 2026. The City will be soliciting resident feedback on the use of these funds in 2021 and beyond. The Federal Government has established the following categories for use of the funds:

- ❖ **Public Health and Emergency Response:** Funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- ❖ **Premium Pay:** Offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors (capped at \$25,000 per worker);
- ❖ **Replace Lost Public Sector Revenue:** Funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- ❖ **Address negative economic impacts:** Addresses economic harms to workers, households, small businesses, impacted industries, and the public sector; and
- ❖ **Infrastructure Investments:** Investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.



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
 Patrick Kelly, Council-At-Large
 Duane H. Limpert, Council-At-Large
 Angela Williamson, Council-At-Large

Appointed Directors

Marie Gallo, Human Resources
 Kimberly Lieber, Planning and Development
 Safety and Service (Vacant)



To check eligibility and book an appointment for a Covid-19 vaccine visit:

<https://gettheshot.coronavirus.ohio.gov>

For answers to your COVID-19 questions, call 1-833-4-ASK-ODH (1-833-427-5634), available from 9 a.m. to 8 p.m. daily.

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Message:
CITY

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NORTH OLMSTED
EST. 1875

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Terms and conditions available at <https://www.closeby.com/terms-of-use>. All messages are standard text messages and data rates may apply. You may receive as many as 50 text messages per month from an automated system for which payment is not made on the part of members and subscribers. The above mentioned messages, text and/or data rates may vary. Text to 440-291-6400. 1 cent per text message. Service is not available to a subscriber at all points.

Important City Phone Numbers & Web Site

City Hall	440-777-8000
Police Department (Non-Emergency)	440-777-3535
Fire Department (Non-Emergency)	440-777-1214
Mayor's Court	440-716-4156
Recreation Center	440-734-8200
Senior Center	440-777-8100
Youth & Family Services	440-716-4166
Oxcart Pantry	440-716-4165
Springvale Golf Course	440-777-0678
Springvale Ballroom	440-777-0161

www.north-olmsted.com

Other Important Phone Numbers & Web Sites

Regional Income Tax Agency (RITA) 800-860-7482
www.ritaohio.com

Republic Services..... 440-458-5191
www.republicservices.com

Cuyahoga County Treasurer.....216-443-7463
www.treasurer.cuyahogacounty.us

Cleveland Division of Water (Billing)216-664-3130
www.clevelandwater.com