

FINANCIAL OVERVIEW
FOR FISCAL YEARS
2015 AND 2016

BIENNIAL FINANCIAL REPORT

City of Olmsted Falls

2015
2016



Olmsted Excellence

A PLAN FOR LEADERSHIP & SUCCESS IN OLMSTED FALLS
ADOPTED JANUARY 2014

GOALS:

- Strive for excellence in all city services
- Achieve transparency in all city operations
- Build our tax base, strengthen city finances, be more business-friendly
- Build our regional reputation as a desirable place to live and work
- Build our image as an attractive regional destination
- Strengthen and sustain our historic city center

A VISION FOR REGIONAL PROMINENCE

OLMSTED FALLS WILL LEAD IN:

- Effective City Government
- Transparent Government
- Citizen Engagement and Communication
- Regional Cooperation
- Cost-Sharing with Local Neighbors
- Municipal Management and Finance
- Friendly, Cooperative City Services

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A MESSAGE FROM MAYOR DONEGAN & FINANCE DIRECTOR PRESLEY

Dear Residents and Business Partners:

The City of Olmsted Falls is pleased to present our Biennial Financial Overview.

We continued to maintain a strong General Fund balance as of December 31, 2016. In fact, with a total balance of \$1,514,535.38, this amount represents a balance of 30% of the annual expenses or 111 days' worth of reserves. Most cities are fortunate if they can maintain a 90 day General Fund reserve.

In 2016, the City was notified that it would receive multiple grants for the Phase V sewer project. This project has been in the planning stages for almost a decade, but is finally going to become a reality with construction beginning in 2017 and anticipated to be completed in 2019.

The City paid off the Fire Station Construction notes that were originally issued in 1998 as authorized by the residents to fund the building of the Fire Station on Columbia Road. By paying off these notes, residents' tax rates have been reduced with the Property Tax Bills that were mailed out in December 2016.

The City of Olmsted Falls undergoes an ANNUAL AUDIT of our financial statements by an independent public accounting firm whose audit is then reviewed by the office of the Auditor of State. As part of this annual audit, all bank account balances are confirmed and compared to the City's financial reports. Additionally, various transactions are reviewed to verify compliance with Generally Accepted Accounting Procedures. Since 2014, we receive unqualified audit opinions, which is the highest/best opinion achievable. Annual audits provide real-time financial reporting and accountable operational practices.

Why is this important to you as the tax payer? Prior to 2014, the City was on non-compliant biannual audits. On March 29, 2011, the City appeared on the State's un-auditable list due to deficient management of years 2007 through 2009. This could have led to State oversight. The City has come a long way in its financial reporting since March 2011.

Lastly, we are proud to announce an innovative healthcare program funded by grants called Community Paramedicine. The City has received grants totaling \$100,000 for the new pilot program. This program will allow the City to more actively engage with residents who need additional medical attention but don't necessarily need to receive it at a hospital. The program is focusing on a group of approximately 40 residents as part of the pilot process.

Respectfully submitted,

Ann Marie Donegan
Ann Marie Donegan, Mayor

Steve Presley
Steve Presley, Finance Director



FINANCIAL HIGHLIGHTS

➤ PROVIDING TRANSPARENCY IN FISCAL OPERATIONS

City Council receives the monthly statements of revenues, expenses, and fund balances for their review. Additionally, the Finance Committee of Council meets to review the City's financial condition every three months with the QUARTERLY FINANCIAL REPORT. This report is prepared by the Finance Department and provides additional analysis of economic trends, City programs performance, and other elements of City operations compared to budgets.

The Finance Department continues to work closely with the State in implementing the OHIOCHECKBOOK, a transparent and efficient way of communicating to our residents on how the City is spending tax dollars.

➤ IMPROVING INTERNAL OPERATIONS BY CREATING EFFICIENCIES & COST SAVINGS

The administration continues to strive to create efficiencies within our manual systems. We have upgraded our technology relative to customer service and signed an agreement with a new database called CONSTITUENTON. This is a dashboard built to support our ability to maximize constituent services and create efficient, ongoing interaction. Tracking resident calls, timely follow-up, surveying, and sign-ups are just some of the benefits to the program. It will also allow directors to interact between departments to better serve the residents.

Currently, the City is on a semi-monthly payroll. The finance department will institute a biweekly pay schedule for all the city employees. With current collective bargaining agreements for Police, Fire, and Service, manual calculations occur due to such issues as overtime, uniform allowances, sick time, and vacation time. This manual calculation takes up valuable time and costs you, the taxpayers, money. By converting to a biweekly pay schedule this entire system will be automated.

You may find this hard to imagine, but by applying simple business skills we were able to improve and expand technology and decrease the cost of operation for all computers, phones, printers, copiers, and other technology. As an example, our server, which hosts all of the city data, was at 99.9 percent capacity in January 2014.

Under State law, a city is only required to get quotes on purchased services of \$25,000 and over, however, a common practice that we have adopted is that we obtain multiple pricing on virtually every expenditure. As an example, by shopping for prices with our liability insurance we were able to reduce the cost by \$15,000.

➤ CREATING ECONOMIC DEVELOPMENT OPPORTUNITIES

In order to bring economic development opportunities to the second floor of City Hall, we needed to replace the roof. The project has been completed at a cost of \$480,000 with no increase in taxes to the residents.

➤ SEEKING OUT & UTILIZING GRANTS TO REVITALIZE THE CITY

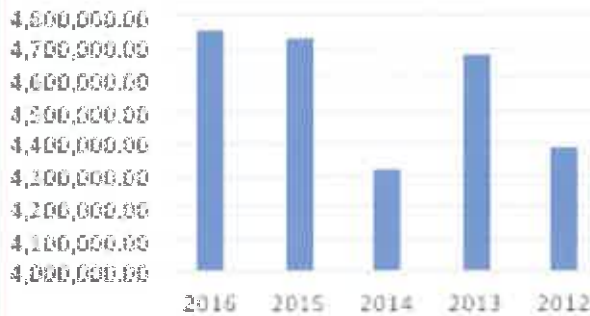
The Harding Memorial Covered Bridge had been in need of some love for over 10 years. The Harding Family Charitable Trust supplied the City with a grant for \$25,000 dollars to replace the roof. The project was completed \$4,000 under budget. When the City offered to return the unused dollars to the Harding Family Charitable Trust, the Trust generously released the remaining funds to the City for use in funding other city projects.

The new Bagley Road Bridge over Plum Creek is a monument to the cooperation between the City of Olmsted Falls and the Cuyahoga County Department of Public Works. Mayor Donegan worked closely with County leadership to find a true win-win solution in the trade-off between closing the road to all traffic, but using the construction savings for completing the missing section of sidewalk on Brookside, extensive asphalt repairs along Mapleway and Bagley, aesthetic improvements on the bridge such as decorative light poles, brick parapets, and sandstone entry signs - all at no cost to the City, and mutually beneficial to the County.

2015-2016 REVENUES

The General Fund is the primary operating fund of the City. Revenue and expenditures not specifically designated are recorded in the General Fund.

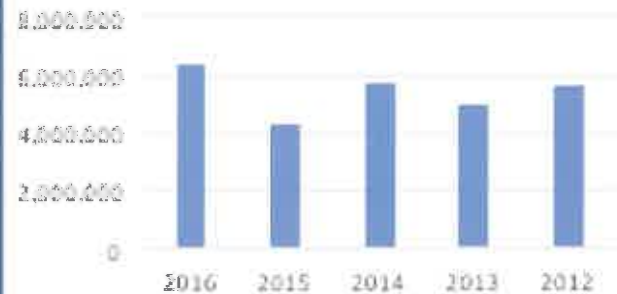
GENERAL FUND REVENUES- 5 YEAR HISTORY



2016 Revenues: 4,751,540
2015 Revenues: 4,732,186
2014 Revenues: 4,316,921
2013 Revenues: 4,675,058
2012 Revenues: 4,385,392

Decrease from 2013 to 2014 is due to the non-renewal by voters of an Operating Levy and cuts in the state budget for a total of approximately \$314,000.

ALL OTHER FUNDS REVENUE- 5 YEAR HISTORY



2016 Revenues: 6,346,761
2015 Revenues: 4,346,912
2014 Revenues: 5,716,849
2013 Revenues: 5,005,427
2012 Revenues: 5,615,022

Revenues can fluctuate significantly from year to year due to such things as debt issuances, grants received and increases in municipal income taxes.

REVENUES DEFINED:

INCOME TAX represents the largest source of revenue for the City. Eighty-eight percent of income tax collected goes to the General Fund to cover operating expenses of the City; 10% collected goes to the Capital Improvement Fund to fund projects, and 2% collected goes to the Service Department Equipment Fund.

LOCAL TAXES include those revenues from Real Property Taxes, Municipal Income Tax, Public Utility Reimbursement, Cable TV Franchise Fees, and Telephone Commissions.

SHARED TAXES represents revenue received from the Homestead and State Rollbacks, Local County Government, Cigarette Tax, and Beer & Liquor Tax.

CHARGE FOR SERVICE includes revenue received from Emergency Medical Services and Trash Collection Fees.

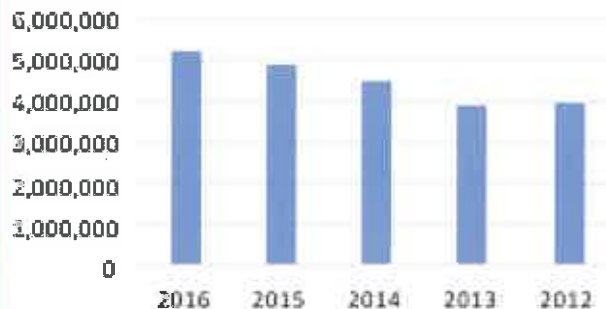
FINES, LICENSES, & PERMITS represents revenue from all building permits and registrations, Mayor's Court costs and fines.

INTERGOVERNMENTAL includes revenue from miscellaneous grants.

2015-2016 EXPENDITURES

Income tax revenue comprised the largest portion (57%) of revenue to the General Fund. Public Safety expenditures comprise the largest expenditures of the General Fund.

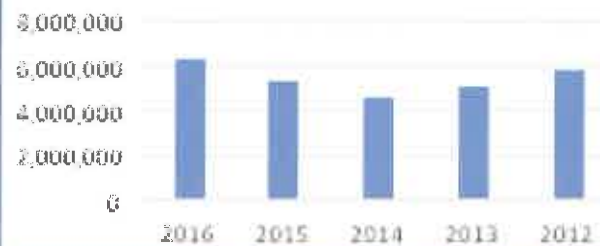
GENERAL FUND EXPENDITURES- 5 YEAR HISTORY



2016 Expenditures: 5,195,144
2015 Expenditures: 4,881,110
2014 Expenditures: 4,468,228
2013 Expenditures: 3,916,311
2012 Expenditures: 3,953,543

The increase in General Fund Expenditures for 2016 is attributed to the cost of police reform and a 15 yr. old land nuisance litigation to remove a junk yard in the city.

ALL OTHER FUNDS EXPENDITURES- 5 YEAR HISTORY



2016 Expenditures: 6,289,565
2015 Expenditures: 5,361,392
2014 Expenditures: 4,584,862
2013 Expenditures: 5,102,703
2012 Expenditures: 5,768,775

Expenses can fluctuate significantly due to such things as the amount of debt paid off per year, capital improvement projects and road improvements. We have aggressively paid off debt.

EXPENDITURES DEFINED:

GENERAL GOVERNMENT expenditures include those for the Mayor's office, Finance Department, Council and Clerk, Mayor's Court, Civil Service, Administration, and the Department of Law.

PUBLIC SAFETY expenditures include Police, Dispatch, Crime Prevention, Auxillary Police, D.A.R.E., Detention, and Fire Prevention.

PHYSICAL ENVIRONMENT expenditures include, but are not limited to, expenses related to Engineering.

TRANSPORTATION expenditures represent the cost for the Service Department.

COMMUNITY & ECONOMIC DEVELOPMENT expenditures include Business/Community Services, Architectural Review Board, Planning and Zoning Board, and the Building Department.

PUBLIC HEALTH expenses are for the refuse collection contract.

UNDERSTANDING PROPERTY TAX

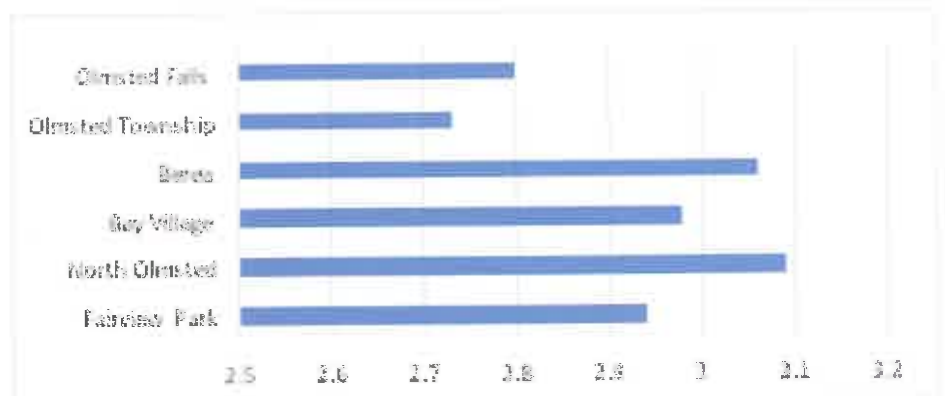
A fundamental difference between the City of Olmsted Falls and the Olmsted Falls School District is the main source of funding used by each entity for operating purposes. The Olmsted Falls School District is funded largely by taxes paid on properties that lie within its district.

Property tax in Olmsted Falls, administered by Cuyahoga County, is based on the County-assigned value of all parcels of land within the district. The Cuyahoga County Appraisal Department determines an assessed value for each parcel. This value is updated every three years based on the average price that similar surrounding properties sold for within the previous three-year period. Every six years, required by Ohio law, the Fiscal Officer revisits all properties to reappraise the value of each parcel of land based on any building additions or mayor improvements.

For tax collection year 2016, a homeowner in Olmsted Falls pays 2.80 percent of market or appraised value of their home in property taxes.



COMPARATIVE RESIDENTIAL PROPERTY TAX RATES FOR COLLECTIONS IN 2016 SHOWN AS A % OF MARKET VALUE.



WHERE YOUR PROPERTY TAX DOLLARS GO



■	Schools	-----	61.02%
■	County	-----	15.14%
■	City	-----	11.41%
■	Other	-----	12.43%
	Tri-C	-----	4.31%
	Metroparks	---	2.96%
	Polaris	-----	2.35%
	Port Authority	--	0.12%

CITY PORTION

UNDERSTANDING INCOME TAX

The City of Olmsted Falls levies a 1.5% income tax on all earned income within the City which is applied to gross salaries, personal services compensation, and net income of for-profit organizations that conduct business in the City of Olmsted Falls. Olmsted Falls Residents are required to pay this tax on income that they've earned outside the City, but are given 50% credit (with a maximum limit of .75%) for income taxes they've paid to the municipality in which they work.

Income tax represents the largest source of revenue for the City. Eight-eight percent of income tax collected goes to the General Fund to cover operating expenses of the City, 10% collected goes to the Capital Improvement Fund to fund projects in the City, and 2% goes to the Service Department Equipment Fund.

FIVE YEAR HISTORY OF INCOME TAX COLLECTIONS FOR THE GENERAL FUND

2016	2,903,955
2015	2,682,990
2014	2,688,507
2013	2,627,625
2012	2,590,483



OLMSTED FALLS' TOP 10 INCOME TAX PAYERS FOR 2016

1. Evergreen Packaging
2. Olmsted Falls Board of Education
3. First Source Employee Management (Riverview Pointe)
4. City of Olmsted Falls
5. Columbia Building Products
6. Change Management Olmsted LLC
7. St. Mary of the Falls Catholic Church
8. Southwest General Hospital
9. Discount Drug Mart
10. Key Bank National Association

ECONOMIC DEVELOPMENT

Olmsted Falls has continued its quest to "do more with less." There is no wasteful use of City resources; the City runs a tight, lean budget. This successful approach will continue to build future economic growth.

1

TRANSFORMING VALUABLE, UNUSED CITY-OWNED PROPERTY TO RETAIN & GENERATE NEW INCOME

Mayor Donegan's administration has recognized the traditional economic development strategy of the past. However, Mayor Donegan has built a upon that traditional concept by identifying valuable City resources that have laid dormant over the years.

The first step was to identify all City tangible hard resources such as property. It was determined that in order to do that the City would need to create a catalog of property that was owned by the City.

The research unveiled that there were several primary pieces of real estate not reaching their potential in generating resource for the City. In fact, all three of these City-owned properties were not being used but were costing the City money to maintain. These three pieces of property included the old service garage, the former Jenkins Center, and the old Library.

The administration has leased two of these City buildings; one to the Olde Wine Cellar on Main Street and one to Unbroken Athletics on Brookside Drive, which not only brings us a rental income; it also, in one case retains and in the other produces, new income tax for the City. Additionally, the old library on Main Street was appraised at \$150,000 dollars and sold for \$75,000 over the asking price, netting the city \$225,000. The old library building on Main Street sold to a group of professional restaurateurs who plan to invest more than 1/2 million to bring back the luster of the historic building and convert it into a library-themed, family friendly restaurant with live music and outdoor dining. The sale of this building puts it back on the property tax duplication and produces more income tax for the City!



PHOTOS: The old Jenkins Center (top) has been renovated & leased to the Olde Wine Cellar (bottom).



The old library sold for a profit.

2

PROVIDING SERVICES IN NEW WAYS TO REDUCE EXPENDITURES & ENCOURAGE DEVELOPMENT

As you are aware, in December 2014, SAFEbuilt took over the City's building department's permit issuing processes. This took a \$250,000 burden off the operational budget and created a new quarterly revenue stream. SAFEbuilt is paid by a percentage of the permits costs for new developments. SAFEbuilt provides excellent customer service and frees up valuable City resources which encourages developers to do business with Olmsted Falls.



MAKING REPAIRS TO CITY HALL ROOF WITHOUT A TAX INCREASE, WHICH WILL ALSO HELP ATTRACT NEW TENANTS & GENERATE INCOME

Furthering economic development, we recently replaced the roof of our City Hall building; a project that cost \$480,000 and was accomplished without a tax increase to the residents. **This roof was absolutely necessary if we had any hope of attracting tenants to the upper floor of our building, as multiple leaks had appeared for years.** Now, we will take the proceeds from the sale of the old library building and “white box” our upper floor, preparing it for income generating tenants, the first of which has already signed a lease with us. Plum Creek Financial will be moving in by the beginning of 2018.



AGGRESSIVELY SEEKING OUT GRANT OPPORTUNITIES

We have received close to 10 million in grants in three and a half years (3 1/2), compared to half of that in the last twenty (20) years. It is important that we continue to aggressively seek out grant opportunities at every level of operations. Look for a recently awarded, grant-funded project; a \$185,000 NOACCA project to start next spring: Mill Street Beautification in Downtown Olmsted Falls. This project will bring aesthetic and sidewalk enhancements to our beautiful Mill Street/Williams Way in Downtown Olmsted Falls.



DEVELOPING A COMMUNITY PARAMEDICINE PROGRAM TO GENERATE REVENUE & IMPROVE LIVES

Community Paramedicine is an exciting concept and we are fortunate that the State of Ohio and Cuyahoga County has granted us the opportunity to explore and develop Olmsted Falls Pilot Community Paramedicine program. A \$50,000 grant from the State of Ohio Local Government Innovation Fund Council and \$50,000 from the Cuyahoga County Economic Development Fund will fund the development of a Community Paramedicine Program which will generate new revenue and improve lives. Our partners include Cleveland Clinic Fairview Hospital and Southwest General Medical Center.

The Olmsted Falls Community Paramedicine Program will be repurposing and reserving First Responders/Paramedics. Overall, society has gotten good at fire prevention. The trend today is for First Responders to be called out on medical emergencies. The Community Paramedicine program is designed to deal with the additional economic costs the trend has placed on the City's operational budget, including levies. Legislation being offered in Ohio's legislative body is in the process of establishing a permanent funding mechanism. Olmsted Falls community paramedic (Community Health Officer) will deliver basic primary care. This program offers Olmsted Falls the opportunity to keep a fully-staffed fire department, create a new product of services without an increase in taxes, and generate a new revenue source for the City.

ECONOMIC DEVELOPMENT IS ALIVE AND WELL IN OLMSTED FALLS!



CITY OF OLMSTED FALLS

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CITY & ELECTED OFFICIAL CONTACT INFORMATION:

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Charles R. (Bob) Sculac	Council-at-Large	440.235.2060	csculac@olmstedfalls.org
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*The City will be live-streaming Council meetings on both Facebook at the City website.
See www.olmstedfalls.org for details.*