

2014 ANNUAL FINANCIAL REPORT



CITY OF
OLMSTED FALLS
Olmsted Excellence

A MESSAGE FROM MAYOR DONEGAN AND FINANCE DIRECTOR PRESLEY:

We are pleased to present the City of Olmsted Falls first community annual financial report. We firmly believe that the taxpayers of Olmsted Falls are in fact investors in our community and as such should receive a financial update from your municipal government on an annual basis. It is our intention to submit you this document each and every July.

This report provides an overview of the City's revenues, expenditures and a picture of the City's overall financial health. **Olmsted Falls finances are on solid footing. This administration is committed to forward-thinking management. You have our commitment to operate the City of Olmsted Falls in a smarter, more streamlined and efficient manner.**

We continue to make progress in putting the City's financial house in order by working diligently with City Council to create a vibrant economy in our community through proactive planning and management.

We have resolved many of the State Audit non-compliance issues from the past. An example of a non-compliance issue was the City not having a disaster recovery plan. We are pleased to inform you that a plan was developed and adopted in 2014. In 2014 we identified and collected close to a half million dollar financial oversight from CSX that existed from 2012. 2014 is the first time Olmsted Falls completed an annual audit. Previously the city conducted biannual audits which were not only untimely but of little value in the management of operations.

As a commitment to assertive debt management we are paying off the Fire station levy at the end of 2016. Your property taxes will be reduced effective January 2017.

The city continues to aggressively seek out funding opportunities. Over the past year we applied for an unprecedented number of grants totaling \$ 1.7 million. We were recently notified that the senior grant we were awarded was actually for a total of \$40, 000 over a 2 year period which raises our grant awards to nearly 1.8 million. Actively pursuing grants allows Olmsted Falls to essentially do more for you while not raising taxes.

Outsourcing of the Building Department will result in savings of over \$100,000 annually when compared to prior years' costs of maintaining the department in-house. SafeBuilt has been hired to perform the functions of the Building Department. SafeBuilt also does work for other municipalities in the area so they have the flexibility to assign their staff to do building inspections on an as needed basis being more responsive to citizens' needs.

The finance department reallocated its personnel to improve operations by making the Director's position part-time and hiring an additional full-time clerk at no increased cost to the City. Additionally the Finance department has taken on additional projects and responsibilities such as a comprehensive records retention program, the replacement of the City's telecommunications system, citywide computer server and multifunctional devices. As of 2015 there now is a committee oversight of city infrastructure dealing with copiers, communication system and consolidated personal and human resource files into a central record keeping location.

This administration and staff consider it an honor to serve our citizens and we believe that this report enhances the level of our accountability to you, our taxpayers

Please visit the City's website at www.olmstedfalls.org to gain additional valuable information. The website is very useful tool for both residents and businesses and is an extensive source of information about all the programs and services the City offers. As always, we welcome any input or comments you may have regarding this report. Please contact us at 440-235-5550.

2014

FINANCIAL OVERVIEW

The Finance Department is pleased to present an overview of the City's finances for 2014. The information presented below provides you with details of how City revenue is generated and where the dollars are spent.

Governmental Funds

Most city services and projects are accounted for in the Governmental Funds. A brief description of the categories that make up the Governmental Funds activity references in this community report are as follows:

General Fund - reflects the majority of the financial activity of departments within City Government.

Special Revenue Funds - used to account for revenue sources that are restricted, by law or administrative action, for expenditures as to specific purposes.

Debt Service Funds - used to account for revenues and expenditures dedicated to pay general obligation and special assessment debt. A good example would be Street Lighting or Shade Tree Assessments.

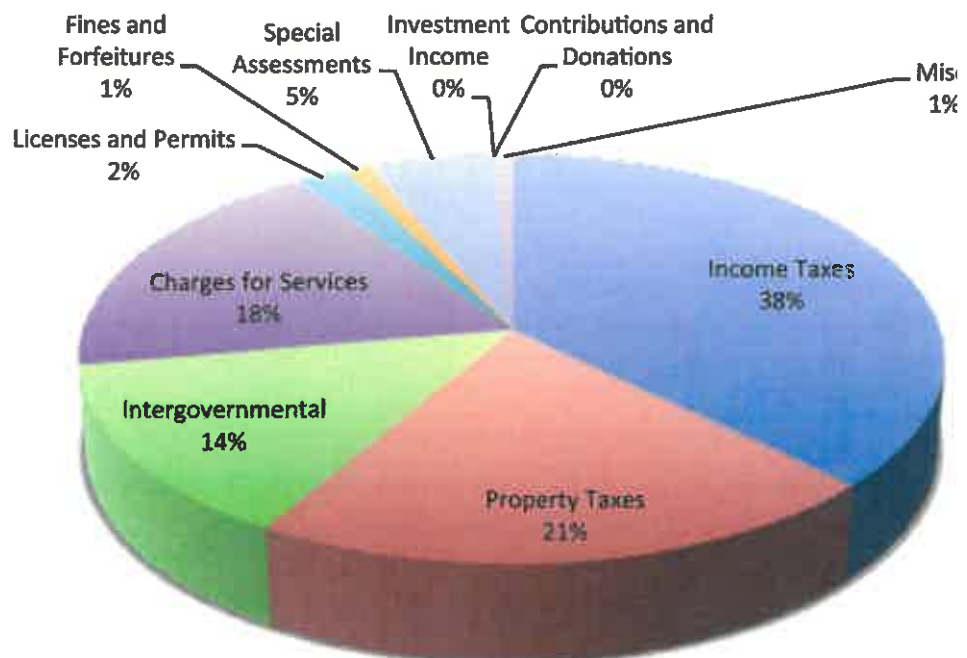
Capital Project Funds - accounts for financial resources used for the acquisition or construction of major capital facilities or public projects. A good example of this is the funds created for the Underpass Project on Columbia Road or the Westlawn/Lindberg sewer project which was completed in 2010.

WHERE THE MONEY COMES FROM...

All Funds Two-Year Revenue Summary by Type

Revenue	2014	2013
Income Taxes	\$ 3,133,889	\$ 2,875,594
Property Taxes	1,764,837	1,885,879
Intergovernmental	1,169,280	1,291,728
Charges for Services	1,534,747	497,217
Licenses and Permits	180,126	240,879
Fines and Forfeitures	99,931	106,904
Special Assessments	439,513	437,651
Investment Income	608	2,018
Contributions and Donations	320	-
Miscellaneous	72,542	44,164
Total Revenues	\$ 8,395,793	\$ 7,383,034

2014 REVENUES BY SOURCE...



WHERE THE MONEY GOES...

All Funds Two Year Expenditures by Type

Expenditure	2014	2013
General Government	\$ 1,231,886	\$ 1,058,596
Public Safety	3,280,634	2,757,490
Physical Environment	321,604	318,458
Transportation	940,515	934,250
Community Development	328,010	417,547
Public Health	542,391	86,605
Park and Recreation	100,193	120,957
Debt Service	496,234	2,532,299
Capital Outlay	406,992	536,748
Total Expenditures	\$ 7,648,459	\$ 8,762,950

EXPENDITURES DEFINED:

General Government expenditures include those for the; Mayor's Office, Finance Department, Council, Clerk of Council, Mayor's Court, Civil Service, Administration, and Law departments.

Public Safety expenditures include those expenses for the Police, Dispatch,, Crime Prevention, Auxiliary Police, DARE, Detention and Fire departments.

Physical Environment includes those expenses for the Engineering Department.

Transportation expenditures represent the cost for the Service department.

Community Development expenditures include; Business and Community Services, ABR, BZA, Building Department and Planning Commission.

Public Health expenses are for the Refuse Collection Contract.

GENERAL FUND

The General Fund is the primary operating fund of the City. Revenue and expenditures not specifically designated are recorded in the General Fund. Income Tax revenue comprises the largest portion (57%) of revenues in the General Fund. Public Safety expenditures comprise the largest portion (50%) of expenditures in the General Fund.

Please remember that a property tax renewal Levy was defeated in 2013 which resulted in the lower property tax collections and fund balance beginning in 2014 of \$180,000. Even with the lower Property Taxes, the City has been able to reduce costs of operation and maintain a solid financial position.

General Fund 2014 Revenue by Type

Revenue	2014
Income Taxes	\$ 2,688,507
Property Taxes	448,045
Intergovernmental	156,439
Charges for Services	743,722
Licenses and Permits	163,702
Fines and Forfeitures	101,128
Investment Income	608
Miscellaneous	30,850
Total Revenues	\$ 4,333,001

General Fund 2014 Expenditure by Type

Expenditure	2014
General Government	\$ 1,221,474
Public Safety	2,095,678
Physical Environment	29,602
Transportation	523,972
Community Development	266,374
Public Health	471,204
Park and Recreation	15,453
Debt Service	19,403
Capital Outlay	-
Total Expenditures	\$ 4,643,433

* PLEASE NOTE THAT THE CITY TOOK OVER RESPONSIBILITY FOR COLLECTING THE TRASH FEE FROM RESIDENTS AND THEN REMITTING PAYMENT TO ALLIED WASTE IN 2014 WHICH RESULTED IN AN INCREASE IN EXPENDITURES. Due to the fact that the city failed to properly place Allied Waste on the tax duplicate in 2013 for 2014, this oversight resulted in an unpredicted increase of expenditures of \$465,000.

FINANCIAL REVIEW:

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, wages, personal services compensation and net income of for-profit organizations that conduct business in Olmsted Falls. Olmsted Falls residents are required to pay this tax on income they earn outside the city but are given 50% credit (with a maximum limit of .75%) for income taxes paid to the municipality in which they work.

Income tax represents the largest source of revenue for the City. 88% 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% collected goes to the Service Department Equipment Fund for equipment purchases in the Service Department.

Olmsted Falls Top Ten Income Tax Payers 2014

1. Blue Ridge Paper Products
2. Olmsted Falls BD of Education
3. First Source Employee Management
4. City of Olmsted Falls
5. Columbia Building Products Co.
6. Vita-Mix Corporation
7. Cuyahoga County Fiscal Office
8. Kemper House Olmsted
9. St. Mary of the Falls Church
10. Southwest General Hospital

5 Year History of Income Tax Collections for General Fund

2014	\$	2,688,507
2013	\$	2,627,625
2012	\$	2,930,271
2011	\$	2,736,053
2010	\$	2,627,220

LEVY DEFINITIONS

Fire Levy - Monies set aside for the purchase and maintenance of fire equipment and fire department salaries. The residents passed a 2 mill levy in 1976.

Fire Levy - Monies set aside to provide for fire department salaries. The residents passed a 1.9 mill levy in 2006. It was renewed in 2011.

Fire Levy - Monies set aside to provide for the purchase of fire equipment. The residents passed a .65 mill levy in 2010. It was renewed in 2015

Police Levy - Monies set aside for salaries and to provide maintenance of vehicles. The residents passed a 1.3 mill levy in 2010. It was renewed in 2015.

Road Levy - Monies set aside to provide for major repairs on city roads. The residents passed a 1.3 mill levy in 2010. It was renewed in 2015.

Park and Recreation - Monies set aside for the development and maintenance of city parks. Residents passed a 1 mill levy in 1989. It was renewed every 5 years since. These monies cannot be used for recreation.

Southwest General Hospital - Monies set aside for community benefits. Residents passed a 1 mill levy in 1976. It is up for renewal this November 2015.

Fire Construction Levy - was approved in 2001. This 1.1 mill levy will terminate at the end of 2016.

LEVIES

The City of Olmsted Falls currently has 8 levies for purposes ranging from general operating for Fire, Police, Roads and Parks to expenses for Southwest General Hospital. While our first preference would be to consolidate levies to enable greater use administratively, after careful analysis keeping the "status quo" appears to be the best solution. The current levies were originally approved by the voters at a time when the state was picking up the tab for 12.5% of the levy revenues. Beginning January 1, 2014, all new levies or replacement levies would be collected at 100% from the residents as the State of Ohio enacted a new law to that effect. While it would be easy to combine levies and have fewer to vote on and spread them further apart, the effect would be, in essence an additional tax increase to the residents, without an increase in the amount received by the City. The only entity benefiting by combining levies would be the State of Ohio. It is for this reason why the City has elected to continue renewing all of its current levies. Southwest General renewal levy will be on your ballot this November.

EQUITY ADJUSTMENT RAISES

The Human Resource Blue Ribbon Committee which met in early 2014 was comprised of human resource personnel mostly from our community. This committee was tasked with many charges; an analysis of all positions within the city, recommending detailed job descriptions and the development of a consistent human resource manual as well as completing a fiscal review of all salaries. We are happy to report that we are moving on all of these initiatives which as we know are fundamental to any functional organization. We will be proposing a personnel policy to council this fall. Detailed job descriptions for each position are being finalized as well as the City's first every human resource manual. As a result of the salary review we found the need to award equity adjustment raises for a few positions; Council, Service Director and Custodian to name a few. Raises for non-union personnel were based on evaluations for the first time and ranged from 1.0 to 2.5%. Council is currently considering an equity increase for the office of Mayor which by Law will not be in effect until 1/1/2018.

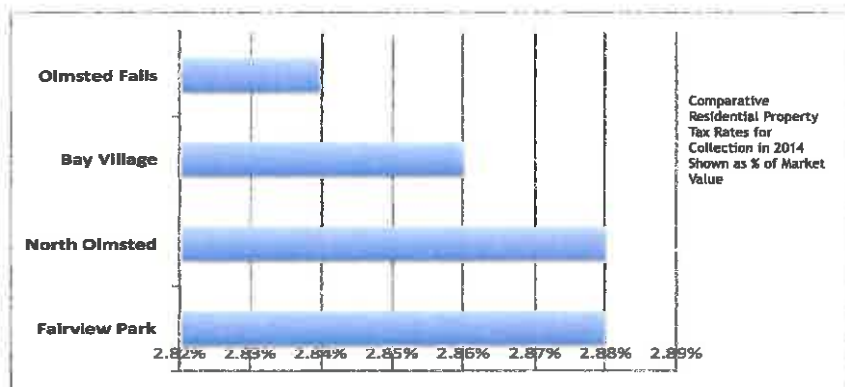
FINANCIAL REVIEW:

UNDERSTANDING PROPERTY TAXES

A fundamental difference between the City of Olmsted Falls and the Olmsted Falls School District is the main funding source used by each entity for operating purposes. The Olmsted Falls School District is mostly funded by taxes paid on property that falls 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 each taxing district. The Cuyahoga County Auditor determines an assessed 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 Auditor revisits all properties to re-appraise the value of each piece of land based on any building additions or major improvements.

Ohio law requires a full reappraisal every six years. For tax collection year 2014, a homeowner in Olmsted Falls pays 2.84 percent of market or appraised value of their home in property taxes.



WHERE YOUR PROPERTY TAX DOLLARS GO...



INVESTMENT POLICY: It is the policy of the City Administration to invest funds in securities backed by the full faith and credit of the US Government. While these types of investments offer the lowest rates of return we must do everything possible to guarantee the principle is not at risk of loss. The City also utilizes the STAR OHIO account through the State Treasurer's office.

FINANCIAL HIGHLIGHTS YOU SHOULD KNOW:

Found an outstanding receipts for quiet zone projects and underpass project

Outsourced Building department creating a cost savings to the city

Working with State Treasurer's Office to offer Ohio Echeckbook which will increase our financial transparency to you.

Installed new Telecommunication System that will save over \$9,600 annually and simultaneously provided us state of the art technology.

Developed first ever Disaster Recovery Plan and replaced a City Server that was obsolete and at 99.9% capacity.



The Disaster Recovery Plan has been recognized by RITA as a well-executed plan which will serve as a model to other cities.

CITY & ELECTED OFFICIAL CONTACT INFO:

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