



**City of Pataskala Finance Department**  
**James M. Nicholson, Finance Director**  
*Finance Director's Report to Council*

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**Current Projects & Issues**

- **March 2018** – The financial results through March 31<sup>st</sup> are being compiled and summarized in the monthly Financial Condition Report. This report will be distributed shortly, and will be available on the city's website. Please know that as of April 11<sup>th</sup>, we have not received the mid-month settlement from RITA. This information is required in order to calculate total collections for the month of April, and as a result, I am unable to provide you with an update on April collections at this time.
- **2017 Financial Reporting & Audit** – All of the documents required to support the development of the 2017 GAAP accrual-based financial statements for the city, and the 2017 Comprehensive Annual Financial Report (CAFR), including updating both the transmittal letter and Management's Discussion and Analysis (MD&A) have been completed. We are awaiting delivery of a preliminary draft of the CAFR document to review prior to sending to the auditors.
- **Accounting Clerk** – Second round interviews were held on April 6<sup>th</sup> for the three finalists. Based upon the results of those interviews, a preferred candidate was identified. We completed the process of reference, background and other pre-employment verifications. An offer of employment was extended to Margaret Feldmaier. Ms. Feldmaier has an associate's degree in accounting, and excellent accounting and payroll-related experience. Her first day of employment will be Monday, April 16<sup>th</sup>. The biggest hurdle we are facing right now is the serious short-term lack of office space to house this employee. Now that the Parks Manager (Lenier Crawford) has an office in City Hall, there are no more offices available for the Accounting Clerk and HR Manager positions. Long-term, the new Police and existing Town Hall facilities might provide options for reconfiguring department locations, including the Utility Administration/Billing department.
- **Income Tax Code Update** - On November 7, 2017, the Regional Income Tax Agency (RITA) provided the city with sample ordinance language to be adopted as a result of Ohio House Bill 49 (Centralization of Municipal Net Profits Tax by the State of Ohio). At that time, however, RITA did not recommend the adoption of language related to the administration of net profit tax by the State of Ohio, or language related to the elimination of the sales throwback rule, as those provisions have been the subject of litigation by a number of Ohio municipalities. In light of the recent ruling by the Franklin County Common Pleas Court denying the municipalities' request for an injunction, and dismissing the municipalities' challenges to these provisions, RITA and the City's Law Director have recommended that the City amend our municipal income tax code ordinance related to these provisions.

After reviewing the proposed language changes, you will note that we have recommended, with respect to the net profit tax collection by the State of Ohio, that the city adopt those provisions of the Revised Code by reference only instead of rewriting them in our ordinance in their entirety. It was recommended that we add a new section to the codified ordinances (Section 171 – Income Tax) in order to accomplish this. In the event that the provisions are ultimately found by the court

to be unconstitutional, this newly added section can simply be deleted from the ordinance in the future. The other revisions contained in the redlined version are required to comply with the mandatory tax code changes related to the 'sales throwback' rule. This new rule causes municipal income taxes on sales to be collected at the point of the sale's destination, rather than the point of sale's origin.

- **GFOA National Conference** – I will be attending the GFOA annual conference in St. Louis from May 3 – 9. As always, I will be available to the city and Council during this training via email, phone or text.