

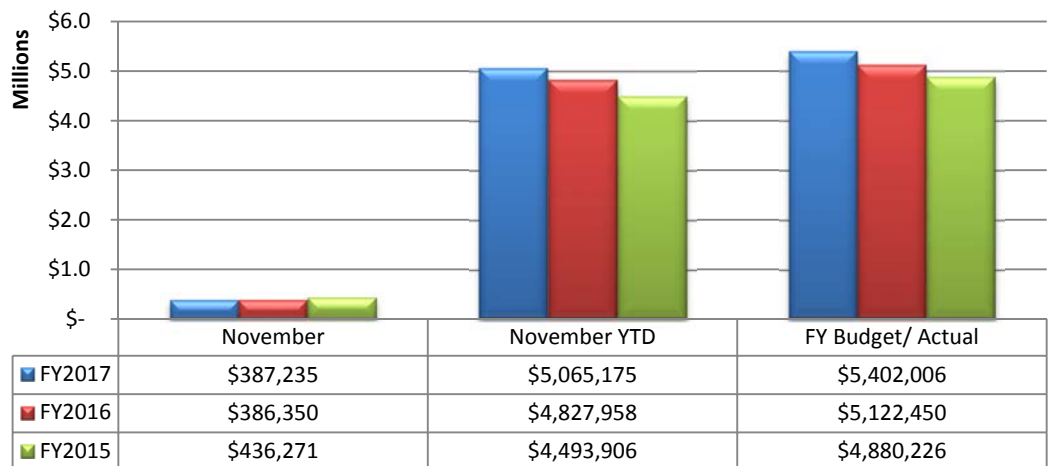


**City of Pataskala Finance Department**  
**James M. Nicholson, Finance Director**  
*Finance Director's Report to Council*

**Current Projects & Issues**

- **November 2017** – We are still posting entries for the month of November, but would anticipate closing the month by the start of next week. Once the books have been closed and reconciled, I plan to have the monthly financial report prepared and distributed with the next Finance Director's Report to Council. At this point in time, however, I am able to update Council on the status of November's income tax collections.
  - **Income Tax Revenue** - Collections for the month of November were \$387,235 and are only \$885 (0.23%) higher than November 2016 collections. On a year to-date basis, total collections are \$5,065,175 and are \$237,217 (4.9%) higher than last year. This amount equates to 93.76% of the full-year budget, above the 91.67% straight-line rate if revenues were collected evenly throughout the year. In 2016, the November year to-date collections amount equated to 94.25% of full-year collections, and the rate was 92.08% in 2015. After completing eleven months of the budget year and based upon the current collections rate, it continues to appear that collections are maintaining the trend that has been in line with expectations throughout 2017.

**Income Tax Collections - All Funds**



- **2018 Property, Casualty & Liability Insurance Renewal** – We completed our review of city assets and properties, and submitted all of the documents in support of our 2018 insurance renewal to the city's insurance carrier, the Ohio Plan. These documents ensure that their list of city-owned equipment, vehicles, buildings and other assets is correct and up to-date. We still anticipate receiving notice by mid-January for the 2018 renewal rates, and plan to bring the authorizing legislation to Council in either late-January or early-February, 2018.

- **Police Station Financing** – We continue to work with the bond financing team to prepare for the 2018 debt offering for the project. At Council’s request, I am providing pro-forma debt service schedules which illustrate likely debt service requirements for the project financing. The schedules were created using a total principal issuance amount of \$4.5 million. The individual schedules provide for the following features: (1) bank placement versus capital markets (e.g., bond issuance); (2) call optionality (e.g. callable versus non-callable); and (3) different terms (e.g., 15- and 20-year amortizations). Copies of the pro-forma schedules accompany this report. As you’ll see from the analysis, only the public bond issuance (capital markets) approach can go out to the 20 year term, as banks are unwilling/unable to go out that far on the yield curve. Looking at the 15-year bank placement, the second schedule includes a call feature at 5 years (2022) which adds approximately \$80,000 to the total project financing cost. Eliminating this optionality is something that will be considered, as the costs of the feature may quite likely exceed any potential future benefit to the city.
- **Collective Bargaining** – City employees, who are members of the USW (e.g. Public Service, Planning & Zoning and Utility employees), previously approved a proposed 3-year collective bargaining agreement (e.g., contract) with the city for 2017 - 2019. We are bringing the contract to Council at the December 4<sup>th</sup> Council meeting seeking ratification of the agreement. After Council ratifies the agreement, we will complete the process of preparing retroactive pay calculations for all employees.
- **Employee Health Insurance** – We are currently working with our agent and the third-party administrator (TPA) to get our employee enrollment data set up on the new network. Once that has been completed, we will begin developing the open enrollment documentation and set dates for all-employee meetings.
- **Fund Information Report** – At the November 20<sup>th</sup> Council meeting, Council President Hickin requested a summary of fund information, including primary revenue sources, expenditure uses, and potential risks to the fund. The summary has been created, and accompanies this report.

**City of Pataskala, Ohio  
Police Station Funding Analysis**

<b>Issue Amount</b>	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
<b>Term (Years)</b>	15	15	20	15
<b>Provider</b>	Bank	Bank	CapMarket	CapMarket
<b>Call Provisions</b>	NonCall	5	10	10
<b>All-In TIC</b>	2.39%	2.57%	2.95%	2.67%

12/1/2018	\$ 361,497	\$ 363,835	\$ 317,964	\$ 380,782
12/1/2019	\$ 357,933	\$ 365,765	\$ 314,477	\$ 382,971
12/1/2020	\$ 357,279	\$ 364,640	\$ 316,256	\$ 383,076
12/1/2021	\$ 361,740	\$ 363,388	\$ 312,698	\$ 383,076
12/1/2022	\$ 360,733	\$ 367,241	\$ 314,372	\$ 382,971
12/1/2023	\$ 359,608	\$ 365,607	\$ 314,110	\$ 380,041
12/1/2024	\$ 358,365	\$ 363,846	\$ 313,692	\$ 382,186
12/1/2025	\$ 362,237	\$ 367,191	\$ 313,116	\$ 378,785
12/1/2026	\$ 360,641	\$ 365,049	\$ 312,384	\$ 380,459
12/1/2027	\$ 358,927	\$ 362,780	\$ 316,727	\$ 381,820
12/1/2028	\$ 362,328	\$ 365,616	\$ 315,523	\$ 382,866
12/1/2029	\$ 360,262	\$ 362,965	\$ 314,163	\$ 378,366
12/1/2030	\$ 358,077	\$ 365,419	\$ 312,645	\$ 378,942
12/1/2031	\$ 361,007	\$ 362,387	\$ 315,052	\$ 377,503
12/1/2032	\$ 358,469	\$ 364,460	\$ 317,093	\$ 380,930
12/1/2033			\$ 312,279	
12/1/2034			\$ 312,488	
12/1/2035			\$ 312,279	
12/1/2036			\$ 316,884	
12/1/2037			\$ 315,628	
<b>GRAND TOTAL</b>	<b>\$ 5,399,103</b>	<b>\$ 5,470,189</b>	<b>\$ 6,289,830</b>	<b>\$ 5,714,774</b>

**CITY OF PATASKALA, OHIO  
PRIMARY FUND SOURCES AND USES**

<b>Fund #</b>	<b>Fund Name</b>	<b>Primary Revenue Sources</b>	<b>Primary Expenditures</b>	<b>Potential Risks to Fund Balance</b>
101	General Fund	Real property taxes, service charges/permit fees and local government fund (LGF) distributions from Licking County	Allocation of Administrator and Finance wages/benefits; Council, Mayor and other administrative wages/benefits (incl Planning & Zoning, Court and Parks & Rec); allocation of legal/engineering annual retainer; information technology support; Licking County health department charges; interfund transfers to Recreation Fund; and park maintenance and improvements.	Reduced property valuation leading to reduced tax revenues; potential cuts to LGF by state/county; and lower Mayor's Court fines and forfeitures. Reduced revenues would hinder the city's ability to fund parks improvements and interfund transfers to other funds.
201	Street Fund	Income taxes, and intergovernmental permissive and excise taxes (e.g., license/vehicle registration fees and gasoline tax)	Public Service employee wages/benefits; allocation of Administration and Finance wages/benefits and legal/engineering retainer; street-related capital projects including annual street program; road maintenance materials (e.g., salt, asphalt, gravel, etc.); information technology support; income tax collection fees/refunds.	Reduced income tax collections and permissive/excise tax revenues could force reductions in road-related capital improvement projects.
202	State Highway	Intergovernmental permissive and excise taxes (e.g., license/vehicle registration fees and gasoline tax).	Spending is restricted to capital improvement projects and road maintenance materials (e.g., salt, asphalt, etc.) used on roadways designated by ODOT as state highways.	Reduced permissive/excise tax revenues could force reductions in road-related capital improvement projects;.
205	Permissive Tax	Intergovernmental permissive and excise taxes (e.g., license/vehicle registration fees and gasoline tax).	Spending is restricted to capital improvement projects and road maintenance materials (e.g., salt, asphalt, etc.). In addition, annual capital equipment lease payments are paid from this fund.	Reduced permissive/excise tax revenues could force reductions in road-related capital improvement projects.
206	Recreation Fund	Recreational programming registration fees and interfund transfers from the General fund.	Spending is restricted to operating the city's recreational programming offerings, and maintaining the city's parks. Half (50%) of the Parks Manager's wages/benefits are paid from this fund.	Reduced registration revenue would force reductions in service and/or increased interfund transfers required from the General fund.

**CITY OF PATASKALA, OHIO  
PRIMARY FUND SOURCES AND USES**

<b>Fund #</b>	<b>Fund Name</b>	<b>Primary Revenue Sources</b>	<b>Primary Expenditures</b>	<b>Potential Risks to Fund Balance</b>
207	<b>Park Use Fund</b>	\$500 fee assessed against every new residential construction project, and \$750/\$900 fee for each commercial project (fee is based upon size of facility).	Spending is restricted to capital improvement projects benefitting the city's parks.	Reduced new home construction would lead to lower fee revenue, which could force reductions in park-related capital improvement projects or shift burden to the General or Capital Improvements funds.
208	<b>Police Fund</b>	Income taxes (97%), and miscellaneous other revenue (investment income, sales of assets, etc.)	Police employee wages/benefits; allocation of Administration and Finance wages/benefits and legal retainer; vehicle fuel and maintenance; cruiser purchases; information technology support; income tax collection fees/refunds.	Reduced income tax collections could force reductions in the approved number of officers and delayed/eliminated purchases of cruisers and other equipment.
210	<b>Mayor's Court Computer Fund</b>	Fee (\$10) assessed against every case prosecuted in the city's Mayor's Court.	Spending is severely restricted by ORC to only equipment, materials and services which support the computerization of the Mayor's Court.	Reduced cases heard by the court would lead to lower revenues and would force the General fund to cover the cost of computerization.
218	<b>K9 Fund</b>	Fee (\$2) assessed against every case prosecuted in the city's Mayor's Court, and personal donations.	Spending is limited to only those goods and services which support the Police K9 units. Includes food, boarding, veterinary services and the purchase of service animals.	Reduced cases heard by the court would lead to lower revenues and would force the Police fund to cover the cost of the K9 units.
301	<b>Capital Improvements</b>	Grants and loans, income taxes, and interfund transfers	Funding for road- and park-related capital improvement projects, and engineering required for such projects.	Reduced grant/loan revenue and income tax receipts could force reductions in the number and size of capital improvement projects being undertaken.
306	<b>State Route 310 TIF</b>	Payments in Lieu of Taxes (PILOT) payments	Funding for infrastructure-related capital improvement projects benefitting the SR-310 district, including interfund transfers to the Debt Service (401) fund for any debt service related to such projects.	Reduced PILOT payment receipts would lead to the Debt Service (401) fund having to cover an increased debt service burden - resulting in lower allocations of income taxes to the Street and Police funds.

**CITY OF PATASKALA, OHIO  
PRIMARY FUND SOURCES AND USES**

<b>Fund #</b>	<b>Fund Name</b>	<b>Primary Revenue Sources</b>	<b>Primary Expenditures</b>	<b>Potential Risks to Fund Balance</b>
308	Capital Facilities	City Hall facility rent from non-city occupants (e.g., COTCC, LAPP, etc.).	Spending is limited to municipal facility maintenance and capital improvements, including any debt service on such improvements. Currently anticipated to provide between \$120-150 thousand per year in debt service funding for the proposed Police station project bonds.	Reduced facility rent revenues would lead to the Debt Service (401) fund having to cover an increased debt service burden - resulting in lower allocations of income taxes to the Street and Police funds.
401	Debt Service	Income tax revenues, and interfund transfers	Spending is limited to the payment of interest and principal on outstanding debt issues, as well as paying any costs of issuance (e.g., legal, advisory, underwriting, etc.) associated with any new debt issuances.	Reduced income tax and interfund transfers would lead to the fund taking an increased portion of the income tax allocations. Debt service coverage takes priority over all other city spending, and is required by the ORC and bond covenants to be paid prior to any other expenses (including employee wages and benefits).
601	Water Utility	Consumption-based user fees	Spending is limited to the payment of employee wages and benefits, as well as materials and services required to support the city's water utility systems.	Reduced user fee revenues would force the Water Capital Improvements fund to subsidize operations. This would create a funding 'squeeze' for the Water Debt Service fund, as it's funding comes from interfund transfers from the Water Capital Improvements fund.
602	Water Capital Improvements	Flat-rate CIP fees charged to each water account.	Spending is restricted to capital improvement projects, and related debt service (via interfund transfers to the Water Debt Service fund) required to support the city's water utility systems.	Reduced CIP revenues would force the department to use a greater portion of the fund's revenue and fund balance to cover the water utility's debt service. This would reduce the number and size of infrastructure projects able to be undertaken through this fund.
651	Sewer Utility	Consumption-based user fees	Spending is limited to employee wages and benefits, as well as materials and services required to support the city's sewer utility systems.	Reduced user fee revenues would force the Sewer Capital Improvements fund to subsidize operations. This would create a funding 'squeeze' for the Sewer Debt Service fund, and it's funding comes from interfund transfers from the Sewer Capital Improvements fund.

**CITY OF PATASKALA, OHIO  
PRIMARY FUND SOURCES AND USES**

<b>Fund #</b>	<b>Fund Name</b>	<b>Primary Revenue Sources</b>	<b>Primary Expenditures</b>	<b>Potential Risks to Fund Balance</b>
652	<b>Sewer Capital Improvements</b>	Flat-rate CIP fees charged to each sewer account.	Spending is restricted to capital improvement projects, and related debt service (via interfund transfers to the Sewer Debt Service fund) required to support the city's sewer utility systems.	Reduced CIP revenues would force the department to use a greater portion of the fund's revenue and fund balance to cover the sewer utility's debt service. This would reduce the number and size of infrastructure projects able to be undertaken through this fund.
655	<b>The Oaks Special Assessment</b>	Special assessment charged to residents of The Oaks.	Spending is restricted to paying the debt service associated with the construction of a sewer line connection in their subdivision.	Reduced special assessment revenue would force the city to cover the debt service shortfall (temporarily) from the Sewer Debt Service (654) fund. Once properties are sold, however, the city would recover any delinquent outstanding balance owed.