

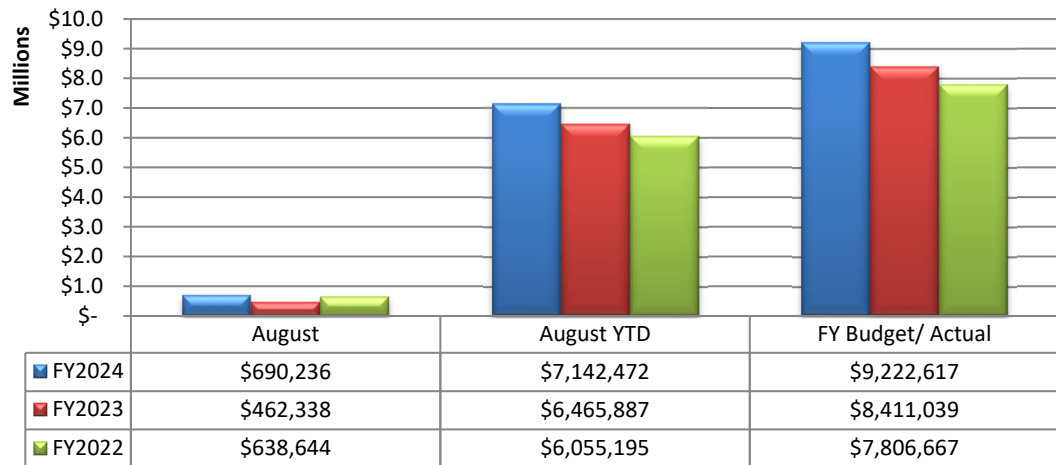


City of Pataskala Finance Department
James M. Nicholson, Finance Director
Finance Director's Report to Council

Current Projects & Issues

- **September 2024** - We are still posting entries for the month of September, but I would anticipate closing the month by mid-next week. I am shooting to have the monthly financial condition report for the month out by the end of the following week. At this point in time, I can update Council on the status of September's income tax collections.
 - **Income Tax Revenue** - Collections for the month of September are \$690.2 thousand and are \$227.9 thousand (49.29%) higher than the September 2023 collections. On a year-to-date basis, the city has received \$7.14 million in income tax collections which is \$676.6 thousand (10.46%) higher than in the same 9-month period in 2023. This amount equates to 77.45% of the full year budget and is higher than the 75% straight-line rate if revenues were to be collected evenly throughout the year. In 2023 this rate was 76.87%, and it was 77.56% in 2022. Income tax collections in 2024 continue to collect better than expectations.

Income Tax Collections - All Funds
 (Street, Police, Capital Improvements & Debt Service funds)



- **2025 Budget** – I have completed and distributed the 2025 budget briefing document in preparation for the annual Council budget workshop on Monday, September 23rd. The document summarizes revenues, expenditures, fund balances and highlights the major proposed projects. I have also begun working on the formal budget book and have made great progress. Due to the size and complexity of the budget book, it will take some time to complete, print and distribute prior to the 1st reading of the annual budget at the October 21st Council meeting.
- **Income Tax Allocation Rates** – As part of the annual budget process, I use the forecasted carryover fund balances and proposed 2025 spending to determine the appropriate allocation of the income

tax revenues to the Debt Service, Street, Police and Capital Improvements funds. The current allocation rates are listed below along with the proposed 2025 allocation rates. I plan to bring the legislation setting these rates at the same time the annual appropriation ordinance is presented to Council for approval.

Fund	FY 2024	FY 2025
201 – Street Fund	45.00%	43.25%
208 – Police Fund	45.00%	47.25%
301 – Capital Improvements Fund	1.50%	1.50%
401 – Debt Service Fund	8.50%	8.00%

- **Iron Filter Replacement Project** – We continue to work with the Administration and the Utility department to arrange funding for the Utility Water Plant Iron Filter Replacement project. This project is expected to cost approximately \$3.5 million, and we are planning to borrow the funds for the project. We are currently proposing the issuance of 1-year Bond Anticipation Notes (BANS) to maximize our funding flexibility. It is possible that we may receive some OPWC grant/loan funding in the future, and we would use those funds to repay the notes. If we don't receive 3rd-party funding, we would likely structure the transaction as a 7-year bond or loan. We've brought the debt issuance enabling legislation to Council for discussion and a 3rd reading (and passage) on October 7th. We would anticipate closing the transaction on or before December 18, 2024, which would provide the needed funding for the 2025 CIP project. The project expenditures and the resulting debt service will both be included in the 2025 budget.
- **COHCC Insurance Rate Setting** – The COHCC board and its' Finance Committee have been meeting to discuss the 2025 medical insurance renewals and reserve policy, and should have renewal rates by the end of September. Based upon our total costs of claims and administrative expenses, we are currently running at a 62% claims/funding ratio as compared to the pool which is running at a 98% rate. The target ratio is typically set at 92% which means that you spend \$0.92 in claims and administrative expenses for every \$1.00 of premiums received. As a result, I would anticipate seeing a modest increase in premiums for 2025, most likely in the 3-5% range. The final rates will be set at the September 25th COHCC Board meeting. In addition, the Board is finalizing the updates to the 3-year Joint Self-Funding Agreement which governs the operations of the COHCC. Once it is finalized, we will be bringing a resolution to Council to approve the agreement.
- **Supplemental Appropriation** – I have prepared a supplemental appropriation ordinance for consideration and a 2nd reading by Council at the October 7th meeting. I did identify an additional change to the ordinance, so we will be requesting to amend by substitution at the October 7th meeting. Due to the property tax and income tax revenues greatly exceeding projections, the costs of collection and revenue sharing distributions with the school districts are greater than planned. This ordinance will provide the additional appropriation authority to permit the city to post the expenses to the ledger. Additionally, we are correcting the appropriations for the Iron Filter Replacement project. Initially, it was planned for the project to be funded via a bank loan which would be recognized in the Water Capital Improvements fund. Since we are instead issuing BANS, the appropriate posting to the ledger would be in the Water Bond Improvements fund. Additionally, we need additional appropriations to recognize the costs of issuance (bond counsel,

underwriter, etc.). I've attached a copy of the costs of issuance breakdown estimated for the issuance of the BANS. We anticipate this legislation will be going through all 3 required readings.

- **Ohio GFOA Annual Conference** – I will be attending the Ohio GFOA annual conference in Cincinnati from September 24-27 but will be available by email or phone if needed.