



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

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**Current Projects & Issues**

- **October/November 2024** - The financial results through October 31<sup>st</sup> have been compiled and summarized in the monthly Financial Condition Report, which was previously distributed and is currently available on the city's website. We are still processing entries for the month of November and will be doing so for several weeks. RITA has not yet distributed our mid-November settlement, so I am currently unable to provide an update on the preliminary status of November's income tax collections.
- **2025 Budget** – We've had two readings of the 2025 budget ordinance. There have been no changes made to the budget since it was amended at the 2<sup>nd</sup> reading. We are on track to approve the budget at the November 18<sup>th</sup> Council meeting unless changes are made to the budget exhibit. The Administration is recommending a transfer of \$1.0 million from the General Fund (101) to the Capital Improvements fund (301) and the addition of \$1.0 million in capital spending from the 301 fund. If those changes (or any other Council-requested changes) are approved, a 4<sup>th</sup> reading of the ordinance (and adoption) would be required at the December 2<sup>nd</sup> 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. The legislation setting these rates have been 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. We were just notified that Standard & Poor's (S&P) has assigned an A-1+ rating to the issue. This is the highest possible rating given short-term debt. While we have a strong rating, the use of the Ohio Treasurer's wrap program gives it the higher rating as the state is being used to backstop the debt. In the event the city was to default on its'

obligations, the state would step in and pay off the obligation. 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 3<sup>rd</sup>-party funding, we would likely structure the transaction as a 7-year bond or loan. 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 have both been included in the 2025 budget.

- **Supplemental Appropriation** – I prepared a year-end supplemental appropriation ordinance which had its' 1<sup>st</sup> reading by Council at the November 4<sup>th</sup> meeting. This ordinance is a year-end 'clean-up' measure and serves to ensure that adequate appropriations are in the correct budget categories as we wind up 2024. It provides for: (1) the proper distribution of JEDD revenues to the JEDD Board; (2) the appropriation of insurance proceeds related to the totaling of a Police cruiser; (3) several Utility appropriation increases related to the increased number of emergency waterline repairs; (4) ensure adequate funding for the payment of Human Resources consulting invoices; (5) appropriation reclassifications and increases to provide sufficient funding for the construction of a Public Service garage facility; (6) additional appropriations to fund the transition of the city's budgetary control and accounting system (VIP) to a web-based system; and (7) additional appropriations to purchase network-related equipment such as servers, phones, firewalls, etc. related to the change in information technology service providers. Since the 1<sup>st</sup> reading, I've increased Section 10 (Fire Escrow) appropriations as we just received another distribution from a homeowner's insurance company. This will be the 2<sup>nd</sup> reading of this ordinance.
- **2025 Health & Life Insurance Renewal**: Employee insurance open enrollment (OE) for the 2025 health insurance program is scheduled for the month of November. We held an optional all-employee meeting on November 6<sup>th</sup> to go over the entire benefits package as well as providing an opportunity for our employees to meet with representatives of Ohio Deferred Compensation and supplemental insurance carriers. We've already prepared and distributed the OE materials to employees and will assist them in making any changes that they wish to make.
- **Copier Replacements**: All city copiers are on 4-year rotating operating leases. The next two copiers to be replaced are in the Administration and Planning & Zoning offices. These leases with Gordon Flesch are scheduled to expire in January 2025. I am presenting the authorizing legislation for Council's consideration at the November 18<sup>th</sup> Council meeting. By starting the process at that time, it should provide ample time for the machines to be ordered, configured and installed in mid-January prior to the contracts' expiration.