RESOLUTION NO. 117-26

A RESOLUTION SUPPORTING THE FINANCE DIRECTOR'S LETTER TO THE MEDINA COUNTY BUDGET COMMISSION REGARDING THE CITY'S EMERGENCY MEDICAL SERVICES (EMS) FUND.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MEDINA, OHIO:

SEC. 1: That Medina City Council and the Administration hereby support the Finance Director's letter to the Medina County Budget Commission; Anthony Caprtetta, Medina County Auditor and Secretary of the Budget Commission.

SEC. 2: That a copy of the Finance Director's letter is marked Exhibit A, attached hereto and incorporated herein.

SEC. 3: That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with the law.

SEC. 4: That this Resolution shall be in full force and effect at the earliest period allowed by law.

PASSED: July 13, 2026

SIGNED: John M. Coyne, III
President of Council

ATTEST: Kathy Patton
Clerk of Council

APPROVED: July 13, 2026

SIGNED: James A. Shields
Mayor

The City Of Medina Ohio

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Res 117-26
Exh. A

July 13, 2026

Medina County Budget Commission
Anthony Capretta, Medina County Auditor and Secretary of the Budget Commission
144 North Broadway Street
Medina, Ohio 44256

Medina City Council, as the Legislative Authority for the City of Medina, has reviewed the balances of the City's funds and found them to be necessary and appropriate for the operations of the City of Medina.

Background on the Emergency Medical Services Fund

The City of Medina provides Emergency Medical Services through a cooperative partnership between the City, Montville Township, Medina Township, and the Cleveland Clinic. This partnership was established in 1976 and the Medina Life Support Team (LST) recently celebrated 50 years of operation. The Medina LST is run by the Cleveland Clinic. Joe Toth is the manager of the Medina LST. Costs are allocated to the City and the two Townships based on call volume. If you would like to know more about the Medina Life Support Team, the Communications Department of the City of Medina recently released these three videos commemorating 50 Years of LST Service:

1. https://youtu.be/mi0T4RGhorg?si=NpwZJk-YU0wUs7To
2. https://youtu.be/zGssVn4lxH8?si=JoKXWU7_L-U-9x77
3. https://youtu.be/nCuOfm_HiJc?si=irabplr6MTrh7TXh

The City of Medina finances its share of the cost through a property tax levy that is renewed every five years. An increase took effect for collections beginning in 2001 and the levy was renewed at this rate three times, covering 2001-2020. The most recent increase took effect for collections beginning in 2021 and was renewed for collections from 2026 – 2030. The levy will need to be renewed and possibly increased for collections from 2031-2035.

Council's Review of the Emergency Medical Services Fund

The Finance Committee consisting of the entire Council met on Wednesday, April 15, 2026, to review the proposed 2027 Budget and the proposed 2027-2031 Five-Year Financial Plan for the Emergency Medical Services (EMS) Fund. The City employs this five-year budgeting process and is able to accurately predict issues within various accounts. Our method of planning enables us to better prepare for the ups and downs of the economy. As of the end of the 2025 fiscal year the cash balance in the EMS Fund was $1,678,875.13 (see attachment #1 EMS Fund Cash Report). This amount is 90.28% of 2025 revenues of $1,859,536.76 and 109.09% of 2025 expenditures of $1,539,005.23. Medina City Council determined that this balance is reasonable and necessary for reasons including but not limited to the following:

Timeline of Levy Funds

As you certainly are aware, in the State of Ohio property tax levy revenue does NOT increase with inflation. Consequently, political subdivisions such as the City of Medina are compelled to ask for more than they need so as to allow surpluses to be built up in the early years when revenues exceed expenditures then depleted as inflation pushes expenditures beyond revenues.

This is clearly demonstrated in attachment #2 EMS Fund Ending Balance as a Percentage of Revenues and attachment #3 EMS Fund Annual Revenue and Ending Balance 1998-2025. The Voters of the City of Medina approved an increase in the rate of the levy in 2000. This increase took effect for collections beginning in 2001. Three renewals were approved by the voters of the City of Medina and for twenty years from 2001-2020 the revenue from this levy was relatively unchanged at about $1,000,000 - $1,200,000.

Revenue was initially more than sufficient to cover EMS operations and the City of Medina built up a substantial surplus. This peaked in 2011 with an ending balance of $2,175,274.79 which represented 202.72% of annual revenues. After 2011 the revenues were insufficient to cover the costs of providing EMS services and this balance began to be depleted.

As late as 2017 the balance in the EMS Fund was over 100% of annual revenues but by 2020 the balance was below 40% of annual revenues and the balance was on pace to be eliminated thus resulting in deficits prohibited by ORC 5705 within two years. To avoid impermissible deficits, Medina City Council placed an increase on the ballot and the voters of the City of Medina overwhelmingly approved the increase in 2019 with collections of the increased levy beginning in 2021. Revenue from the increased levy was more than sufficient to cover EMS operations and the reserve was increased once again. By the end of 2023 the City had $1,500,681.55 in the EMS Fund which represented 80.81% of 2023 revenues.

The tipping point has already been reached. The fund operated at a deficit in 2024 then a surplus in 2025. Expenditures for EMS operations are increasing due to inflationary pressure and while this balance may seem large, it will be depleted in a few years just as happened with the last levy amount in place for collections from 2001-2020.

An Additional Vehicle Will Need to be Procured and Staffed Within Three to Five Years

Call volumes are reported to Council and at the Budget Meeting in April the Council reviewed the revenues and expenditures of the EMS Fund (#135). Joe Toth, manager of LST was unable to attend but sent Don Leuchtag who told Council that call volumes are increasing and have reached a level where an additional vehicle will need to be procured and staffed within about three to five years.

The vehicle itself will cost in excess of $360,000 when including all of the necessary equipment and inventory and then it will need to be staffed twenty-four hours a day, 365 days a year. Based on past and projected call volume allocations, the City of Medina will pay for more than half of these increased costs.

Revenues and expenditures in the EMS Fund have been about equal for the last three years. When the additional vehicle and staffing are added the revenue from the current EMS Levy will obviously be insufficient to meet the increased costs. The most recent renewal of the existing levy was for collections for 2026-2030 and the revenue from that renewal could be insufficient to cover the costs if the additional vehicle is added sooner rather than later.

Postponement of the Need for Additional Taxes

As demonstrated in attachment #2 EMS Fund Ending Balance as a Percentage of Revenue and attachment #3 EMS Fund Annual Revenue and Ending Balance 1998-2025 the City was able to provide EMS services for our residents with no increase in taxes for a period of twenty years from 2001-2020. This would not have been possible if the reserve had been curtailed in the early years.

Planning / Good Governance / Credit Rating

The City of Medina enjoys an excellent Aa1 rating from Moody's Investor Services. This is the second highest rating that Moody's assigns. Medina has not been able to achieve a Aaa rating largely due to the fact that our community simply is not as wealthy as those rated Aaa. The City has only been able to maintain the Aa1 rating that we presently enjoy by maintaining a rigorous five-year financial planning process and substantial reserves. Note that the City of Medina maintains reserves approximately equal to the reserves maintained by those cities with Aaa ratings. Please refer to attachment #4 Cash, Cash Equivalents, and Investments as a Percentage of the Sum of Net Pension Liability and Net OPEB Liability. As you can see, the City of Medina's reserves are equivalent to those of the Ohio Cities rated Aaa by Moody's.

Attachment #5 Moody's Issuer Comment, 12 September 2025 is the most recent comment on Medina from Moody's. Please review the Key Indicators in Exhibit 1 on the first page of this attachment. Note that Medina faces several challenges including:

- Full Value per capita of $92,418 is substantially below the Aa Median Full Value per capita of $125,640.
- Annual Growth in Real GDP of 0.6% is substantially below the Aa Median of 2.0%.
- Adjusted net pension liabilities of $59,014,000 are above the Aa Median of $45,496,000.
- Pension tread water contribution of $2,402,000 is substantially above the Aa Median of $1,199,000.

The City of Medina has been able to compensate for these challenges and obtain an excellent Aa1 rating in spite of these challenges largely due to the substantial cash balances that the City maintains. Medina's strengths from the same table include:

- Available fund balance of $51,358,000 is substantially above the Aa Median of $29,526.
- Net unrestricted cash of $84,793,000 is substantially above the Aa Median of $41,432,000.
- Available fund balance ratio of 95.7% is substantially above the Aa Median of 57.1%.

Attachment #6 Moody's Credit Opinion, 10 September 2021 is less timely than attachment #5 but it contains more information. This was the most recent in depth review by Moody's. Please note that "Solid financial reserves and liquidity" are listed as one of Medina's two "Credit strengths" (page 1). Additionally, "A trend of operating deficits and declining reserves" is the first item listed under "Factors that could lead to a downgrade".

Medina's reserves are mentioned as a positive factor again near the bottom of page 2 and again near the top of page 3.

Exhibit 2 on page 5 of attachment #6 displays what Moody's refers to as a scorecard rating. Note at the bottom of this exhibit that Medina's "Scorecard-Indicated Outcome" is a rating of Aa3. Medina's Assigned Rating of Aa1 is two notches above that. It is spectacularly rare for any Government to be rated two notches above their Scorecard-Indicated Rating.

INSERT QUOTE(S) FROM DAVID AND/OR AMANDA

Note within the exhibit that Medina's Fund Balance as a percentage of Revenues and Cash Balance as a percentage of Revenues both score at the Aaa level but literally everything else is Aa or below. Medina needs our strong balances to maintain our Aa1 rating because without them, everything else suggests a rating of Aa3 or worse.

Attachment #7 Moody's Rating Methodology lays out Moody's Credit Rating Methodology. Please review Exhibit 1 on page 4 and note that "Financial Performance" makes up 30% of the methodology framework. This category is subdivided into "Available Fund Balance Ratio" (20%) and "Liquidity Ratio" (10%) and both of these, broadly speaking, are measures of the reserves maintained. These are the only factors that the city has a significant amount of control over. Note the others:

- 10% Resident Income
- 10% Full Value Per Capita
- 10% Economic Growth
- 10% Institutional Framework – this is assigned based on the structure of governance and finance for Cities in Ohio.
- 20% Long-term Liabilities – This appears to be within the City's control, but it is not because the majority of Medina's Long-term Liabilities are composed of pension exposure due to the City's mandated participation in Ohio's underfunded Pension Systems.
- 10% Fixed-costs Ratio – This is effectively a derivative of the above factor and outside of the City's control.

Please review Exhibit 2 on page 4 of attachment #7 and compare it to Exhibit 1 on page 1 of attachment #5:

- Medina's Resident income ratio of 114.1% is in the middle of the Aa range of 100-120% and below the Aaa ratio of >120%
- Medina's Full value per capita of $92,418 is within the A range of $80,000 - $100,000. This is below the Aa range of $100,000 - $180,000 and only about half of the Aaa range of >$180,000.

Medina makes up for these deficiencies with an Available fund balance ratio of 95.7% and a Liquidity ratio of 158.1% both of which are easily within the Aaa ranges of > 35% and >40% respectively.

At the present time Moody's provides ratings for 148 Ohio Cities and Townships. Only 14 of those are rated Aaa, one township and the following cities:

1. Beachwood, Cuyahoga County
2. Columbus, Franklin County
3. Dublin, Franklin County
4. Hilliard, Franklin County
5. Hudson, Summit County
6. Mason, Warren County
7. Montgomery, Hamilton County
8. New Albany, Franklin County
9. Pepper Pike, Cuyahoga County
10. Strongsville, Cuyahoga County
11. Upper Arlington, Franklin County
12. Westerville, Franklin County
13. Westlake, Cuyahoga County

Medina and 22 others have been assigned Moody's second-highest rating of Aa1.
At current interest rates the cost to borrow $10,000,000 over 20 years are as follows:

- Aaa – 3.75% - Interest cost = $4,392,419.
- Aa1 – 3.85% - Interest cost = $4,521,547, increase of $129k over Aaa.
- Aa2 – 3.95% - Interest cost = $4,651,268, increase of $129k over Aa1.
- Aa3 – 4.05% - Interest cost = $4,781,580, increase of $130k over Aa2.

The City of Medina currently has about $10,000,000 in long-term debt so the City is saving a significant amount of money by maintaining our excellent credit rating. The City has worked very hard to achieve the current Aa1 rating and this is something we intend to defend.