INVESTMENTS 2025

City's $101MM investments doing extremely well

When compared to Hancock County's 3rd party advised $95MM portfolio the County weighted yield is 3.67% before fees of about $8,000/month

The City Auditor managed $101MM portfolio weighted yield is 3.80% with no fees

The statement that the City is losing large amounts of investment revenue is incorrect!

INVESTMENTS 2025

The City Auditor gets quotes from multiple brokers for an investment that he would like to have mature in late August 2026.

The best quote comes for a US Treasury with a coupon rate of 3.75%, a yield to maturity of 4.05% at a price of 99-20 and a principal investment of $996,250.00 with a par value of $1,000,000.00 maturing August 31, 2026 and will settle May 21, 2025, the first coupon payment date has passed (2/28/25), we have to pay for the accrued interest (from 2/28/25 to 5/21/25) of $8,355.98 at purchase which we will receive back on the next coupon payment cycle of 8/31/25

Summary & Opportunities

- City's $101MM investments doing extremely well. When compared to Hancock County's 3rd party advised $95MM portfolio the County weighted yield is 3.67% before fees of about $8,000/month The City weighted yield is 3.8% <u>with no fees</u>

- The Management of the City's money is a daily function; $20MM+ is not just sitting there it is being paid out daily, it is revolving money for multiple FUNDS. As much as $5MM is paid out in a single day. Findlay has a $130MM Expense Budget. An average of $11MM per month is spent in various ways. Proper cash balances must be kept. The City Auditor and Staff are highly trained in these financial matters, with decades of experience and a proven track record

- The primary KEY to improving return on the city's deposits is communication regarding the administrations "cash flow" needs on a week by week basis, not overloading STAR Ohio which already has $55MM of our money. The banks collateralize at 102% and US Treasury investments are backed by the US Government. The Auditor's Office needs payment information specifically for capital projects and unbudgeted expenditures. In the past this information was regularly provided to the Auditor's office by prior administrations the current administration has ignored repeated and ongoing requests for this information over the last several years

- The question of lost interest regarding our Demand Deposit Account (savings) has not even taken into consideration any cost factors and service fees that have been reduced against the rate. The Auditor's Office is intentionally working to keep bank fees as low as possible. If the Governing Board (council) wants to increase the interest rate on the savings account next year, there will be a significant corresponding increase in fees for every other banking service necessary to operate the City. The next opportunity to review the bank depository agreements is in 2026.

MID YEAR REVIEW 2025

A report of economic factors, data, issues of significance and Findlay's budget progress as of June 30th, for consideration as part of a <u>constructive conversation</u> between administrators and City Council

08/05/25

KPI 2025 Vision

Key Performance Indicators (financial)

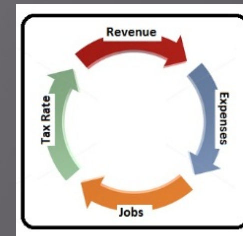
- City’s Overtime on the rise over last several years
- Water loss (unaccounted for water) goal exceeds Administration's 18% target
- Jet A fuel sales which are the primary cash flow to the airport are down substantially
- Paving not meeting goal, State Auditor recommendations
- Income tax past due collections less impactful on revenue

Many financial aspects not part of the administrations KPIs follow

Economic Factors

- It is clear the Federal CARES act money, business net profits tax windfalls, Federal ARPA money are had a significant positive impact on Findlay's ability to manage its deficit budget
- Fed - potential interest rate drops in late 2025
- Individual must make $22.50/hour ($46,800) to afford basic 2-bedroom apartment in Ohio
- State ODJFS reports County Employment at 35,200 June '25 compared to 39,200 June '20 down 4,000 jobs in 5 years
- Ohio has been rated one of the worst states in the nation for pension funding. The State is looking to increase benefits for OPERs, OP&F
  - Moody's and S&P are concerned Ohio will transfer unfunded pension liability to local governments

Economic Factors



Department of Job & Family Services

OHIO

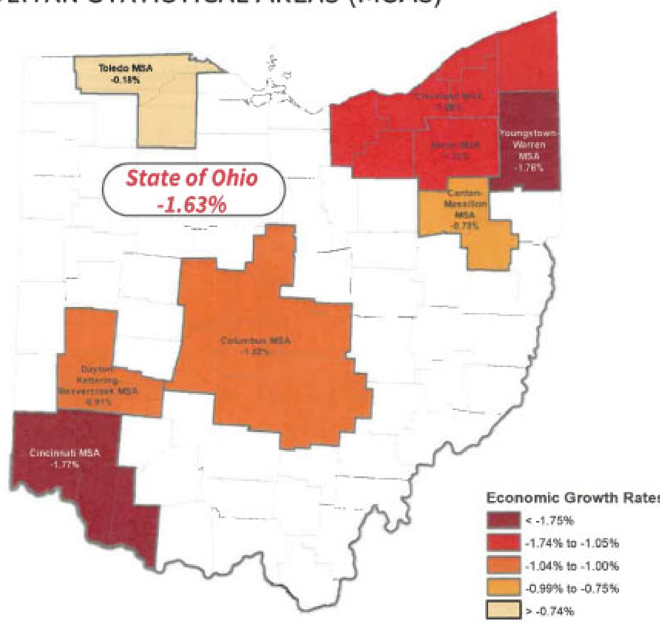
LEADING INDICATORS

APRIL 2025

PREDICTED ANNUALIZED GROWTH RATES FOR OHIO AND SELECT METROPOLITAN STATISTICAL AREAS (MSAs)

The Ohio Leading Indicators report uses an annualized growth rate to forecast employment growth for Ohio and its eight largest MSAs for the next six months. The model examines seasonally adjusted total nonfarm employment. These data are seasonally adjusted by the leading indicators model and should not be compared to other seasonally adjusted data.

Total employment is predicted to decrease at an annual rate of -1.63% for the next six months in Ohio. The following MSAs are also predicted to decrease: the Toledo MSA at -0.18%; the Canton-Massillon MSA at -0.73%; the Dayton-Kettering-Beavercreek MSA at -0.91%; the Columbus MSA at -1.02%; the Cleveland MSA at -1.09%; the Akron MSA at -1.23%; the Youngstown-Warren MSA at -1.76%; and the Cincinnati MSA at -1.77%



Significant Advantages

- The City of Findlay is not in the EMS, Trash, or Golf Course businesses and should NEVER enter get into them.
- The City of Findlay owns its Water, Sewer, and Stormwater Systems. They are relatively debt free and should remain so, this is a multi-generational benefit to our community
- The City of Findlay owns its parking enforcement enterprise, many parking lots and an airport enterprise.
  - Consider developing strategic plans for parking to generate funds for specific improvements and to ensure the operations <u>cash flow positively</u>
- The City of Findlay almost always pays cash for capital improvement projects and is beneficiary of millions of dollars in grants

AOS Financial Indicators

Nos. 1 & 3
Identify when an entity has a zero, negative, or declining balance in governmental type activities assets that are unrestricted. This applies to the balance at the end of a reporting year as well as a declining trend over multiple years. These are signs of fiscal stress because balances may not be available for unexpected expenses.

Nos. 2 & 4
Identify when an entity has a zero, negative, or declining unassigned General Fund balance at the end of the reporting year and/or a declining trend over multiple years. These are signs of fiscal stress because balances may not be available for unexpected expenses.

No. 11
Identifies situations in which repair or replacement of the local government's capital assets will be necessary. A high percentage indicates capital assets replacement is imminent and the entity may be delaying replacement of capital assets or significant repairs for cash flow purposes.

No. 9
Determines whether, on a governmentwide basis, expenses are exceeding revenues.

No. 7
Reflects the percentage change from year to year for sales tax revenue for counties and income tax revenue for cities in the General Fund.

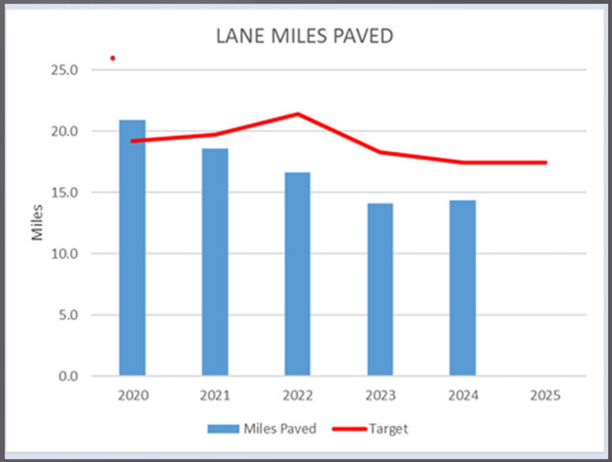
Entity Name	Year Basis	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Findlay	2020 GAAP																	
Findlay	2021 GAAP																	
Findlay	2022 GAAP																	
Findlay	2023 GAAP																	
Findlay	2024 GAAP																	

Capital Improvements

- As part of the capital plan, the long-term capital maintenance cost obligations should be calculated and reported to the elected officials. Include streets, facilities, sidewalks, sewer, storm & water lines. For example

State of Ohio has recommended 6.6% of pavement be maintained each year;

200 miles of improved roads in Findlay,
so 200 x 6.6% = 13.2 miles per year OR
475 lane miles of improved roads,
so 475 x 6.6% = 31.4 lane miles per year

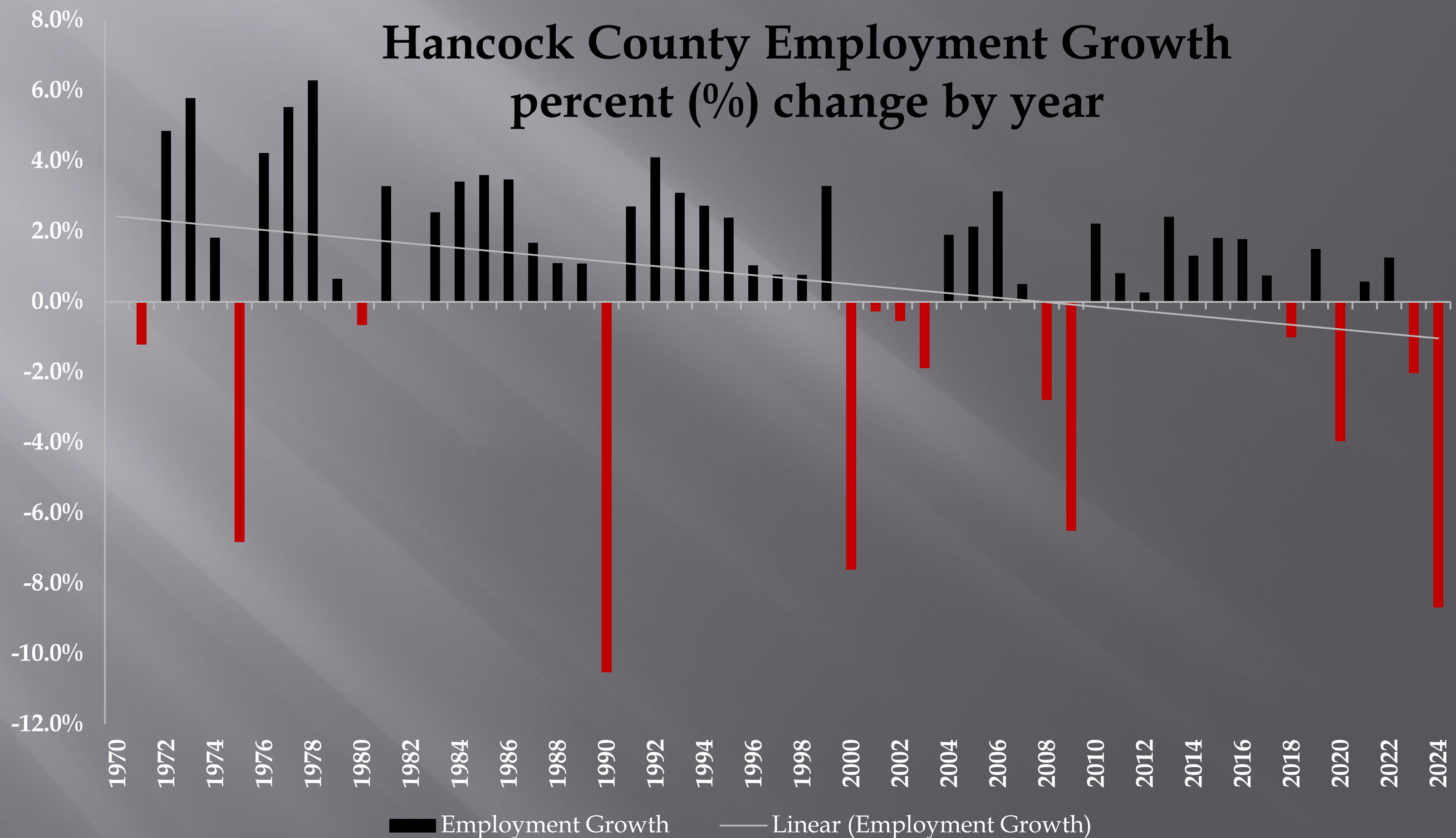


Economic Factors

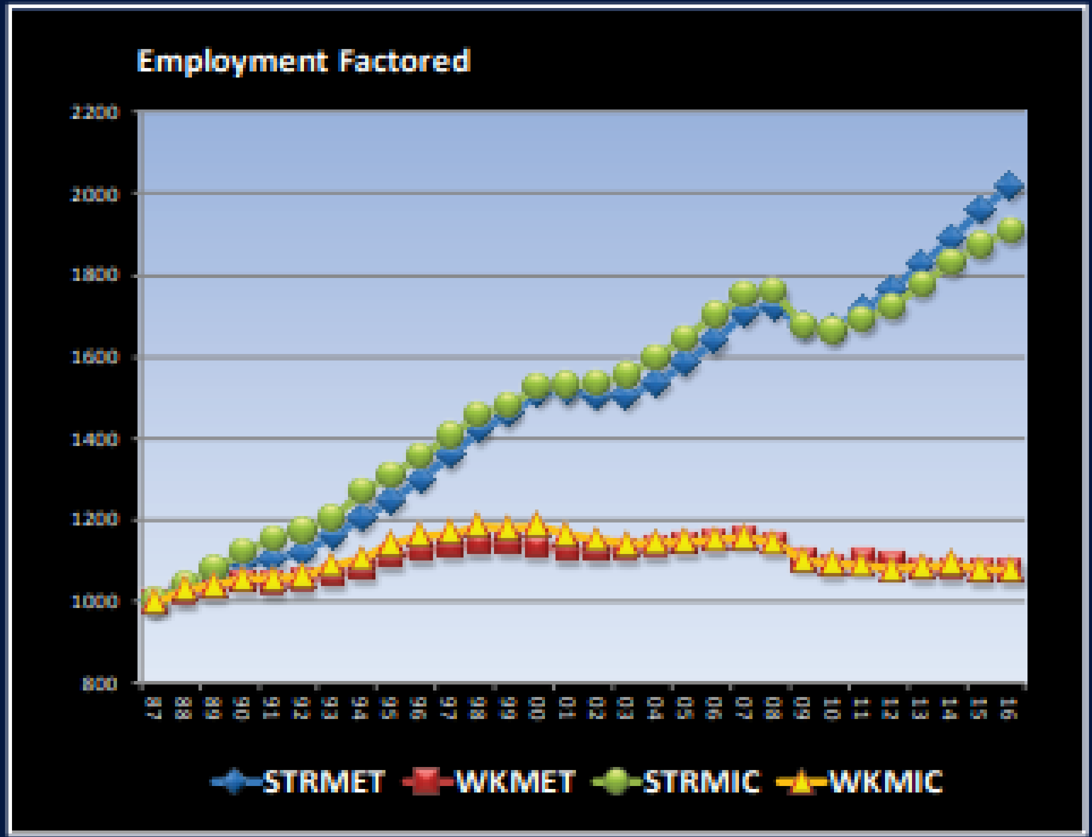
	Ohio	Findlay
Population estimate	-	40,313
Median household Income	$69,680	$57,344
Per Capita Income	$39,455	$37,744
Median home value (owner occupied)	$199,200	$183,300
Persons in Poverty	13.2%	13.6%
3yr Income Tax Growth*	-	4.1%
5yr Income Tax Growth*	-	4.9%

Source : US Census Bureau 7/1/25 and City Income Tax Department; *influenced by delinquent-deferred estimated business tax payments, one time business sale windfalls

Economic Factors

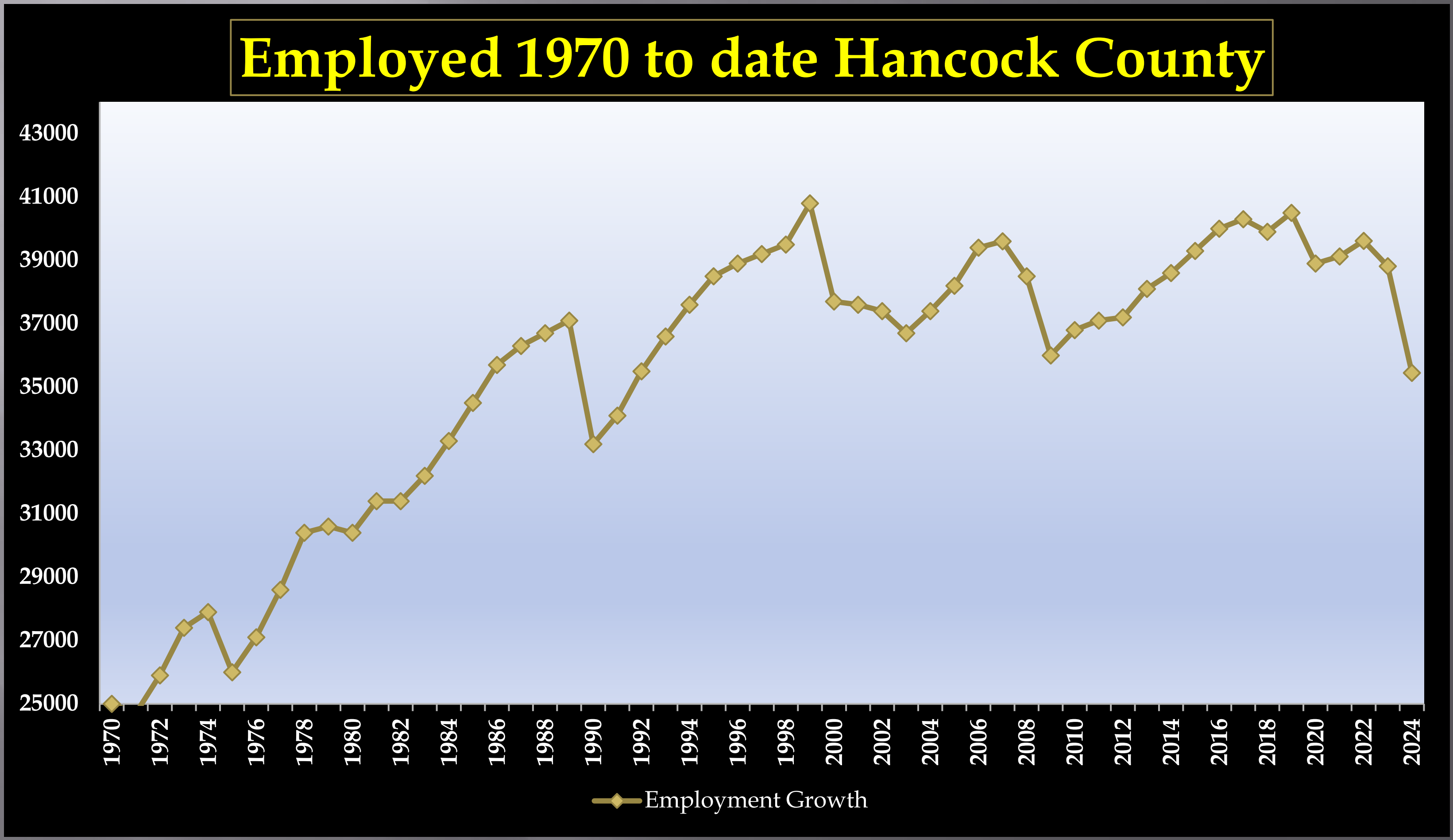


Job Growth Benchmarks



The strongest economies have had rapid consistent growth for a very long time.
(Average of the ten strongest and weakest areas – 1987-2016.)

Economic Factors



Items for Discussion

- How will Findlay work toward improving it's City Income Tax revenue growth rate?
- Flood mitigation has taken significant strides forward; however, no map redraw planned to allow for financial relief of the burden of insurance costs on Findlay's property owners. Council has not discussed this issue.
- The City of Findlay has a standing Strategic Planning Committee with opportunity to create a City-wide long term view of what types of business should be RECRUITED. It also needs to focus on contingency planning. A proper plan needs to include all three legs of the stool for the City's Government

Financial – Capital - Directional

2021 Income Tax

- City income tax running $1,800,000 (-5.6%) below projection of $32,320,800 as of 7/31/25
  - Withholding receipts down -7.7% y/y
  - Individual receipts up +11.7%
  - Business receipts down w -60.7%, October still to come
- Tax receipts have returned to their statistical norm
- Will be a reduced revenue budget which will result in a de-appropriation legislation from General Fund to the CIT Fund reducing the allocation that will not occur

FUNDS vs 50% budget as of 6/30

- General Fund — Revenue –3.0%
- SCM&R (subsidized): Revenue +1.7%
- Airport (subsidized): Revenue -5.5%
- WPC: Revenue +0.8%
  - Replacement & Improvement restricted account underfunded
- Water: Revenue +2.1%
  - No Replacement & Improvement restricted account
- Parking (subsidized): Revenue +3.3%

General Fund Revenues

- The original 2025 GF Revenue Budget is $35,770,430
- The potential operational deficit is $5MM-$8MM
- Mid-Yr. Receipts $16,824,900 or 47.0% of budget
  - Zoning +10.1%
  - Engineering -16.5%
  - Hotel/Motel tax -11.0%
  - Real Estate tax on budget
  - Local Government funds + 1.4% y/y -0.5%
  - Recreation -1.2%
- Projected 2025 year end carry forward is currently projected at $6,800,000 above the minimum reserve of $10,390,300

Health Insurance

- Health insurance benefit in current form is one of your best tools for hiring & retention of experienced quality employees
- Comparing Ohio cities, our average annual cost per employee is running **16.1% less** than other Cities
- Revamped plan in 2012, had an average of 857 bellybuttons covered, today covering 890

Debt

- Since 2011, outstanding debt of the City of Findlay has dropped from $1,106 per capita which was 4.5% of personal income to $116 per capita which is 0.31% of personal income
- Current debt policy allows for calling of our 2033 bonds in 2026. We will need to considering weather or not to call all or part early first quarter of next year. Calculations a few years ago indicated an interest savings of approximately $450,000

Liability Insurance

- City contracts an annual audit of its insurance coverages. The purpose being to identify omission, concerns and areas of importance with regard to our coverage.
- The report is prepared by 'Insurance Audit Independent Risk Management and Insurance Counsel'. Report and Executive Summaries are available for review (from City Clerk)
- Cyber theft limits are to have a limitation of approximately $3MM. **State of Ohio Cybersecurity Program Requirements:** This new law requires local governments to adopt a cybersecurity program appropriate for their needs subject to significant audit review in the coming year
- City has a $1MM Self Insurance Fund in place to aid in issues.
  - Environmental risk/liability is the area of greatest uncovered exposure (former dumps, gas stations, filled land, etc.) The city continues to acquire real property with known and unknown environmental risks

BEST PRACTICES

Role of the Finance Officer

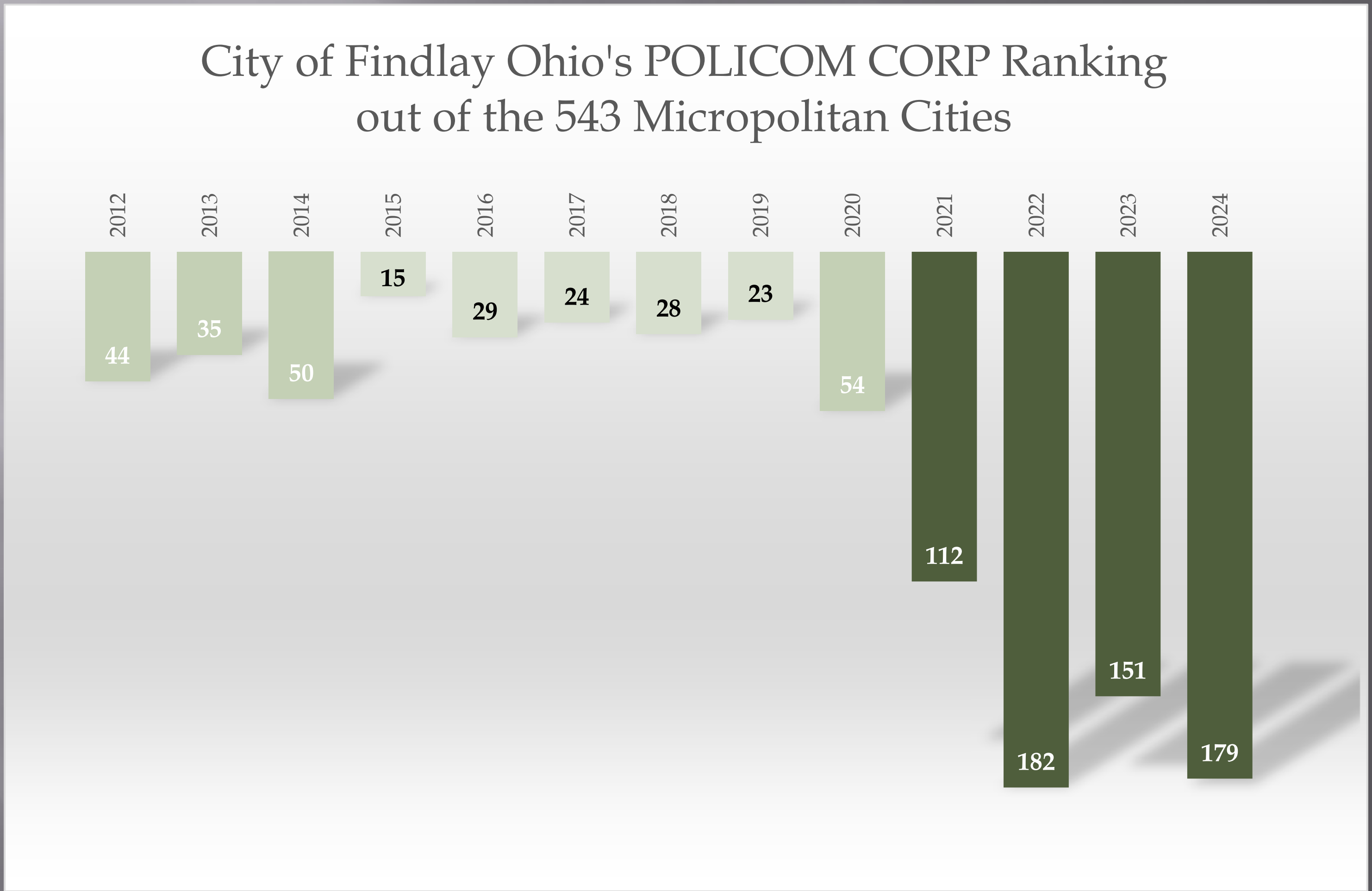
The finance officer should lead or be a key participant in the analysis of the economic and fiscal impacts, as well as the risks and uncertainties, associated with proposed economic development plans, strategies or individual projects.

Economic Importance

- **'Economic Strength' is defined by POLICOM as the long-term tendency for an area to consistently grow in both size and quality**
- ***Findlay has been sliding by this analysis and it should not be ignored***
- **Site Selection #1 eleven years running; however, is Findlay growing in a sustainable manner to retain our current tax rates and level of services?**

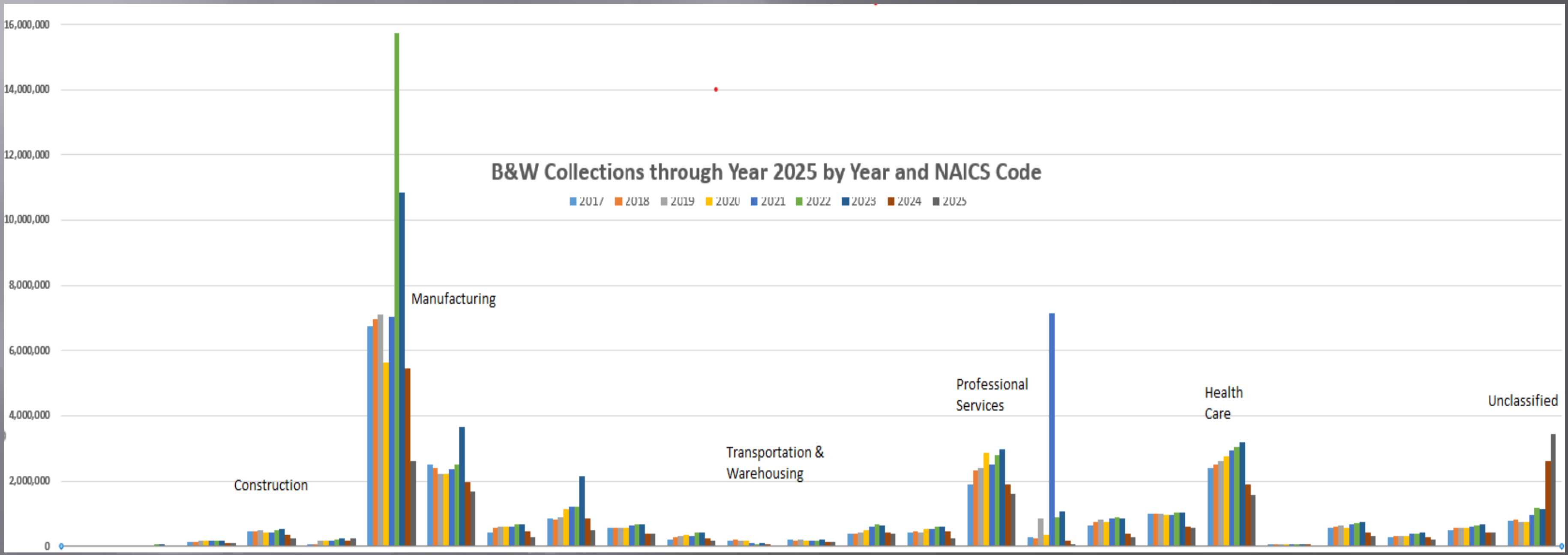
What does POLICOM say about Findlay's growth? …

Economic Importance



Economic Importance

Where does your City Income Tax come from?



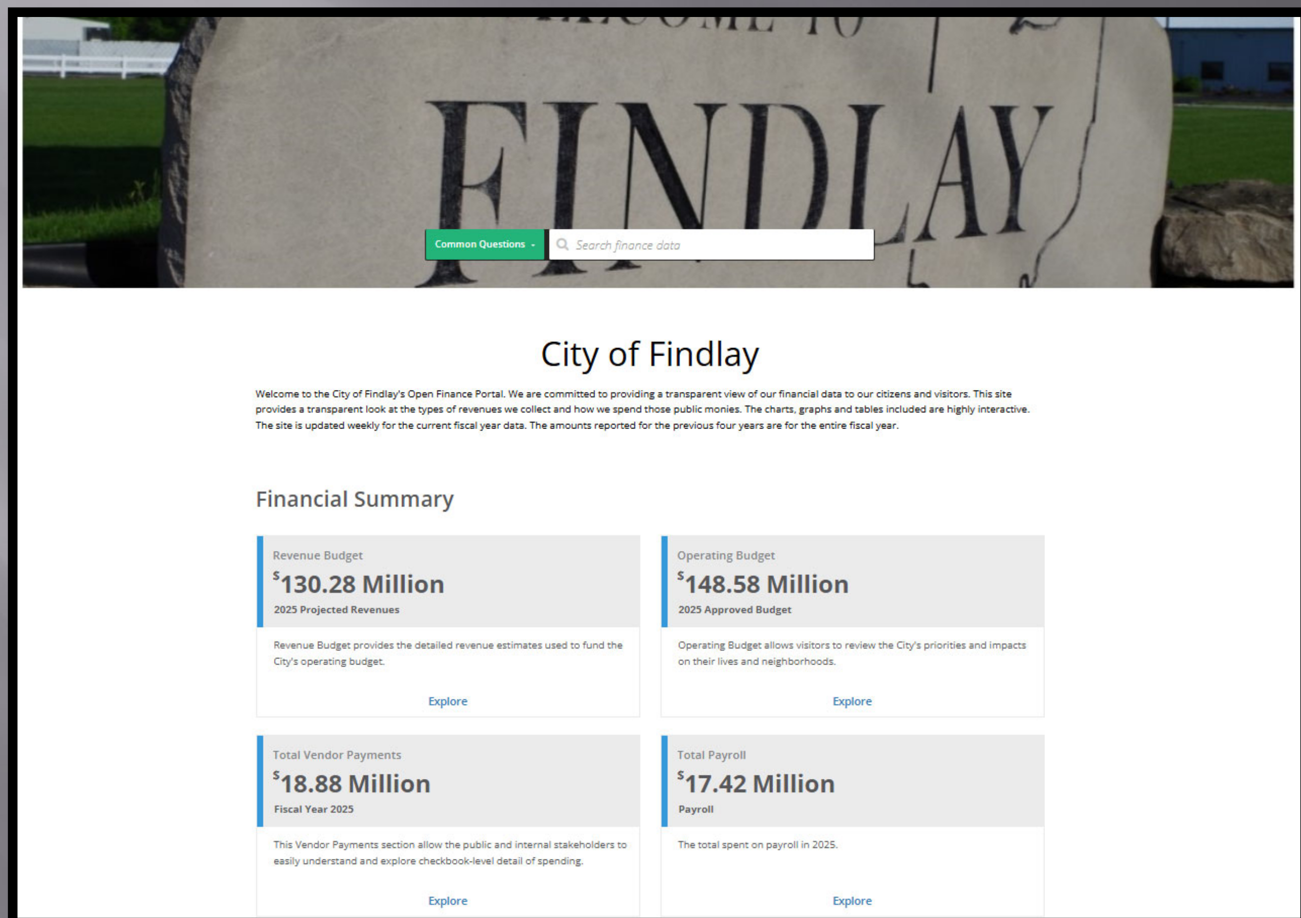
Opportunities to Improve

- Income tax revenue by SIC code gives insight into benefits of type of development generating most revenue today, manufacturing is greatest source; Council needs to utilize this information properly
  - Is our type of growth a positive for Findlay and regional economy?
  - It's clear Findlay has yet to grow employment beyond the peaks of the 1990s; type of development appears to be the main factor
- Proper contingency planning would demonstrate the City's ability to adjust to a future loss of a major employer or revenue source. Top 10 Employers has constantly changed and Findlay has no contingency plans

Legislation & Financial

- City Income Tax Fund is underperforming significantly; consider being cautious with spending until net business profit taxes are paid (October)
- General Fund carry forward balance projections have dropped significantly due to current spending, income tax year end performance will have a direct impact on final numbers
- Narrow focus on investments is misplaced and most assumptions are incorrect or counter to Ohio law.   Council needs to focus on the broader deficit spending and economic development issues
- Legislation needed - From: Severance Payout Reserve Fund to Severance Payout Reserve (22090000-personal services) $350,000

FindlayOhioFinances.com



Mid-Year Review

Questions?