



## AUDITOR'S OFFICE

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**JIM STASCHIAK II**  
CITY AUDITOR

Wednesday, May 05, 2021

Honorable Members of City Council

Members of Council,

This report is part of a continuous effort to disclose the status of the outstanding debt for the City of Findlay. As of December 31, 2020, the outstanding debt amounted to:

**TEN MILLION TWO HUNDRED EIGHTY-SEVEN THOUSAND DOLLARS**

The City of Findlay does not borrow monies for operating purposes. Outstanding debt generally represents financing for significant capital improvements.

This report, while not statutorily required, is unaudited and simply intended to inform. Please feel welcome to call if you should have any questions regarding its content.

Sincerely,

Jim Staschiak II  
City Auditor



# CITY OF FINDLAY - HANCOCK COUNTY OHIO

## DEBT SUMMARY AS OF FISCAL YEAR ENDING 12/31/2020\*

Account Number	Original Amount	Fund	Loan Date	Description	Principal Outstanding	Redemption / Call Date	Maturity Date	Interest Cost	Type
23035000	\$144,000	CIT-CI	12/31/04	CRYSTAL/MELROSE INTERSECTION	\$25,200	None	2024	0.0%	OPWC
23065000	\$149,663	CIT-CI	12/31/06	HOWARD STREET IMPROVEMENTS	\$41,157	None	2026	0.0%	OPWC
23060110	\$2,340,000	CIT-CI	08/20/16	HRC (CUBE) REHAB DEBT SERVICE	\$1,980,000	7/1/2026	2033	2.57%	GO
23060210	\$700,000	CIT-CI	08/20/16	CR 236 LAND DEBT SERVICE	\$575,000	7/1/2026	2033	2.57%	GO
23060310	\$3,355,000	CIT-CI	08/20/16	CR 236 WIDENING DEBT SERVICE	\$2,535,000	7/1/2026	2028	2.57%	GO
23056100	\$518,005	CIT-CI	06/30/11	ENERGY SAVINGS PROGRAM BOND 'B'	\$447,984	None	2026	5.40%	GO
<b>TOTAL CAPITAL IMPROVEMENTS (CIT-CI)</b>					<b>\$5,604,341</b>				
25051700	\$30,598	WATER	12/31/01	1ST, 2ND, 3RD, ST. WATERLINE	\$2,295	None	2022	0.0%	OPWC
25050200	\$138,775	WATER	01/01/03	MAIN STREET WATERLINE	\$10,442	None	2022	0.0%	OPWC
25050600	\$200,000	WATER	12/31/03	SHERMAN PARK WATERLINE	\$30,000	None	2024	0.0%	OPWC
25050800	\$200,000	WATER	12/31/05	BROAD AVENUE WATERLINE	\$45,000	None	2025	0.0%	OPWC
25050900	\$193,590	WATER	08/06/08	W MELROSE WATERLINE	\$77,436	None	2028	0.0%	OPWC
25050700	\$184,859	WATER	07/16/08	CR 144 WATERLINE	\$83,187	None	2029	0.0%	OPWC
25052600	\$3,656,097	WATER	10/27/05	WATER TREATMENT PLANT IMPROVEMENTS	\$1,491,316	None	2026	3.25%	OWDA
<b>TOTAL WATER</b>					<b>\$1,739,675</b>				
25060300	\$32,470,000	WPC	01/01/02	2000 EPA LOAN DEBT SERVICE	\$2,371,674	None	2021	4.36%	EPA, OWDA
25060200	\$3,597,546	WPC	08/30/01	2001 EPA LOAN DEBT SERVICE	\$520,311	None	2023	1.73%	EPA, OWDA
<b>TOTAL WPC (SEWER)</b>					<b>\$2,891,985</b>				
28020000	\$191,896	SPECIAL	09/10/12	2012 HUNTERS CREEK	\$42,000	None	2022	2.79%	GO
<b>TOTAL SPECIAL ASSESSMENTS</b>					<b>\$42,000</b>				
<i>Have stated for the record no plans to issue debt in near future</i>									
<b>TOTAL BOND ANTICIPATION NOTES</b>					<b>\$0</b>				
<b>TOTAL DEBT OUTSTANDING</b>					<b>\$10,278,001</b>				

\* Unaudited



# DEBT REVIEW 2021

Annual overview of the debt  
outstanding as of  
12/31/2020



## True Investment

In the public realm, we call a lot of "things" investments that really are not, a lot of "things" assets that are really liabilities. So when I say a "true investment" I am referring to an expenditure that has the following properties:

1. The expenditure has the potential to lead to an improvement of the city's financial position.
2. That improvement is measurable in terms of dollars.
3. The actual return in dollars is measured, accounted for and used to inform subsequent investments.

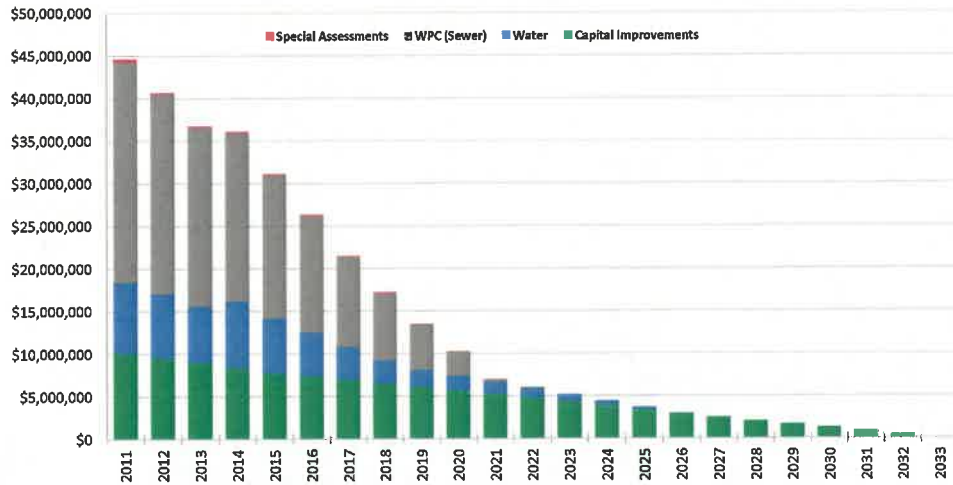
**Strong Towns - Investing Cheap Money**

Charles Marohn, September 9, 2014



# Debt Review 2021

## Total Outstanding Principal at Year End



05/06/21



# Debt Review 2021

**TOTAL DEBT as of  
12/31/2020**

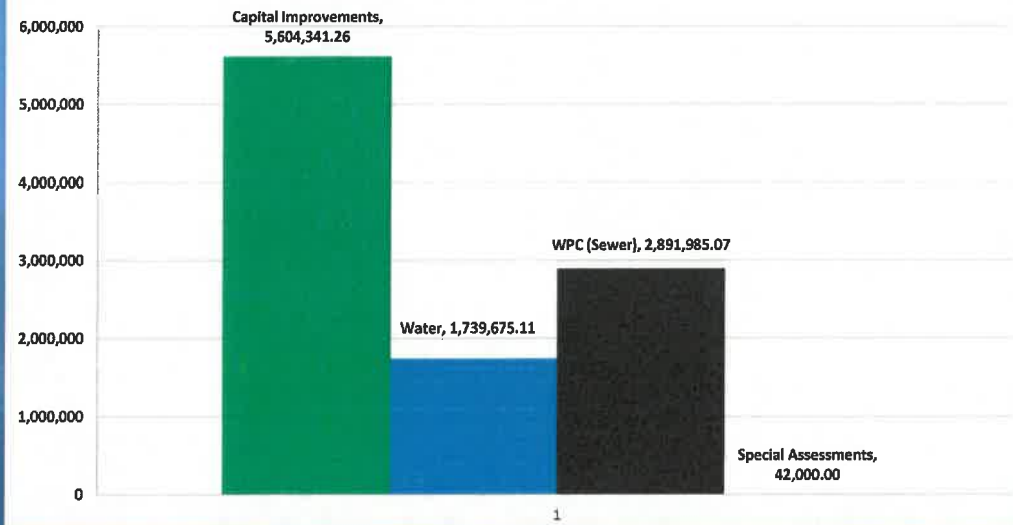
**\$10,287,001**

05/06/21



# Debt Review 2021

Total Outstanding Fund Debt as of 12/31/20



05/06/21



# Debt Review 2021

## □ DEBT IN GENERAL

- Debt service expense is paid before any other expense of the City
- City had stated it has no plans for additional debt in immediate future and is in a historically strong cash position
- Capital plan should note potential major projects up to 10 years in order to plan for debt capacity needed
  - *e.g. there are no major shovel ready projects; there has been little or no need for City funding of future jail costs and/or flood mitigation*
- Once 5-year operations forecast and long term capital planning in place the City could begin to project potential needs for future debt

05/06/21



# Debt Review 2021

## ▣ STRENGTHS OF CITY FINDLAY

- ▣ Re-funding of debt since 2011 took advantage of favorable market conditions post great recession
- ▣ City does not issue debt for annual basic capital needs and infrastructure maintenance, the City pays cash
- ▣ Been able to maintain and build high cash balances
  - ▣ 2022 could have largest projected cash balance ever
- ▣ Solid fiscal management by Elected Officials

05/06/23



# Debt Review 2021

## ▣ THREATS TO BOND RATING (like a credit score)

- ▣ Goodyear purchase Cooper Tire (3<sup>rd</sup> largest employer)
- ▣ Incomplete Comprehensive Strategic Planning (Includes financial, capital and overall goals)
- ▣ Median Household Income
- ▣ Real Estate Valuations
- ▣ State of Ohio approach to pension funding
- ▣ Economic Sustainability – e.g. POLICOM corporation ranking for Findlay falling steadily over last several years

05/06/23

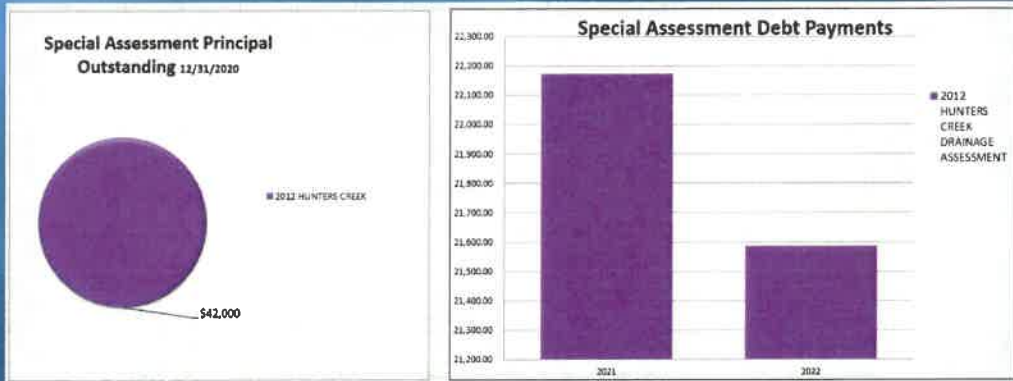




# Debt Review 2021

## □ SPECIAL ASSESSMENTS

- Special Assessments are paid through real estate tax collections; however, are fully backed by the City of Findlay



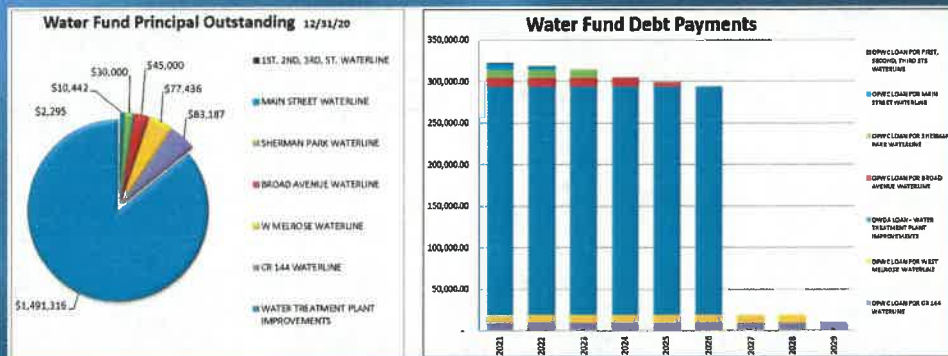
05/06/21



# Debt Review 2021

## □ WATER FUND

- Debt projected at 3.9% of available revenues for 2021
- Effectively debt free by 2027



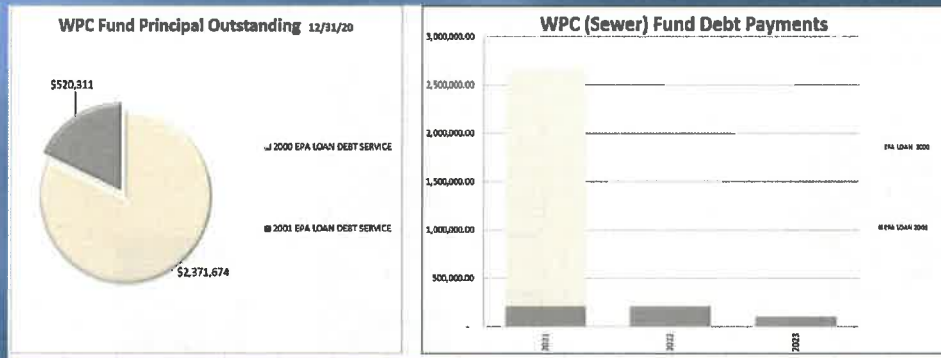
05/06/21



# Debt Review 2021

## WPC (Sewer) FUND

- The WPC Fund is almost debt free after 2021; an incredible legacy for our community!



05/06/21



# Debt Review 2021

## GENERAL CAPITAL IMPROVEMENTS

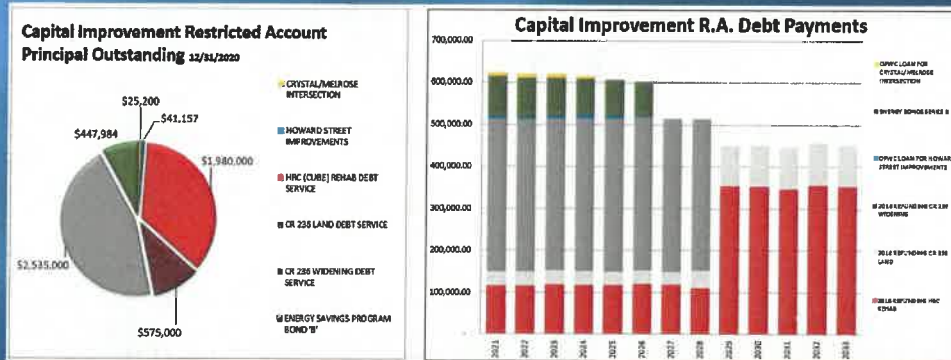
- Policy allows for 33% of revenue to be used for debt service
- Current allocation is 20% of net City Income Tax
- 2021 debt payments 15.3% of revenue, Council policy states not to exceed 33% of revenue
- Next opportunity to call (refi) or redeem in 2026

05/06/21



# Debt Review 2021

- ▣ CIT Fund - Capital Improvement Restricted Account
  - Debt projected at 15.3% of available revenues for 2021



05/06/21



# Debt Review 2021

**Tax Increment Financing or TIF** is a method to use future gains in taxes to subsidize current improvements, which are projected to create the conditions for said gains.

*LESSON: What mechanism could have been in place to ensure commercial development in the TIF Area was a priority?*



05/06/21



# Debt Review 2021

## ▣ COUNTY RD 236 TIF

▪ Original Loan Principal 2008	\$4,055,000.00
▪ Principal Balance 12/31/20	\$3,110,000.00
▪ TIF Payments Received 2020	\$143,477.30
▪ Debt Payments made 2020	\$409,504.00
▪ <b>SHORTFALL</b> covered by City	<b>\$2,199,009.75</b>
<small>(Amounts owed to CIT Fund-C.I.R.A. &amp; County Permissive)</small>	

05/06/21



# Debt Review 2021

## This, That & Some History

- Recession and low rate environment allowed for debt savings of approximately one million dollars since 2011 through the refunding of multiple debt issues
- A very large cash payment on principal balance in 2008 was a major part of reason the 2010 temporary ¼% income tax increase was necessary
- ESID legislation was passed in 2016 with the intention of not taking on debt for this program by the City of Findlay for private sector use
- Findlay City Council currently has no long term operations forecast, long term capital plan or strategic contingency planning. There have been no discussions on any debt issuance. Best Practices dictate fiscal and strategic planning should be complete prior to decisions being made that have a long term impact.

05/06/21