



# PRE-2022 BUDGET

Information for discussion prior to  
preparing the 2022-2023 Operations  
Budget



# PRE-2022 BUDGET



**“If you fail to plan you are  
planning to fail”**

**- Ben Franklin**



# What does it mean to have FISCAL HEALTH?

- ▣ Healthy Reserves on ALL key Funds
- ▣ Prudent Fiscal Policies
- ▣ Monitor Revenue & Control Expenses
- ▣ Maintain Manageable Debt
- ▣ Financially Compliant
- ▣ Plan Strategically



*It's not just spending it's planning and managing*



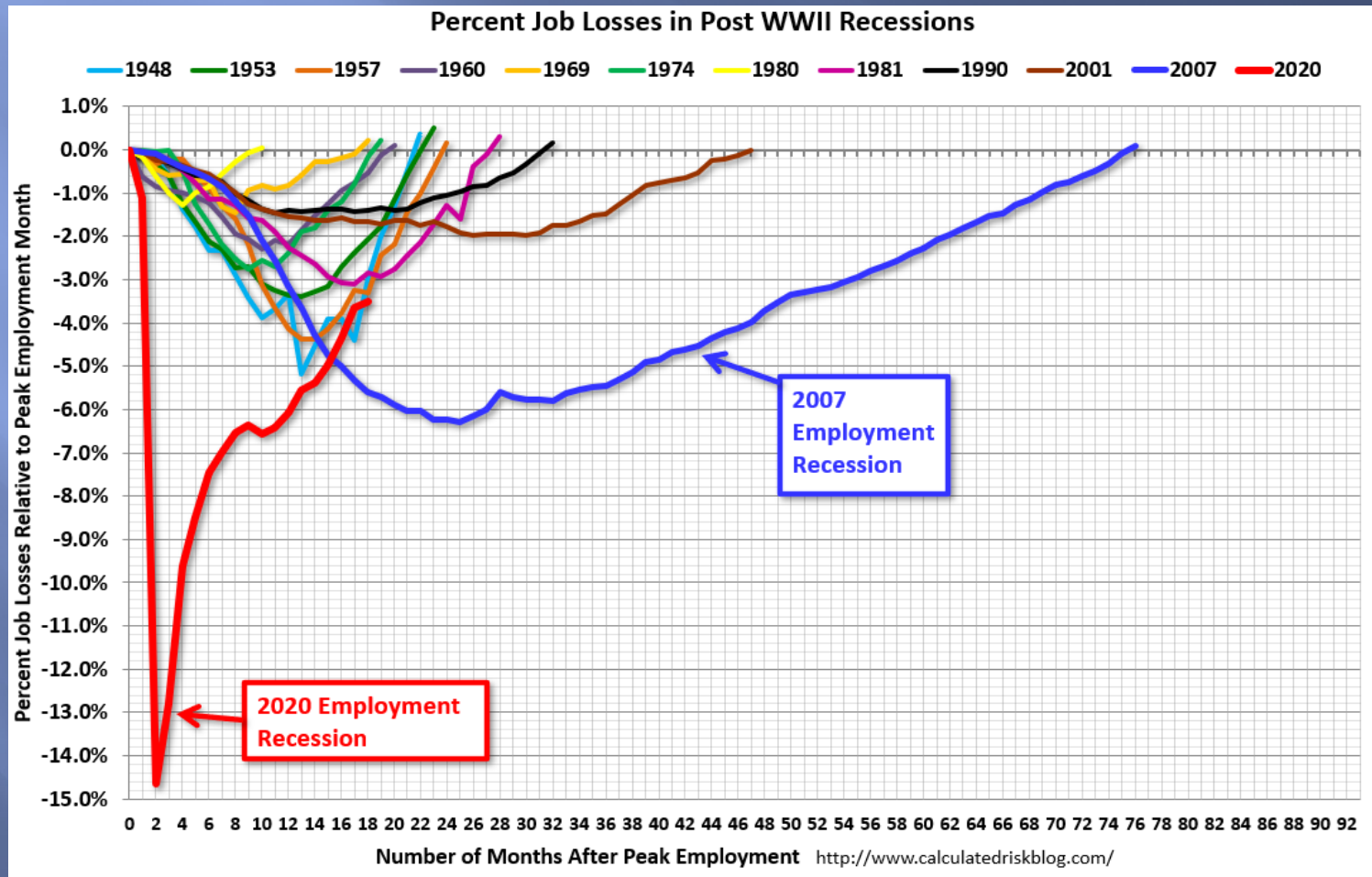
# Economic Pressures

## Economists are talking about...

- Still COVID
- Recovery and ongoing, supply chain issues, short term inflation
- Uncharted monetary policy territory – “epic experiment” Frontline 7/13/21
- “The labor shortage is actually a wage shortage” except in hospitality, food, & retail Star Ledger 7/30/21



# GFOA Planning Components





# Economic Pressures

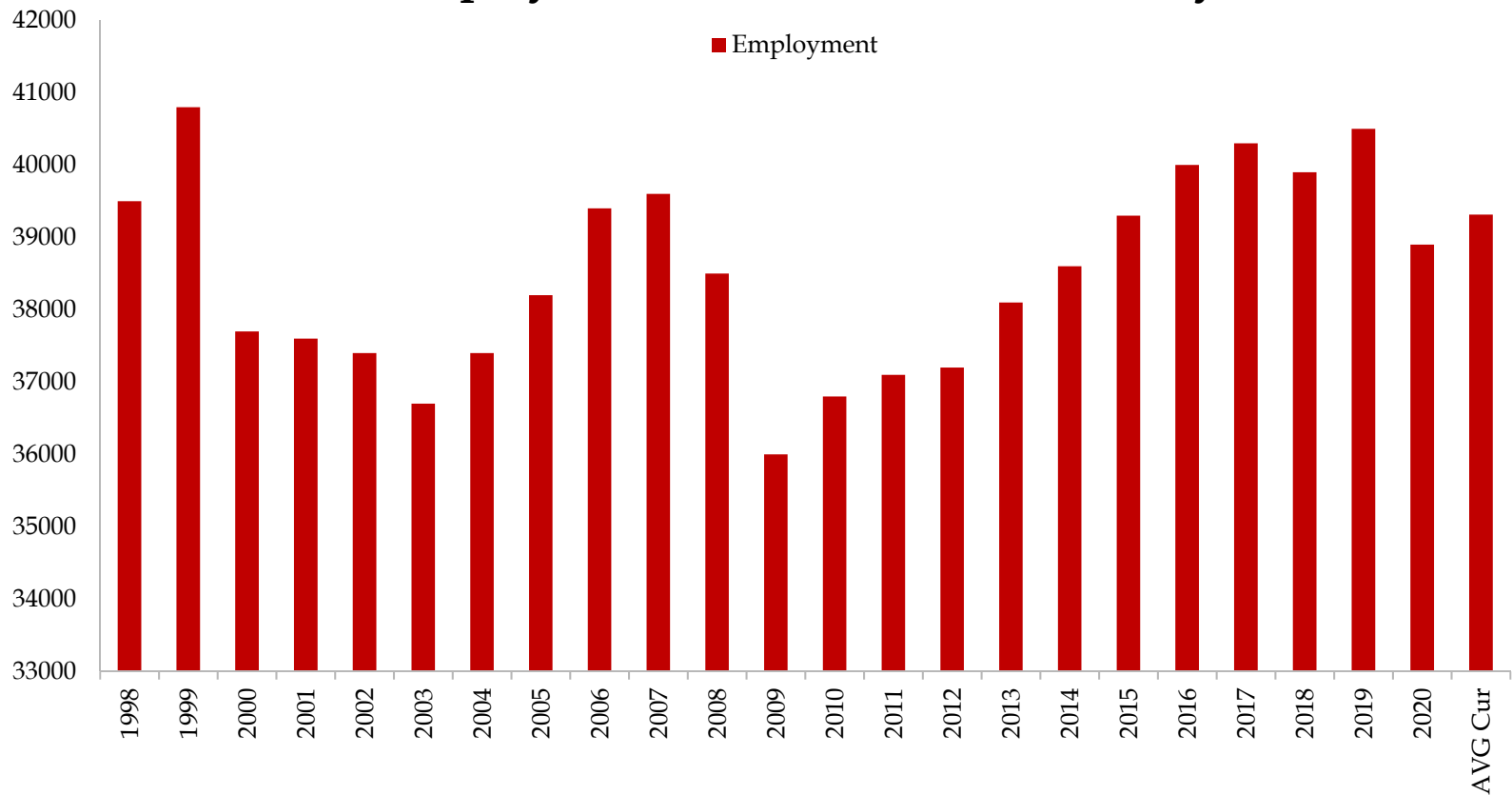
## Revenue Questions??

- State Rep talking about elimination of municipal income tax
- Work from home impact on Withholding
  - Lawsuit and refunds
- Changes at Major Employers
  - Significant local impact
  - Are jobs leaving community?



# GFOA Planning Components

## Employed 1998 to date Hancock County



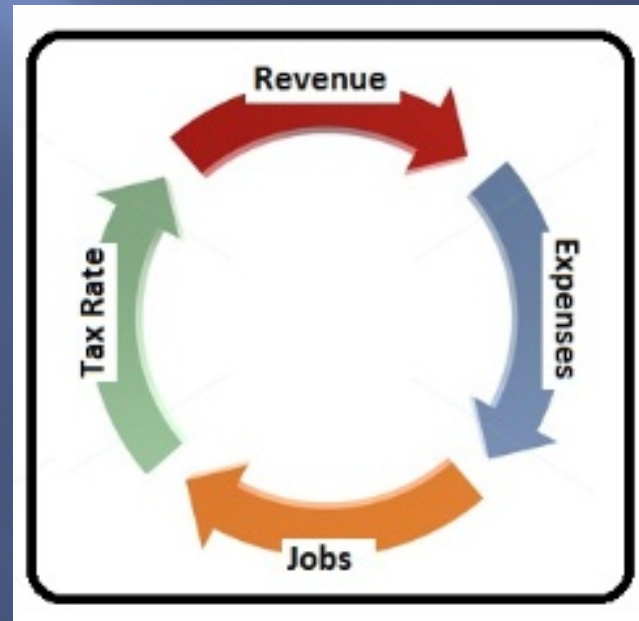


# Labor & Wages

To increase income tax revenue over long term:

- Must increase wages and or number of Jobs or
- Increase Tax Rate

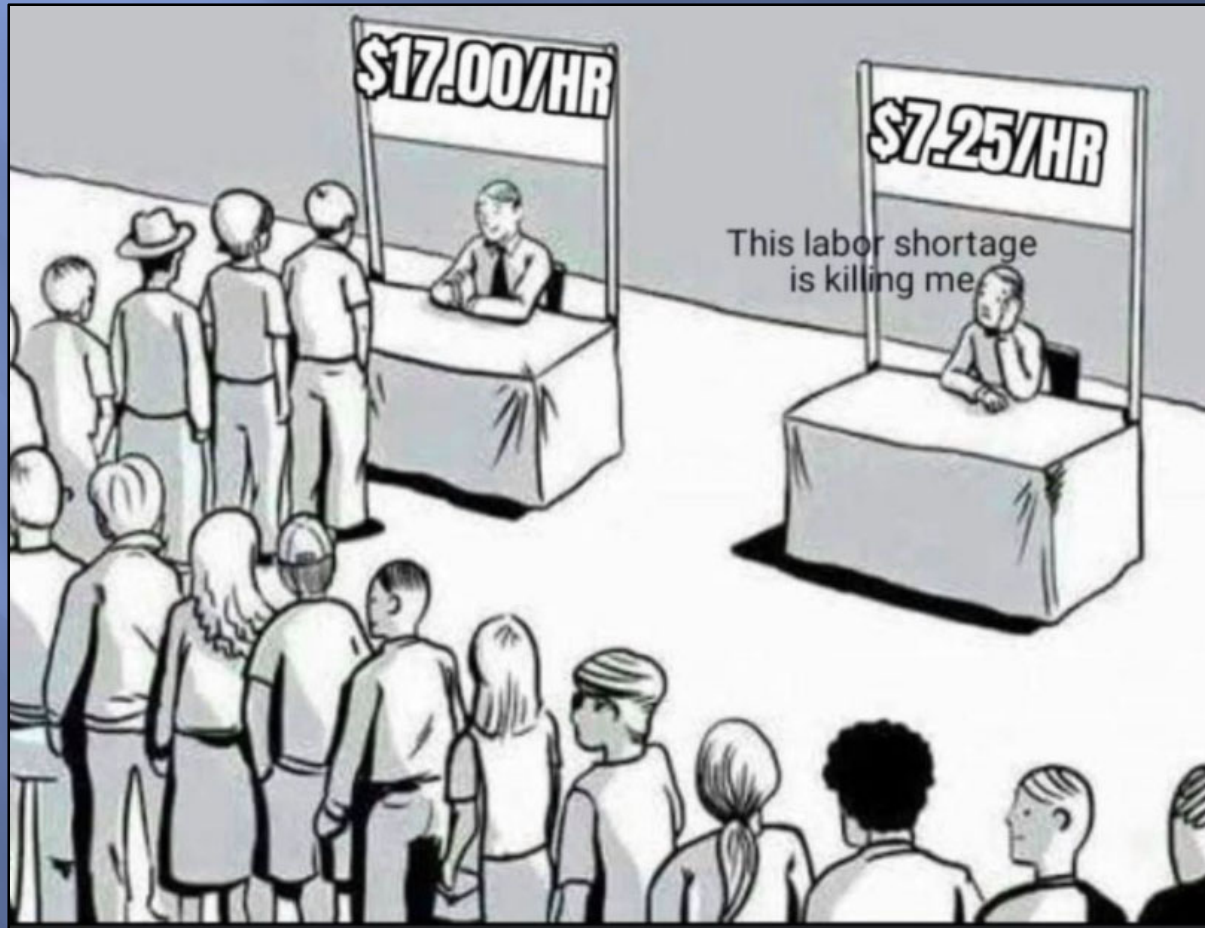
*Which is preferable?*





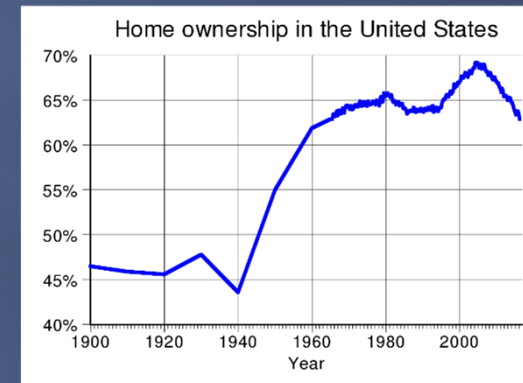


# Labor & Wages





# Labor & Wages



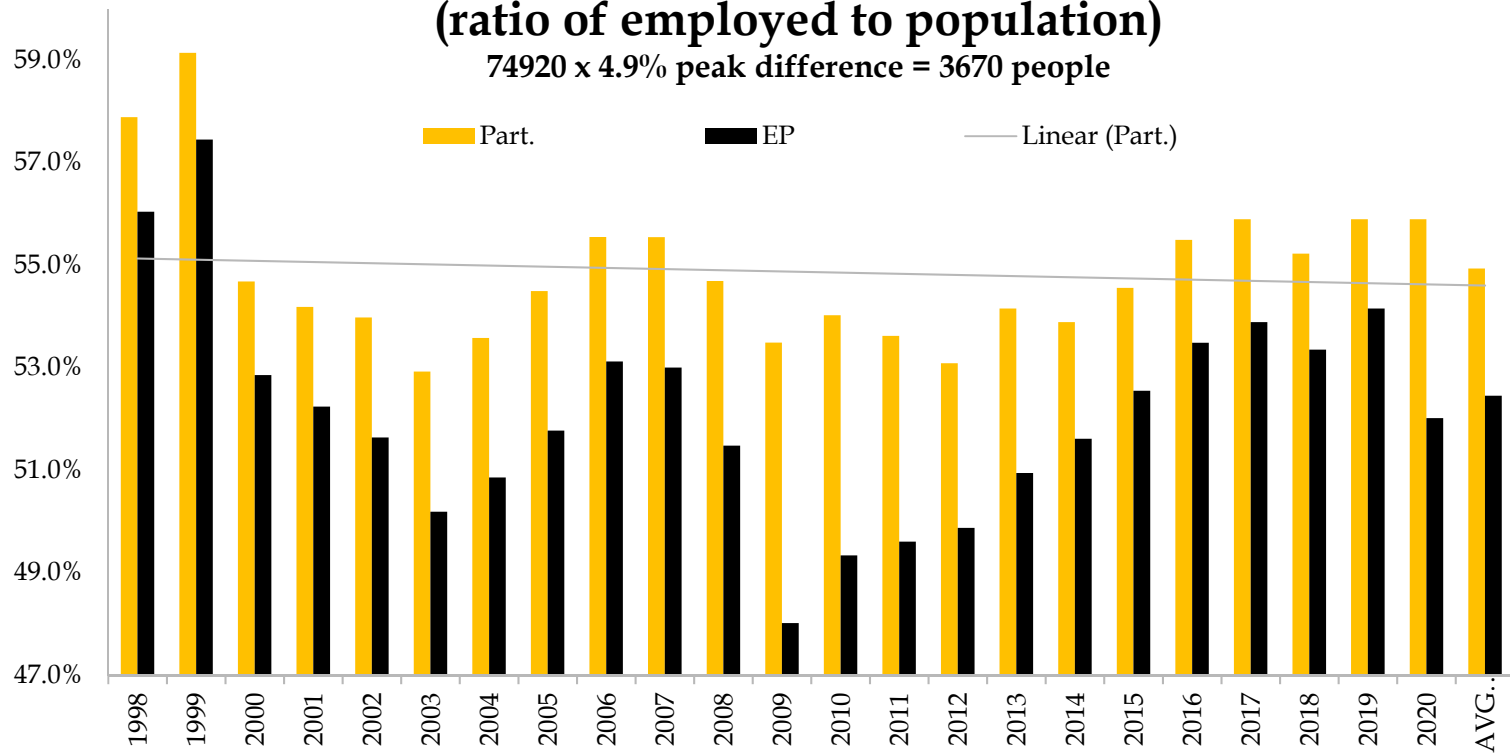
Very old issue, is home ownership a better solution? Post WWII a historic example, lots of modern approaches such as micro houses



# GFOA Planning Components

## Participation & Employment Population Ratio (ratio of employed to population)

74920 x 4.9% peak difference = 3670 people





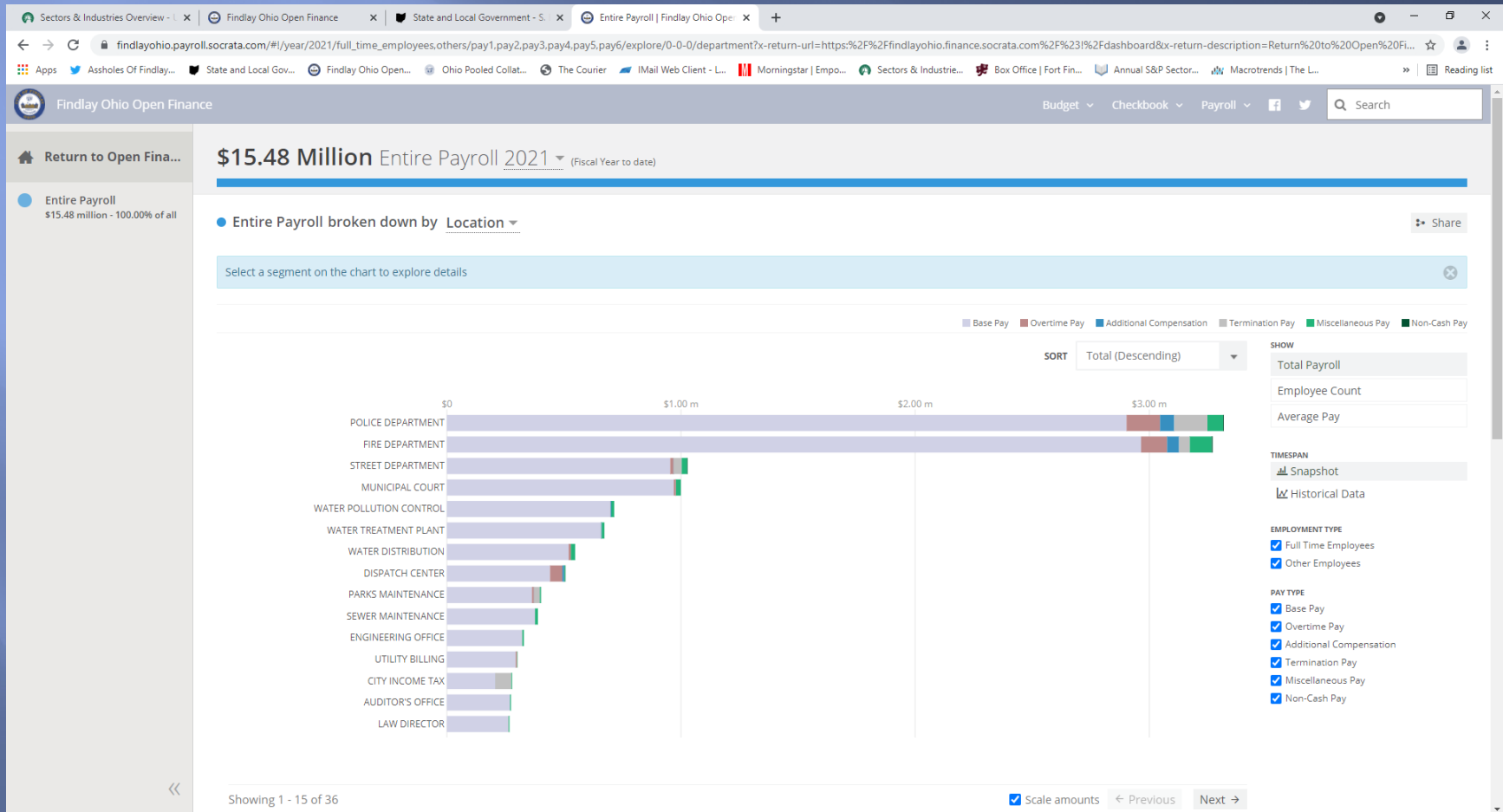
## Extreme Economic Importance

### ▣ Let's Make No Mistake...

- It is the business community's job to make money
- It is the City Council's job to set policy parameters *(such as zoning)* which ensure development and growth benefits the entire community



# Labor & Wages





# Labor & Wages

	2021	2020	2019	2018	2017	2016
Retirees	9	7	15	9	6	7
Ret-Rehire	0	1	2	1	0	1
Resignations	7	6	13	10	7	8
% of total	4.9%	4.1%	8.9%	6.0%	4.0%	4.8%

- ▣ 2022 wages being calculated using 4.55% base pay increase
- ▣ 2023 wages being calculated using 6.00% base pay increase
- ▣ Severance payout reserve will be reviewed during budget process currently known to be \$1.5MM obligation through 12/31/22; projected year end balance is \$1.2MM

Payroll on Transparency Site:

<http://www.findlayohiofinances.com>



# Planning Components

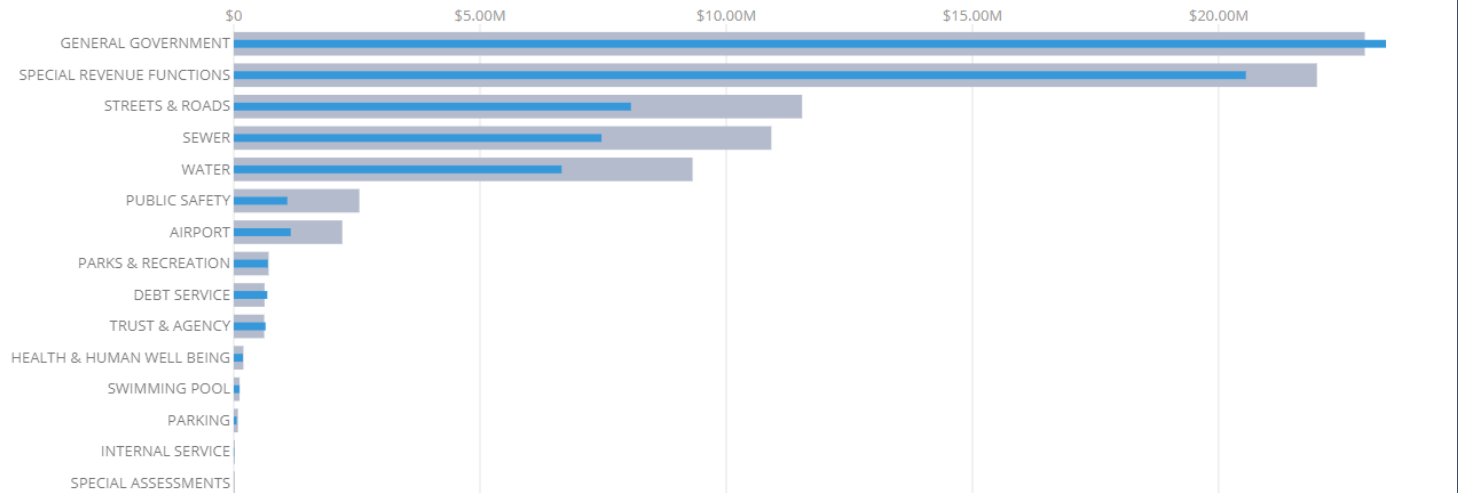
**\$83.88 Million** Revenue Budget 2021 ▼ January through December 2021

Where's it From? How's it spent?

Revenue Budget broken down by **Function** ▼

Select a segment on the chart to explore details.

[← Back](#)





# Planning Components

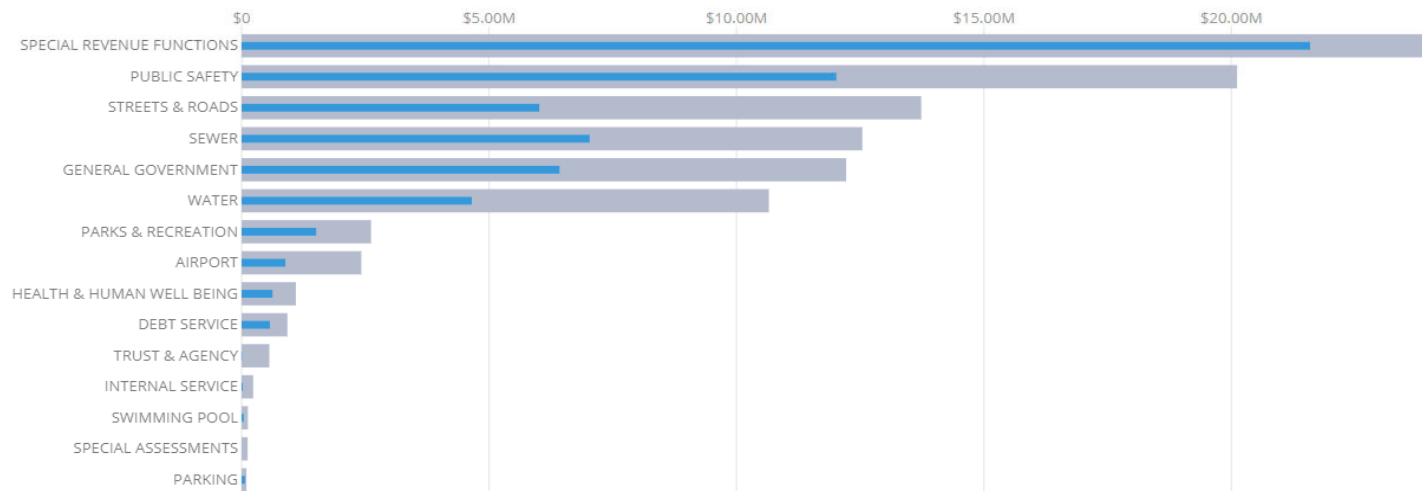
**\$101.45 Million** Operating Budget 2021 ▼ January through December 2021

[Where's it Going?](#) [How's it funded?](#)

● Operating Budget broken down by [Function](#) ▼

Select a segment on the chart to explore details.

[← Back](#)







# General Information

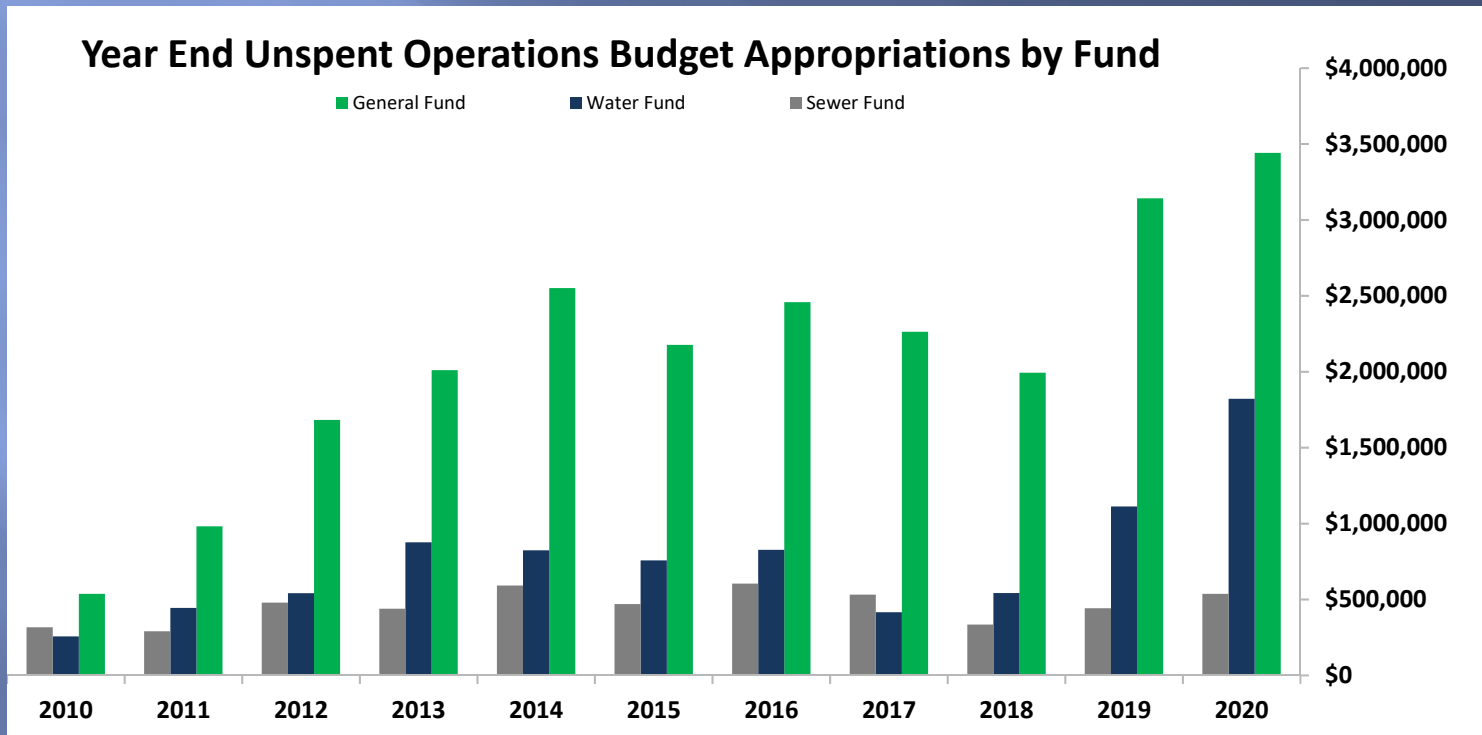


- ❑ ARPA Funding will help cash carry-forward
- ❑ Capital Improvement allocation proposal by administration is 20% of City Income Tax Receipts as part of 5-year Capital Plan. i.e. 80% General Fund 20% Capital Improvements Account.
- ❑ General concerns for Hotel & Motel receipts (-16% below 2019) as well as the local small businesses such as restaurants
- ❑ General Fund Expenses 2022 to date
  - No reduction in appropriated expenses has been made, City Council is relying on the Administration to reduce spending without setting strict guidelines
  - City Auditor has very limited view of expected year end expenses until each department enters expected expenses as part of the budget process; however, expense projections reflect fully spent appropriations which differ from actual ending numbers (see Unused Operations Appropriations graph)
- ❑ Expecting large General Fund carry-forward balance going into 2020

*\*Auditor will continue to adjust numbers through year end*



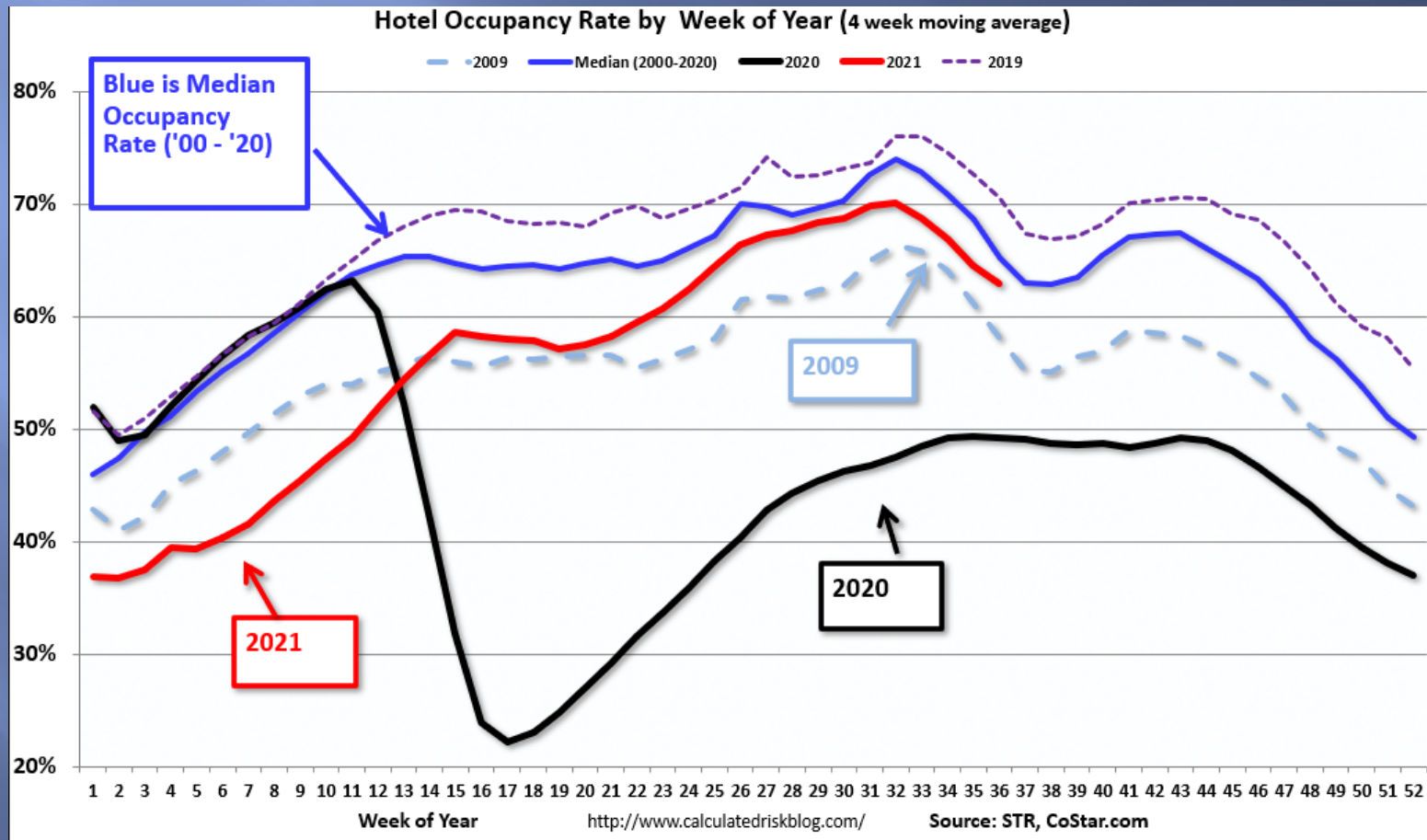
# Cash Carry-Forward



Best Practices state an acceptable amount of carryforward should be determined as a component of an ongoing policy



# GFOA Planning Components

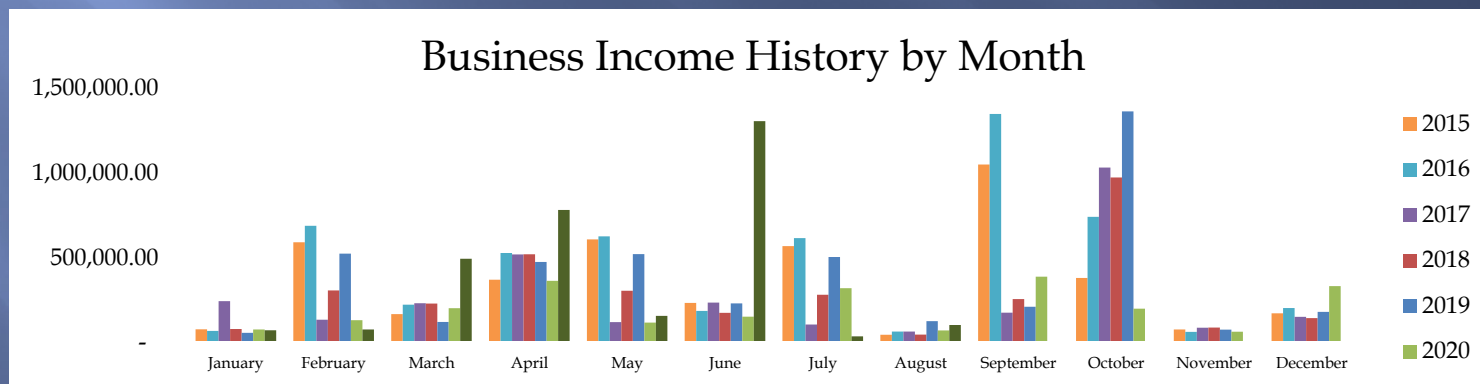




# General Information



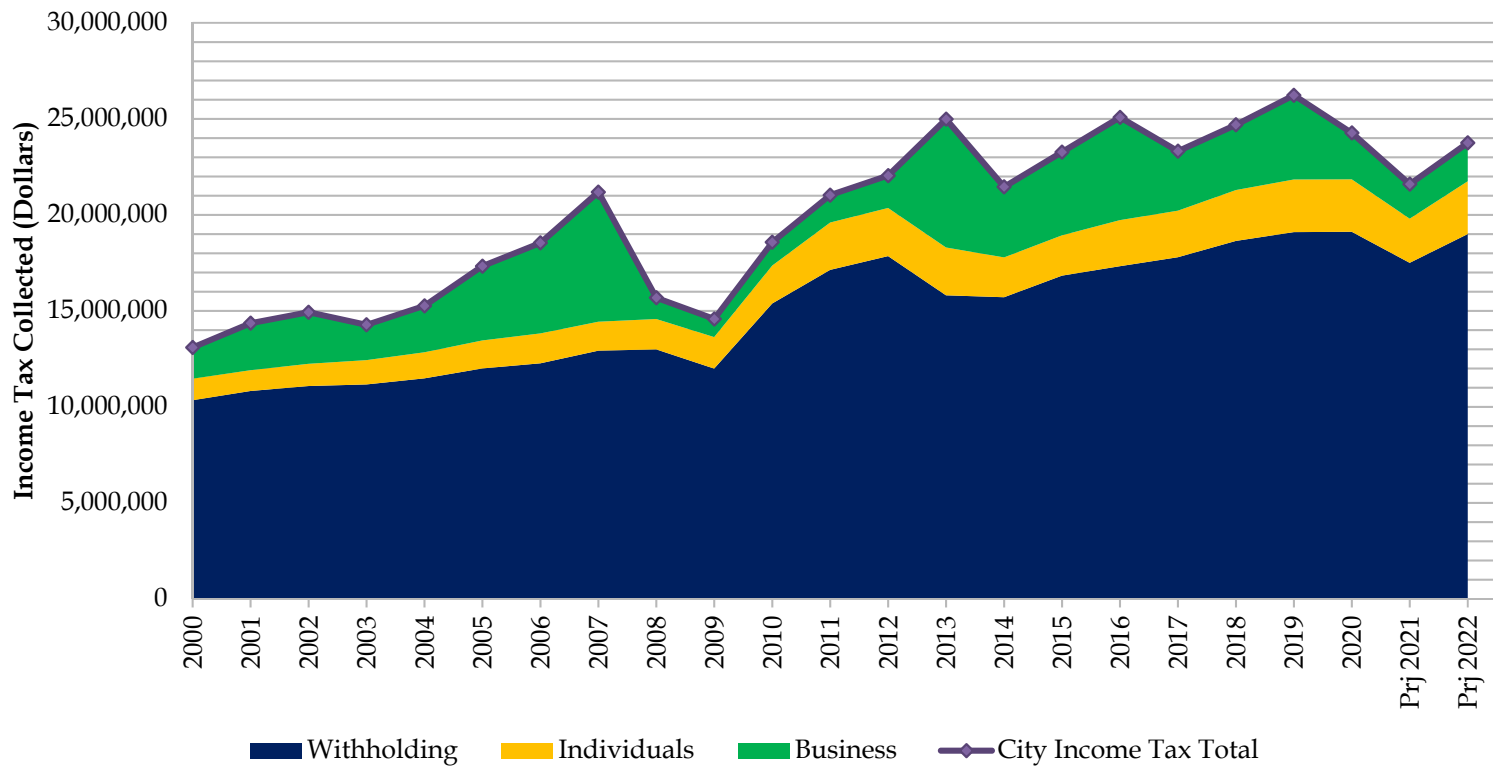
- Projecting 2022 revenues will be a major challenge, *Auditor will continue to adjust numbers through year end*
- City Income Tax
  - Total City Income Tax receipts up significantly from Auditor's original budget projection primarily due to unusually high business receipts
  - Lawsuits regarding payment of W2 income tax to Municipalities when working at home





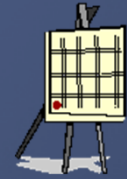
# GFOA Planning Components

## Findlay Income Tax Collections 2000-Present





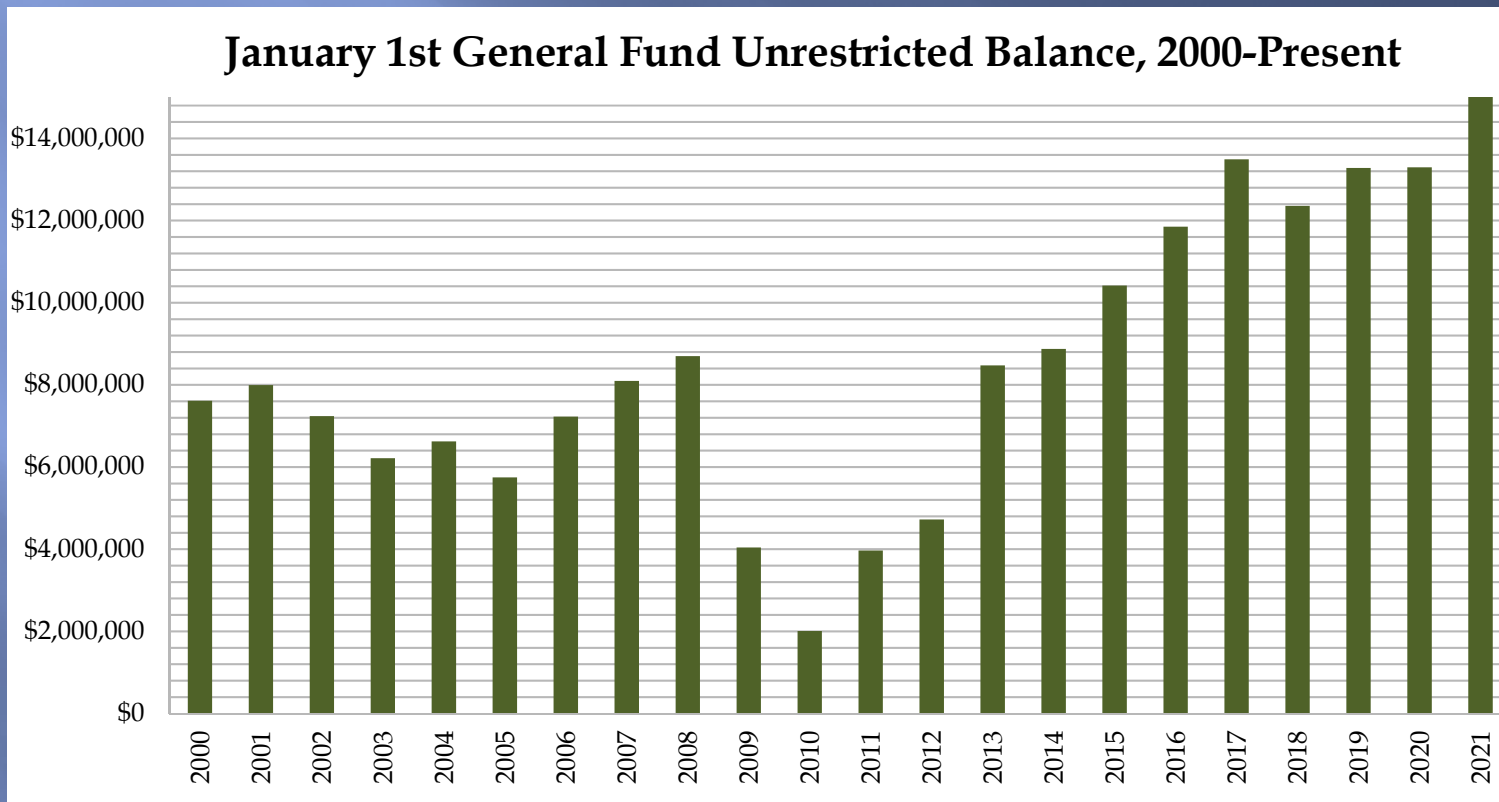
# GFOA Best Practices



It is essential that a government maintain adequate levels of working capital in its enterprise funds to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenses) and to ensure stable services and fees... governments should start with a baseline of ninety (90) days worth of working capital and then adjust the target based on the particular characteristics of the enterprise fund in question...



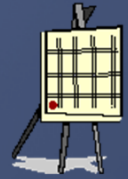
# Budget History



*How does this impact ARPA?*



# Other Projections

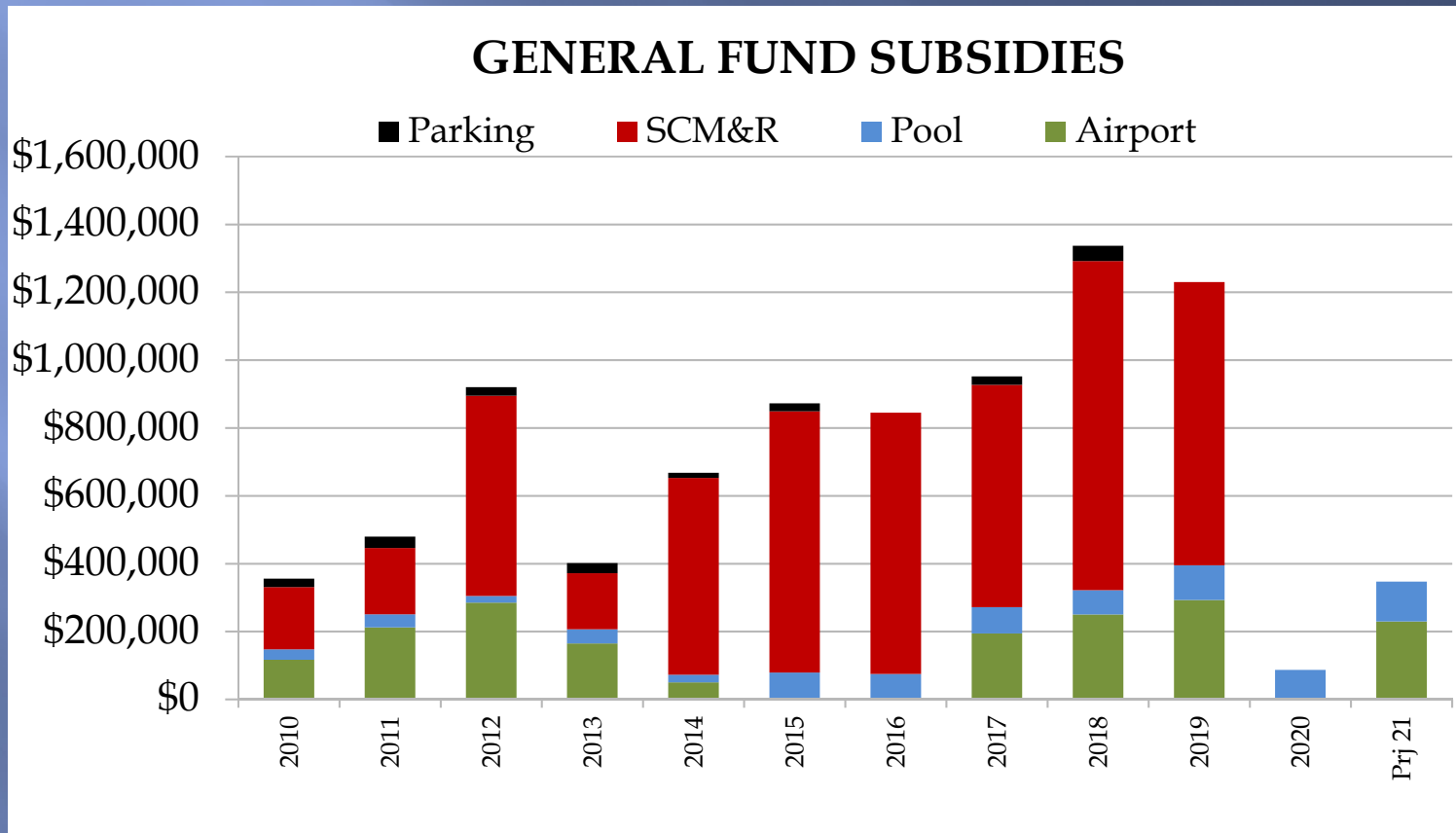


- General Fund projected at \$11.4MM (ARPA and Business tax should increase this number); legislated 2-month minimum reserve of \$5.0MM Auditor recommending formalizing 3-month minimum of \$7.5MM
- Year-end projected unrestricted cash balance of the Water Fund is \$6.2MM Auditor requesting review to consider creating a “Restricted Replace & Improvement Account” as well as recommendations presented to Council on July 17, 2020
- Year-end projected unrestricted cash balance of the WPC (Sewer) Fund is \$7.6MM. Auditor requesting review to consider funding of the “Restricted Replace & Improvement Account”





# Historic Trend

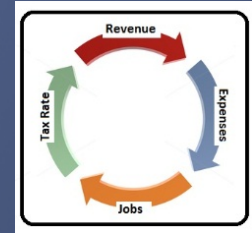


*Note: State gas tax increases eliminated SCM&R subsidies*



## LARGE INCENTIVES/GRANTS

- ❑ City Auditor has not been made aware of any large grants being applied for in 2022 or 2023 that should be considered as part of revenue projections
- ❑ A process should be implemented that provides updates regarding the major CRA projects and special or large grants requested and approved by City Council for the elected officials



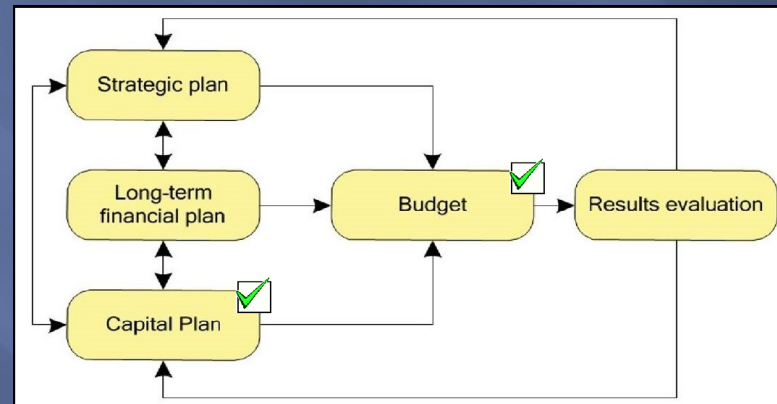
What discussions should Council have prior to finalizing a budget?

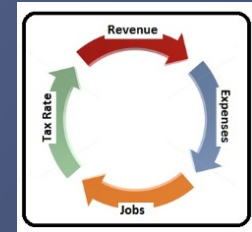




# Council's Fiscal Process

*Having an item listed in budget or capital plan should not exclude it from a proper review process with regard to the City Council's Strategic and Long Term Financial Plans*





*The 2022 and 2023 budgets will be created simultaneously; process shows short term sustainability of spending priorities. Findlay's 'AA stable' bond rating can be protected with proper planning. Council must affirm the likely Capital Improvements allocation before budgets started*

- 2-Night review of full budget, starting time & schedule to be determined 12/15 & 12/16 or a single night on 12/15
- Wage tables currently being calculated at +4.55% and +6.00% (if Council wants something different Auditor needs information quickly)
- Capital Allocation to be \_\_\_% for 2020 and \_\_\_% 2021



# Questions?

