



MUNICIPAL BUILDING
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To: Mayor, Members of Council and City Administrator

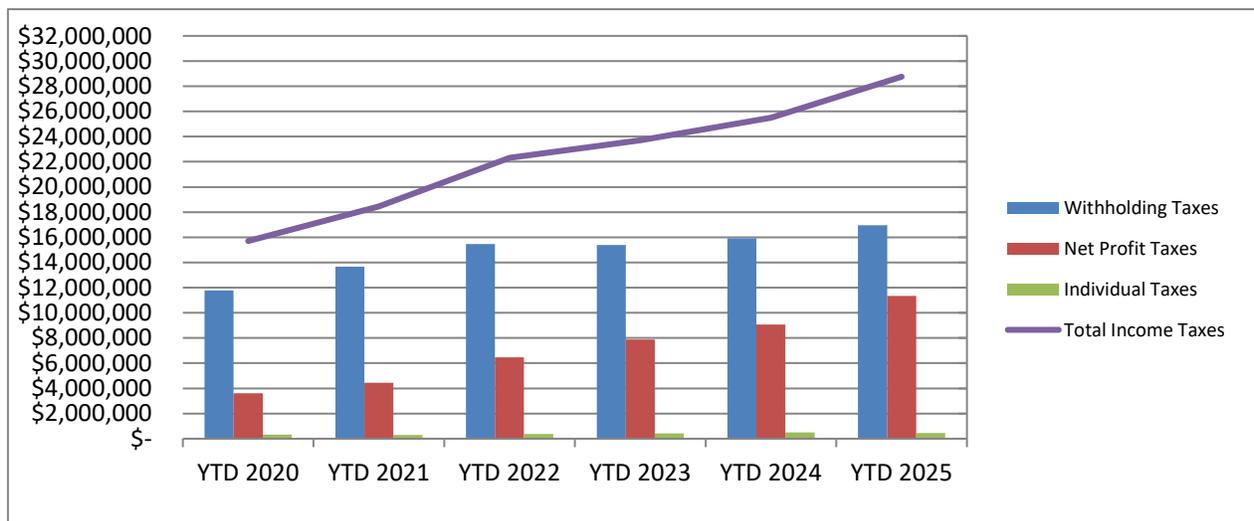
From: Jason Carr, CPA, Finance Director

Date: March 23, 2026

RE: Financial Updates

Income Taxes

The following is a breakdown of income tax collections by component and total noting the City levies a 2% income tax with a 100% credit up to 2% for residents who live in the City and may work outside:



Year Ended December 31,	2020	2021	2022	2023	2024	2025
Withholding Taxes	\$11,770,623	\$13,678,086	\$15,470,402	\$15,390,762	\$15,923,005	\$16,963,748
Net Profit Taxes	3,619,809	4,456,571	6,467,472	7,888,708	9,082,865	11,346,242
Individual Taxes	314,913	310,937	379,186	428,664	489,574	447,153
Total Income Taxes	15,705,345	18,445,594	22,317,060	23,708,134	25,495,444	28,757,143
% of Net Profit Income Taxes to Total Income Taxes	23.05%	24.16%	28.98%	33.27%	35.63%	39.46%

NOTES FOR TABLE:

Withholdings = Income taxes withheld from individuals who work within the corporate limits.

Net Profits = Income taxes paid by businesses from revenues exceeding expenses after considering adjustments.

Individuals = Income taxes paid by residents who did not receive credit from taxes paid to another municipality or those who live and work in the corporate limits.

Income Taxes (Continued)

Income tax growth can be attributed to increased employment and profitability for businesses primarily located in the City’s industrial park (warehouses). Based on the components of income tax collected, net profit taxes now represent 39.46% of total 2025 income tax collections noting one company accounted \$12,247,186 in net profit payments since 2020. Furthermore, 2024 and 2025 net profit payments totaling \$9,308,483 from this one company are still considered estimated tax payments and a portion may be subject to refund once tax years 2024 and 2025 tax returns are finalized.

Through March 2026, income tax collections were as follows:

<u>Payment Type</u>	<u>YTD Mar. 2026 Amount</u>	<u>YTD Mar. 2025 Amount</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Withholding	\$4,842,108	\$4,137,392	\$704,716	17%
Net Profit	1,840,736	3,068,343	(1,227,607)	(40%)
Individual	51,593	78,010	(26,417)	(34%)
Total	\$6,734,437	\$7,283,745	(\$549,308)	(8%)

Income tax revenues allocated through March 2026 were as follows:

Fund	Gross Income Taxes	Allocation
General	\$5,692,396	85%
Rainy Day	37,500	\$12,500 per month
Debt Service	334,847	5%
Capital Projects	669,693	10%
Total	\$6,734,437	

Debt Service Activity

The following is a summary of debt proceeds received since 2020:

Debt Description	2026 Debt Proceeds	2025 Debt Proceeds	2024 Debt Proceeds	2023 Debt Proceeds	2022 Debt Proceeds	2021 Debt Proceeds	2020 Debt Proceeds
Bond Anticipation Notes	\$7,850,000	\$6,000,000	\$2,500,000	\$1,500,000	\$1,500,000	\$0	\$0
G.O. Bonds	0	0	0	0	0	7,573,000	3,026,000
Interfund Loans	0	0	0	0	1,850,000	0	0
Leases	127,300	0	251,929	11,735	84,386	52,313	79,654
OPWC Loans	1,926,938	357,275	0	0	0	345,829	0
Total	\$9,904,238	\$8,152,646	\$2,751,929	\$1,511,735	\$3,434,386	\$7,971,142	\$3,105,654

NOTES FOR TABLE:

Bond Anticipation Notes = Short-term interest-bearing debt maturing within 12 months used to finance project costs and delay issuance of long-term bonds.

G.O. Bonds = General Obligation Bonds are long-term debt backed by “full faith and credit” for repayment (property taxes/income taxes).

Interfund Loans = Also referred to as “Manuscript Debt” this is a loan between two funds of the City. The General Fund borrowed \$1,850,000 from the Debt Service Fund in 2022 for the first-floor interior buildout of the Wert’s Grove and Rarey’s Port Buildings.

Leases = Borrowing from financial institution at a term not to exceed five years for the purchase of equipment or similar assets.

OPWC Loans = Ohio Public Works Commission loans are used for infrastructure related costs at 0% interest financed over 20 years.

Debt Service Activity (Continued)

The following table provides budgeted debt service payments from all City funds:

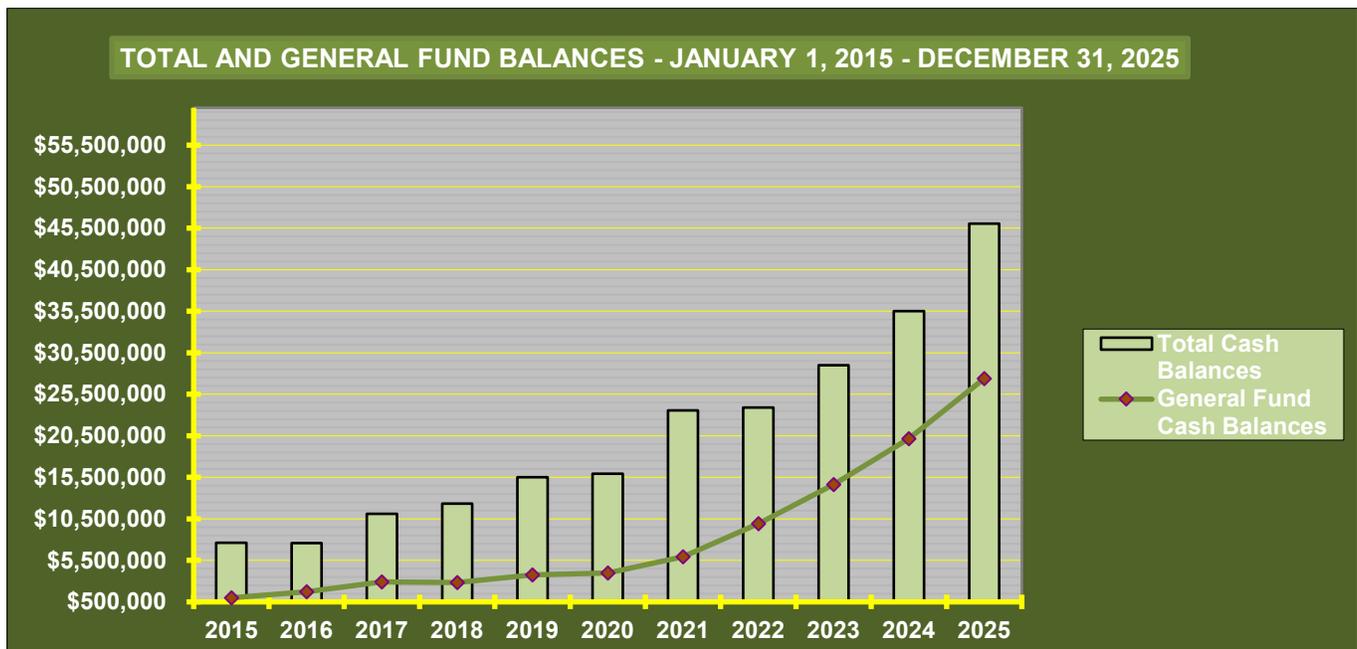
Year	Principal	Interest	Total Debt Service	% of Income Tax Allocated Debt Service Payments
2026	\$7,055,696	\$561,173	\$7,616,869	35.83%
2025	3,526,637	469,854	3,996,491	13.90%
2024	2,490,231	429,300	2,919,531	11.45%
2023	2,859,907	438,770	3,298,677	13.91%
2022	2,196,899	455,328	2,657,574	11.91%
2021	2,124,311	540,706	2,665,017	14.45%
2020	2,484,725	470,066	2,954,791	18.81%

The increase in debt service payments is based on the increase in bond anticipation notes for the Wirt Road Construction Project which has resulted in a larger portion of income tax collections allocated toward debt service.

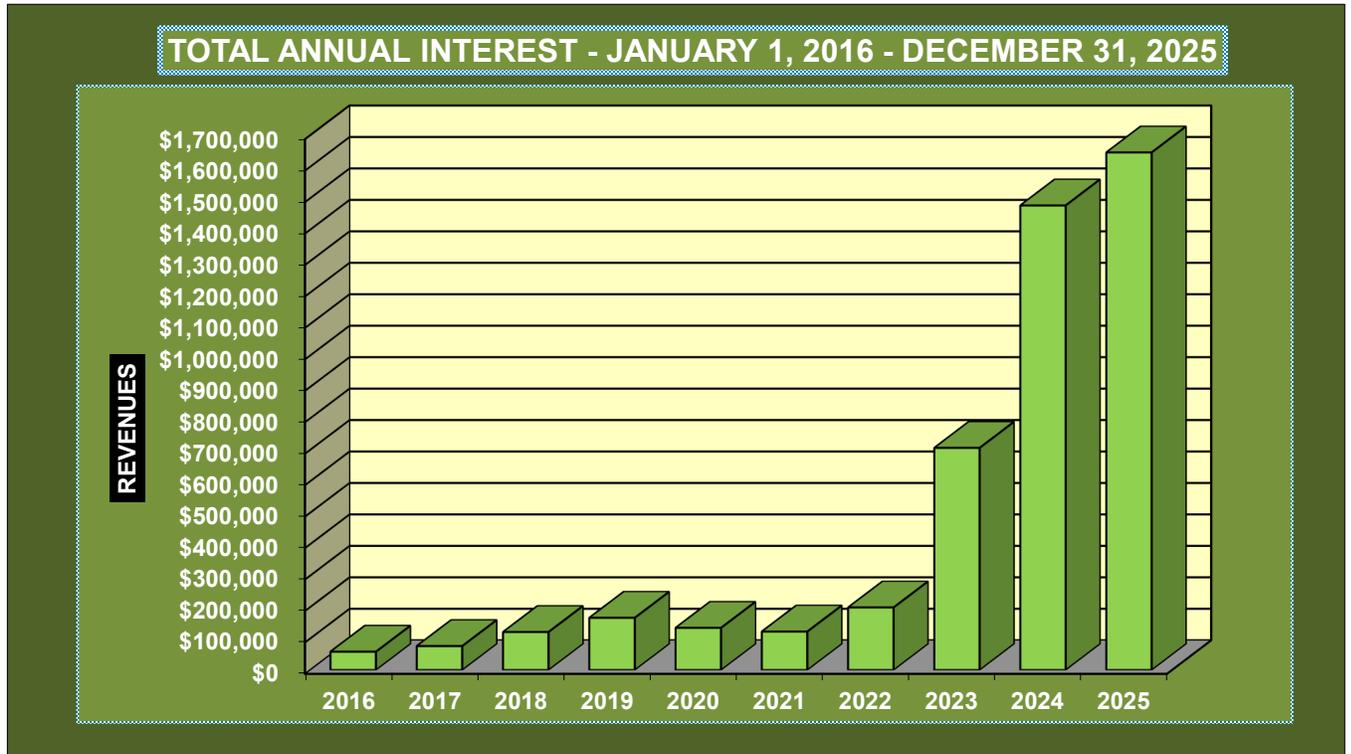
Outstanding debt service interest rates range from 1.44% to 5.00% with the 2026 Bond Anticipation issued with an All-In True Interest Cost of 3.30%.

Fund Balances and Interest Earnings

The following summaries are changes in fund balances and interest rates:



Fund Balances and Interest Earnings (Continued)



Year	YTD 2016	YTD 2017	YTD 2018	YTD 2019	YTD 2020	YTD 2021	YTD 2022	YTD 2023
Interest	\$58,073	\$76,028	\$120,708	\$165,896	\$133,960	\$122,158	\$198,800	\$706,177

Year	YTD 2024	YTD 2025
Interest	\$1,476,981	\$1,645,476

Based on higher income tax collections, the City has had the ability to invest this money and increase interest earnings amongst all funds. As of March 31, 2026, the City’s investment portfolio is yielding 3.75%. Based on conservative spending practices, this is the result of higher fund balances.

Although total fund balances have increased from prior years, please note the General Fund is the only fund which is considered unrestricted and may be spent for any proper public purpose. All other funds of the City have specific restrictions on how funds may be spent.

Conclusion: The purpose of this financial update is to provide a current snapshot of our financial position highlighting areas which may or may not bring concern from elected officials, citizens and employees. The Administration believes the annual budgeting process should provide the backbone of future spending and any new material capital items should be scrutinized based on the level of importance, need, and resource availability.

In addition, uncertainty on the potential estimated net profit tax refunds totaling \$9,308,483 received from one company would have a material impact on income tax collections and future capital investment regarding City infrastructure, buildings and equipment which should be considered in any future spending decisions.