



SHAKER HEIGHTS

2025

General Fund Operating Budget
Capital Fund Budget
All Other Funds Budgets

City Council & Finance Committee
Joint Work Session

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December 2, 2024

2025 Budget Timeline – Recap

The following is a recap of the timeline for the presentation of the 2025 budget (all designated as Joint Council / Finance Committee meetings).

October 28th – 2024 General Fund (GF) projected revenues; 2025 GF revenue budget

November 12th – 2024 GF projected expenditures and transfers; 2025 GF proposed expenditure budget and transfers

November 25th – 2025 proposed capital budget

December 2nd – 2025 proposed operating and capital budgets (review); 2025 all other fund budgets

December 16th – 2024 clean-up ordinance; adoption of 2025 budget ordinances (operating and capital)

2024 Projected Financials – Recap

2024 Projected Revenues: \$62.2M

- 2024 total revenues are projected to be up \$312K versus budget, mainly due to investment earnings.

2024 Projected Operating Expenditures: \$45.9M

- 2024 total operating expenditures are projected to be below budget by \$1.4M.

2024 Projected Transfers: \$16.2M

- All budgeted transfers to be made along with the following additional transfers:
 - Additional \$1.7M transfer to the Capital Fund toward 2025 capital budget needs. This additional transfer is generated from the 2024 General Fund surplus.

2024 Projected Revenues over Disbursements (operating expenditures + transfers) results in a surplus of \$71K

2024 Projected Year-End General Fund Reserve: 47.5%

Reserve calculated as estimated ending GF balance divided by total disbursements (expenditures + transfers).

2025 Revenue Budget – Recap

2025 General Fund Revenue Budget – \$64.0M

- 2025 Revenue Budget vs. 2024 Revenue Budget: ↑ 3.5%:
Increase mainly driven by \$2.0M in additional property tax receipts we expect to receive next year as a result of the recent Sexennial Reappraisal.
- 2025 Revenue Budget vs. 2024 Revenue Projection: ↑ 3.0%:
Next year's income tax budget is approximately \$0.9M above the current 2024 projection (2.0% increase). We are also budgeting for increased property tax receipts of \$2.0M over the current year projection. Both of these increases is offset by a decrease of almost \$1.0M in investment earnings as we anticipate interest rates to slowly decline from 2024 highs.

2025 Operating Expenditures Budget – Recap

2025 General Fund Operating Expenditures Budget – \$47.4M

- 2024 operating expenditures budget is \$4.2M (9.1%) higher than 2024 projected expenditures.
 - Most departments remain at prior year budget levels. Vacancies are budgeted at the beginning of the year for budget efficiency. They were also budgeted at the beginning of the year in the 2024 budget.
 - 2025 Personal Services (wages) budget includes a 2.25% cost of living adjustment and a 2.50% merit pay plan adjustment budgeted for all non-bargaining employees. For all bargaining units, negotiations are beginning for the 2025 – 2027 contract. Health Care Equivalent costs are budgeted to increase 9.2% (2024 increase was 5.1%).
 - Inflationary pressures and supply chain disruption continues to increase some materials and supply budgets in addition to a large number of capital project estimates.
 - We anticipate the addition of a Youth Sports Coordinator in 2025 to be jointly funded by the Schools and the City.

2025 Transfers Budget – Recap

Budgeted General Fund Transfers within the 2025 Budget:

➤ To Capital Fund (for 2026 Capital)	\$8,950,000
➤ To Fire & Police Pension Funds	\$2,700,000
➤ To Recreation Fund	\$1,000,000
➤ To Debt Service Fund	\$900,000
➤ To Self-Insurance Fund	<u>\$500,000</u>
	\$14,050,000

2025 GF Operating Budget – Recap

2024 Overall General Fund Operating Budget Recap

➤ Total Revenues	\$64,038,500
➤ Total Operating Expenditures	(\$49,976,026)
➤ Total General Fund Transfers	<u>(\$14,050,000)</u>
➤ Balanced Budget (surplus)	\$12,474

2025 Year-End General Fund Reserve projected to be 46.1%

Refer to Exhibit 1 for a detailed breakdown of the 2025 Budget.

2025 All Other Funds Budgets

Special Revenue, Debt Service and Internal Service Funds

These funds support ongoing operations with funds that are restricted as to their use (e.g. debt service) or revenues charged to departments for services (e.g. central , garage, copying, etc.) or from approved levels of General Fund support.

Refer to Exhibit 2 which gives a detailed description of All Other Funds.

Refer to Exhibit 3 which details the 2025 proposed budget for All Other Funds.

Subfunds of the General Fund

Fund 103: Economic Development & Housing Fund – \$950K 2025 Budget

- The main use of this fund (\$200K) is to provide for certain investments in commercial development and/or housing development, including targeted loans to generate new economic activity. These include Vision Loans, SBA Partnership Loans, or similar incentives to attract and expand businesses within the City, which are typically repaid from income taxes collected from a business or its employees.
- One time \$400K grant to Shaker Heights Development Corporation for real estate activity.
- Budgeted transfer of \$100K to the General Capital Fund for residential acquisitions discussed at the 2025 Capital budget meeting.
- Budgeted transfer of \$250K to the General Capital Fund to fund the Right-Of-Way (ROW) purchase for the Lee Road Action Plan.

Subfunds of the General Fund

Fund 105: Recreation (programming) – \$2.6M 2025 Budget

- This fund is mainly programming (e.g. all revenue based programs, camps, pool, ice rink, etc.) within the Recreation Department and there is a \$276K increase from the 2024 budget as a result of increased payroll costs (up \$160K) and other expense (\$119K) needs (inflationary increases in materials and supplies).

Pension Funds

Fund 205: Police Pension Fund – \$1.5M 2025 Budget

Fund 206: Fire Pension Fund – \$1.5M 2025 Budget

- Accounts for the payment of current and accrued police pension liability to the Police Pension Fund of Ohio and the Fireman's Disability and Pension Fund of Ohio
- Ohio Revised Code requires that the City levy 0.3 mills (\$340K) of property tax annually for partial payment of these liabilities. The remainder is funded by the General Fund via a transfer (\$1.1M Police / \$1.6M Fire).
- The current 2024 budget is mainly computed based upon a 19.5% for Police and a 24.0% Fire employer contribution.
- Both fund reserves remains near 100%.

Special Revenue Funds

Fund 201: Street Maintenance & Repair – \$1.4M 2025 Budget

- Funded from state gasoline tax and motor vehicle registration fees and we are required to spend 92.5% of these state receipts on the maintenance and repair of our streets. This fund also provides a budget for the Police Traffic Signal Maintenance work.

Fund 202: State Highway & Maintenance – \$169K 2025 Budget

- Funded from state gasoline tax and motor vehicle registration fees and we are required to spend 7.5% of these state receipts on the maintenance and repair of state highways within the City. State highways in Shaker Heights are Shaker and Northfield.

Special Revenue Funds

Fund 204: Sewer Maintenance – \$2.5M 2025 Budget

- Funded from sewer fees, this budget provides for the repair and maintenance of our sewer system and also funds debt service for sewer financings.

Sewer Related Debt	Rate	Issued	Maturity	Outstanding 12/31/24	Debt Service 2025
Sanitary Sewerage System Improvement Bonds	3.25% - 5.0%	2022	2052	\$7,705,000	\$462,525
Various Purpose Improvement Bonds - VAD Sewer Lines	3.3%	2017	2037	\$2,215,000	\$152,125
Van Aken Sewer Line Improvement Bonds	2.9%	2013	2028	\$120,000	\$33,045
Ohio Public Works Commission Bonds (OPWC)	0.0%	2014	2025-28	\$157,575	\$28,650
				\$10,197,575	\$676,345

Special Revenue Funds

Fund 223: Housing Nuisance Abatement – \$200K 2025 Budget

- This account provides funding to abate health and safety hazards and blight on privately owned property. Such abatements using this fund are performed by private contractors hired by the city and the property owner is charged the cost to perform the work including administrative expenses.
- Typical smaller scale emergency nuisance abatement work includes: removal of litter and discarded items, graffiti, and overgrown vegetation, as well as securing vacant structures and the elimination of other minor nuisance conditions. As an option of last resort, funds are used for demolition of blighting structures.

Special Assessment Funds

Fund 281: Street Lighting Assessments – \$830K 2025 Budget

- An assessment of \$1.10 per front footage of each property parcel in the City provides approximately \$703K per year toward the cost of street lighting within the City.

Fund 282: Tree Maintenance Assessments – \$1.6M 2025 Budget

- An assessment of \$1.66 per front footage of each property parcel in the City provides approximately \$1.1M per year toward the cost of tree maintenance and requisite equipment within the City.

Debt Service Funds

Fund 301: General Obligation Debt Service – \$1.5M 2025 Budget

- This amount represents the appropriation required for 2024 to pay the required debt service on general obligation debt as listed below. While all general obligation debt is paid out of this fund, debt service for sewer related debt (asterisks below) is funded from sewer fees (Fund 204), not the General Fund.
- 2025 Debt Payments:
 - \$261K: Ohio Public Works Commission (OPWC) Loans (waterlines) / \$72K: 2017 Various Purpose Improvement Bonds (VAD) / \$372K: 2017 Port Authority Non-Tax Bonds (VAD) / \$115K: 2025 Transfer Station OWDA Improvement Bonds
 - \$463K: 2022 \$8.0M Sanitary Sewerage System Improvement Bonds* / \$152K: 2017 Various Purpose Improvement Bonds* / \$33K: 2013 Van Aken Sewer Line Improvement Bonds* / \$29K: Loans – Hildana Ludgate Sanitary Sewer (OPWC)*
 - \$40K: Legal Services estimated for 2025

Debt Service Funds

Breakdown of General Obligation (GO) Debt:

General Obligation Debt (Unvoted)	Rate	Issued	Maturity	Outstanding 12/31/24	Debt Service 2025
Ohio Public Works Commission Bonds (OPWC)	0.0%	2014	2025-28	\$595,310	\$260,569
Various Purpose Improvement Bonds - VAD	3.3%	2017	2033-37	\$2,215,000	\$72,175
Port Authority Van Aken Bonds	3.2%	2017	2037	\$3,670,000	\$372,893
Transfer Station Improvement Bonds (OWDA)	3.9%	2023	2045	\$1,300,000	\$114,965
				\$7,780,310	\$820,602

Direct Debt Capacity as of 12/31/23: \$45.1M

obtained from the City of Shaker Heights Annual Information Filing for Fiscal Year 2023

Debt Service Funds

Fund 302: Urban Renewal Debt Service – \$1.2M 2025 Budget

- This amount represents the appropriation required for 2025 to pay the required debt service on urban renewal debt as listed below.
- Funds for this debt come from payments in lieu of taxes (PILOTs) which are estimated to be \$1.9M in 2024.
 - \$913K: 2012 Urban Renewal Bonds (Firehouse No. 1 & Sussex & Shaker Towne Center)
 - \$298K: 2016 Urban Renewal Refunding Bonds

Urban Renewal Debt	Rate	Issued	Maturity	Outstanding 12/31/24	Debt Service 2025
STC Urban Renewal Refunding Bonds	3.6%	2012	2031	\$6,000,000	\$913,400
Urban Renewal Refunding Bonds	2.0%	2016	2031	\$1,937,400	\$297,667
				\$7,937,400	\$1,211,067

Other Significant Variances

Fund 284: Mental Health Response Team Fund – \$560K 2024 Budget

- This amount represents the planned expenditures for the end of Year 1 and a portion of Year 2 for the First CALL Program. Nearly all of this budget is provided from various grants already received.

Fund 771: Point of Sale Escrow – \$3.5M 2025 Budget

- This is a decrease of \$1.0M to the prior year budget mainly as a result of reviewing current year activity on the Escrow account. This fund is mainly funds in and funds out.

Summary of 2025 All Funds Budget

Summary of 2025 All Funds Budget by Fund Type

Fund Type	2024 Budget	2025 Budget	% Chg from 2024 Budget
General Fund	\$47,388,158	\$49,976,026	5.5%
Economic Development Fund*	200,000	950,000	375.0%
Recreation Fund*	2,343,921	2,619,841	11.8%
Other GF Subfunds*	150,000	110,000	-26.7%
Special Revenue Funds	15,072,616	10,657,260	-29.3%
Police & Fire Pension Funds	2,932,156	3,016,453	2.9%
Special Assessment Funds	2,084,973	2,414,477	15.8%
Court Revenue Funds	481,693	526,361	9.3%
Debt Service Funds	2,675,620	2,748,064	2.7%
Internal Service Funds	4,247,027	3,731,648	-12.1%
Self Insurance Funds	6,816,160	7,529,481	10.5%
Total All Funds	\$84,392,324	\$84,279,611	-0.1%

*Subfunds of the General Fund



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Questions / Comments
