



SHAKER HEIGHTS

# General Fund Revenues 2025 Projection & 2026 Budget October 27, 2025

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City Council & Finance Committee  
Joint Work Session

John Potts, Director of Finance

# 2026 Budget Timeline Recap

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*The following is a recap of the timeline for the presentation of the 2026 budget (all designated as Joint Council / Finance Committee meetings).*

October 27<sup>th</sup> – 2025 General Fund (GF) projected operating revenues; 2026 GF operating revenue budget

November 10<sup>th</sup> – 2025 GF projected operating expenditures and transfers; 2026 GF proposed operating expenditure budget and transfers

November 24<sup>th</sup> – 2026 proposed capital budget

December 1<sup>st</sup> – 2026 proposed operating and capital budgets (review); 2026 all other fund budgets

December 15<sup>th</sup> – 2025 clean-up ordinance; adoption of 2026 budget ordinances (operating and capital)

# 2025 Revenue Projection

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- 83% of our revenues are derived from income taxes (67%) and property taxes (16%).
- The 2025 Revenue Projection was compiled by taking year-to-date actual revenues through August (some through September) and projecting out the remaining months of the year.
- If needed, Finance consulted various departments in order to approximate revenue for the remaining months of the year (e.g. Building & Housing, Court, etc.).
- Reminder: 2024 Actuals were 0.9% below Projection and 2023 Actuals were 0.2% above Projection.

# 2025 Revenue Projection

## 2025 General Fund Revenue Projections

	<u>Aug YTD</u>	<u>Sep-Dec Projection</u>	<u>2025 Projection</u>	<u>2025 Budget</u>	<u>Var to 2025 Budget</u>	<u>%</u>
Income Tax	31,980,914	12,067,853	44,048,767	44,166,000	(117,233)	-0.3%
Property Tax	9,968,624	771,308	10,739,932	10,300,000	439,932	4.3%
Charges for Services	2,207,089	1,154,770	3,361,859	3,010,000	351,859	11.7%
Licenses & Permits	1,222,770	321,256	1,544,026	1,270,000	274,026	21.6%
Local Governmental Fund	648,503	318,578	967,081	930,000	37,081	4.0%
Fines & Forfeitures	300,663	147,756	448,419	460,000	(11,581)	-2.5%
Investment Earnings	2,224,934	1,095,988	3,320,922	2,500,000	820,922	32.8%
Other Taxes	79,735	42,028	121,763	102,500	19,263	18.8%
Miscellaneous	1,199,573	63,860	1,263,433	1,160,000	103,433	8.9%
Intergovernmental Revenue	141,770	0	141,770	140,000	1,770	1.3%
<b>General Fund Revenues</b>	<b>49,974,575</b>	<b>15,983,397</b>	<b>65,957,972</b>	<b>64,038,500</b>	<b>1,919,472</b>	<b>3.0%</b>

# 2025 Revenue Projection

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➤ **Income Tax \$117K ↓ 0.3%**

We budgeted for a 2.0% increase over the 2024 projection and almost got there. We continue to be on the positive side of Work From Home withholding receipts.

➤ **Property Tax \$439K ↑ 4.3%**

We did not fully budget the entire increase that the County stated we would receive from the Sexennial Reappraisal as we anticipated there would be appeals and appeals often trail collections. Our budget appears to be conservative based upon the number of appeals experienced to date.

➤ **Charges for Services \$352K ↑ 11.7%**

Court Costs increased \$210K over budget as we were conservative in our budget estimates for 2025. Ambulance Fees increased \$157K above budget as a result of more runs than we budgeted for.

# 2025 Revenue Projection

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➤ **Licenses & Permits \$274K ↑ 21.6%**

The Shaker Schools Permit Fee Revenue came in earlier than anticipated and budgeted (Woodbury \$283K)

➤ **Investment Earnings \$821K ↑ 32.8%**

We continued to try to maximize our investment earnings in the current market and consistent with our prudent investment strategy. Interest rates did not decline as quickly as we had budgeted for however based on recent Fed action, we still expect that rates will begin to decline toward end of 2025 and beginning of 2026.



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# 2025 Revenue Projection Questions/Comments

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# 2026 Revenue Budget

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- Budgeted 2026 General Fund Revenue: **\$65.6 Million (Exhibit 1)**
- 2026 Revenue Budget vs. 2025 Revenue Budget: \$1.6M ↑ 2.5%  
Increase is mainly driven by \$0.8M in additional budgeted income tax receipts combined with \$0.3M in additional budgeted property tax receipts and \$0.3M in additional budgeted investment earnings.
- 2026 Revenue Budget vs. 2025 Revenue Projection: \$0.3M ↓ 0.5%  
While next year's income tax receipts are budgeted to exceed the current 2025 projection (\$0.95M ↑ 2.2%), we anticipate that license and permit fees will be less in 2026 as we received permit fees (Woodbury \$283K) from the Shaker School's capital projects earlier than anticipated (\$0.4M ↓ 25.5%). We also expect that while interest rates did not decline as quickly in 2025, we do expect that they will decline in 2026 (\$0.6M ↓ 17.2).

# 2026 Revenue Budget (see Exhibit 1)

## 2026 General Fund Operating Revenue Budget

	Actual 2024	Budget 2025	Projection 2025	Budget 2026	Budget 2026 to Projected 2025	%
Income Tax	42,586,322	44,166,000	44,048,767	45,000,000	951,233	2.2%
Property Tax	8,308,255	10,300,000	10,739,932	10,650,000	(89,932)	-0.8%
Charges for Services	3,302,453	3,010,000	3,361,859	3,155,000	(206,859)	-6.2%
Licenses & Permits	1,162,808	1,270,000	1,544,026	1,150,500	(393,526)	-25.5%
Local Governmental Fund	894,248	930,000	967,081	980,000	12,919	1.3%
Fines & Forfeitures	440,578	460,000	448,419	450,000	1,581	0.4%
Investment Earnings	3,351,000	2,500,000	3,320,922	2,750,000	(570,922)	-17.2%
Other Taxes	117,540	102,500	121,763	117,500	(4,263)	-3.5%
Miscellaneous	1,316,623	1,160,000	1,263,433	1,235,000	(28,433)	-2.3%
Intergovernmental Revenue	142,313	140,000	141,770	140,000	(1,770)	-1.2%
<b>General Fund Revenues</b>	<b>61,622,140</b>	<b>64,038,500</b>	<b>65,957,972</b>	<b>65,628,000</b>	<b>(329,972)</b>	<b>-0.5%</b>

# 2026 Revenue Budget

## Historical Income Tax Receipts

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	Projection	Actual								
Income Tax Receipts	44,048,767	42,586,322	41,984,370	40,601,174	39,162,004	34,503,393	36,089,509	33,721,082	34,237,225	32,818,535
% Increase (year over year)	3.4%	1.4%	3.4%	3.7%	13.5%	-4.4%	7.0%	-1.5%	4.3%	4.2%

### Compound Annual Growth Rate (last 10 years) 3.1%

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Income Tax Receipts	44,166,000	43,750,000	39,900,000	40,330,000	34,500,000	37,407,400	35,646,497	34,494,635	33,075,000	32,257,825
\$ Variance (Actual v Budget)	(117,233)	(1,163,678)	2,084,370	271,174	4,662,004	(2,904,007)	443,012	(773,553)	1,162,225	560,710

# 2026 Revenue Budget

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## Overall Assumptions – Significant Line Items

- **Income Tax:** Budgeted 2.2% growth over the 2025 Projection. This is a conservative assumption as the compound annual growth rate over the past 10 years has been 3.1%. We are also anticipating a continuing, net positive impact from Work From Home income tax receipts in 2026.
- **Property Tax:** Based on the 2026 Tax Budget prepared and sent to the County Budget Commission this past September.
- **Charges for Services:** Utilized a budget amount consistent with the past 3 year average and taking into account the 2025 Projection.

# 2026 Revenue Budget

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- **Licenses & Permits:** Significant line items within this revenue grouping derived from analysis and review by the Director of Building & Housing. We continue to anticipate fewer residential renovation and home addition projects due to market forces increasing renovation costs. The Shaker Schools capital projects will have significant permit fee revenue, however timing of these multi-year projects and magnitude of the fee generation is difficult to predict. Permit fee revenue for Woodbury (\$283K) elementary came in 2025 and there are no other significant projects that are predicted to be breaking ground in 2026.
- **Local Government Fund:** Utilized estimates for 2026 from the County Budget Commission and the Ohio Department of Taxation.

# 2026 Revenue Budget

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- **Fines & Forfeitures:** Discussed the budgeted amount with the Clerk of Courts. Utilized a budget amount consistent with the past 3 year average and taking into account the 2025 Projection.
- **Investment Earnings:** Estimated based upon known interest from currently owned investments (e.g. treasuries and CD's) plus recent averages of interest payments from other investments. This budgeted amount assumes that interest rates will continue to decline from 2024 highs.
- Some of the **remaining revenue line items** will fluctuate from year to year. At the time of budgeting, some of next year's activity is unknown. In these cases, Finance utilized an estimate after taking into account annual amounts from past years.

# Takeaways & Reminders

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- The impact of Work From Home on income tax receipts continues to make it difficult to forecast, however, we remain on the net positive side of that equation.
- We have historically budgeted in a conservative manner with respect to our general operating revenues.
- 2026 is the second year of the 2025 union agreements reflecting larger increases over the last contract.
- Inflationary pressures continue and will impact the budget for contractual services, materials and supplies and capital projects.



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# 2026 Revenue Budget Questions/Comments

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**EXHIBIT 1 - 2026 General Fund Operating Revenue Budget**

	2023 Actual	2024 Actual	2025 Budget	2025 Projection	2026 Budget	Budget Assumptions	% Var 26 Bud to 25 Proj	% Var 26 Bud to 25 Bud
<b>Income Tax</b>	<b>41,984,370</b>	<b>42,586,322</b>	<b>44,166,000</b>	<b>44,048,767</b>	<b>45,000,000</b>	[A]	2.2%	1.9%
<b>Property Tax</b>	<b>8,228,896</b>	<b>8,308,255</b>	<b>10,300,000</b>	<b>10,739,932</b>	<b>10,650,000</b>	[B]	-0.8%	3.4%
<b>Charges for Services</b>								
Court Costs	1,475,949	1,585,897	1,550,000	1,760,104	1,600,000	[C]		
Ambulance Fees	831,830	1,088,468	850,000	1,007,269	950,000	[C]		
Cable TV Fee	335,250	301,815	325,000	284,875	300,000	[C]		
Shaker Magazine	229,949	256,350	225,000	228,903	235,000	[C]		
Other Fees	58,806	69,923	60,000	80,708	70,000	[C]		
	<b>2,931,784</b>	<b>3,302,453</b>	<b>3,010,000</b>	<b>3,361,859</b>	<b>3,155,000</b>		-6.2%	4.8%
<b>Licenses &amp; Permits</b>	<b>1,298,813</b>	<b>1,162,808</b>	<b>1,270,000</b>	<b>1,544,026</b>	<b>1,150,500</b>	[D]	-25.5%	-9.4%
<b>Local Governmental Fund</b>	<b>973,705</b>	<b>894,248</b>	<b>930,000</b>	<b>967,081</b>	<b>980,000</b>	[E]	1.3%	5.4%
<b>Fines &amp; Forfeitures</b>	<b>450,963</b>	<b>440,578</b>	<b>460,000</b>	<b>448,419</b>	<b>450,000</b>	[C]	0.4%	-2.2%
<b>Investment Earnings</b>	<b>2,685,400</b>	<b>3,351,000</b>	<b>2,500,000</b>	<b>3,320,922</b>	<b>2,750,000</b>	[F]	-17.2%	10.0%
<b>Other Taxes</b>								
Admission Tax	89,545	93,636	87,000	92,903	92,000	[C]		
Liquor Permits	28,817	23,533	15,000	28,360	25,000	[G]		
Cigarette Tax	392	371	500	500	500	[G]		
	<b>118,754</b>	<b>117,540</b>	<b>102,500</b>	<b>121,763</b>	<b>117,500</b>		-3.5%	14.6%
<b>Miscellaneous</b>								
Refunds & Rebates	910,222	979,461	925,000	959,626	950,000	[H]		
Grants & Donations	617,227	217,820	100,000	168,807	150,000	[I]		
Sale of Public Property	63,957	66,083	80,000	80,000	80,000	[J]		
Rents & Leases - Non Govt	40,351	40,351	35,000	35,000	35,000	[G]		
Other	15,974	12,908	20,000	20,000	20,000	[G]		
	<b>1,647,731</b>	<b>1,316,623</b>	<b>1,160,000</b>	<b>1,263,433</b>	<b>1,235,000</b>		-2.3%	6.5%
<b>Intergovernmental Revenue</b>	<b>111,689</b>	<b>142,313</b>	<b>140,000</b>	<b>141,770</b>	<b>140,000</b>	[K]	-1.2%	0.0%
<b>General Fund Revenues</b>	<b>60,432,105</b>	<b>61,622,140</b>	<b>64,038,500</b>	<b>65,957,972</b>	<b>65,628,000</b>		-0.5%	2.5%

**Budget Assumptions**

[A] Budgeting 2.2% growth over the 2025 Projection.

[B] Based on the 2026 Tax Budget submitted to the County Budget Commission in September 2025.

[C] Utilized a budget amount consistent with the past 3 year average taking into account the 2025 Projection.

[D] Budget assumptions derived through a review by the Director of Building & Housing.

[E] Utilized estimates from the County Budget Commission and the Ohio Department of Taxation for 2026.

[F] Investment earnings estimated based upon known interest from currently owned investments (e.g. treasuries and CD's) plus 75% of recent averages of interest payments from other investments (this assumes interest rates will begin to decline at a slow pace in 2026).

[G] Amount deemed minor in relation to total revenue budget. Utilized conservative budget amount.

[H] Line item is mainly comprised of the RITA Legal Retainage refund that the City receives annually. Utilized a budget amount consistent with the past 3 year average taking into account the 2025 Projection.

[I] Line item fluctuates annually based on grants / donations unknown at the time of budgeting. Utilized conservative budget amount.

[J] Line item fluctuates annually based upon sales which are unknown at time of budgeting. Utilized conservative budget amount.

[K] Utilized the 2025 projected amount for court billings to other municipalities and the assumption is similar Court expenses and other muni billings remaining consistent for 2026.