



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

**From:** Jason Carr, CPA, Finance Director

**Date:** November 17, 2025

**RE:** 2026 Budget – Ordinance 2025-034

The following is a summary of appropriation amendments based on actual carryover fund balances and changes to estimated receipts:

**Income Tax Revenues**

Consistent with the City’s conservative budgeting practices, budgeted gross income taxes are projected to increase from \$20,280,000 to \$21,258,000, or 4.82%. Gross income taxes will be allocated accordingly:

Fund	Gross Income Taxes	Allocation
General	\$17,620,000	85%
Rainy Day	150,000	\$12,500 per month
Debt Service	1,050,000	5%
Capital Projects	2,438,000	10%
<b>Total</b>	<b>\$21,258,000</b>	

**General Fund Balance Reserves**

Based on conservative budgeting practices and managing expenditures, the Administration has been able to increase the City’s General Fund balance. Below is a 5-year trend including projections for 2025:

Year Ended December 31,	2021	2022	2023	2024	2025	2026
Proj. Fund Balance	\$3,668,308	\$5,890,128	\$5,409,916	\$8,041,493	\$26,896,640	\$20,521,805
Actual Fund Balance	5,947,898	9,904,333	14,632,136	20,161,595	*27,861,996	N/A
Expenditures	15,528,185	18,691,738	18,109,847	19,982,850	*14,320,279	**26,671,060
Fund Balance Vs. Expenditures Coverage	38.30%	52.99%	80.80%	100.89%	194.56%	76.94%

\*- Actual fund balance and expenditures through September 30, 2025.

\*\* - Represents 2026 general fund appropriations.

Calendar year 2025 income tax collections are projected to end the year ahead of budget projections noting an estimated carryover of \$26,896,640. This projected increase allows for the City to continue to build fund balance reserves and only appropriate a portion of the projected carryover as the City’s goals is only to appropriate estimated revenues each year. However, the City is required to appropriate fund balance based on necessary transfers to other funds, such as Recreation and Golf. Please see the **Transfers** section for a summary of budgeted transfers out of the General Fund for 2026.

**Debt Service Activity**

The 2026 budget includes the following debt transactions:

<b>Debt Description</b>	<b>2026 Debt Proceeds</b>	<b>2025 Debt Proceeds</b>	<b>2024 Debt Proceeds</b>
Bond Anticipation Notes	\$7,875,000	\$9,325,000	\$2,870,000
OPWC Loans	1,926,938	1,382,982	0
Leases	127,300	0	13,492
<b>Total</b>	<b>\$9,929,238</b>	<b>\$10,707,982</b>	<b>\$2,883,492</b>

<b>Debt Description</b>	<b>2026 Debt Retirement</b>	<b>2025 Debt Retirement</b>	<b>2024 Debt Retirement</b>
Principal	\$7,061,696	\$3,526,637	\$2,490,231
Interest	555,331	469,854	429,300
<b>Total</b>	<b>\$7,617,027</b>	<b>\$3,996,491</b>	<b>\$2,919,531</b>

Total debt service principal and interest costs increased \$3,620,536 from \$3,996,491 to \$7,617,027 based on outstanding bond anticipation note principal and interest, Ohio Public Works Commission Loan payments and financed purchasing leases for City equipment. Specific to the outstanding \$7,875,000 bond anticipation note issued in 2026, \$1,300,000 is the re-issuance of bond anticipation notes for the construction of pickleball courts. The golf course bond anticipation notes were paid off two years ahead of schedule as the City’s Debt Service Fund accounts for a final \$700,000 payment. New Ohio Public Works Commission (OPWC) loans of \$897,142 will be used for State Route 317 and Firehouse Lane improvements.

Based on the City’s CIP List for the 2026 budget, the ability to change the income tax allocation directing more money to the Debt Service Fund to accelerate the retirement of outstanding debt is not a recommendation at this time.

**Termination Fund**

The City’s Purchasing and Financial Policy established a methodology to provide funding for future retirements and severance payments. Ordinance 09-017 established the Termination Fund and purpose. Based on current estimates, the following is budgeted for future retirements:

<b>Fund</b>	<b>2026 Budgeted Liability</b>
General	\$375,260
Street	15,225
Recreation	25,350
Water	15,225
Sewer	5,200
Storm Water	5,200
<b>Total</b>	<b>\$481,760</b>

**Termination Fund (Continued)**

Each year the Administration will reconcile funding and related costs in order to determine the City is properly funded for future retirements. Changes also may be necessary during the year if employees leave service and are entitled to severance prior to projections. The 2026 budget includes estimates for known employees retiring in the General Fund.

**Salaries and Health Care Benefits**

Significant changes to salaries, retirement, Medicare and Bureau of Workers Compensation cost are as follows:

Fund	2026 Budget	2025 Budget	Change	% Change
General	\$8,536,701	\$7,861,937	\$674,764	8%
Street	735,240	711,620	23,620	3%
Cemetery	16,067	15,201	866	5%
Recreation	1,598,680	1,520,898	77,782	5%
Golf Course	1,150,414	1,084,909	65,505	6%
Senior Center	227,346	117,254	110,092	48%
Water	198,135	189,483	8,652	4%
Sewer	50,054	46,884	3,170	6%
Storm Water	385,323	342,781	42,542	11%
<b>Total All Funds</b>	<b>\$12,897,960</b>	<b>\$11,890,967</b>	<b>\$851,429</b>	<b>7%</b>

Significant changes in the number of full-time equivalent employees (FTE) are as follows:

Fund	2026 Budget	2025 Budget	2024 Budget	2023 Budget
General	74.5	68.0	76.0	71.5
Street	11.0	10.0	10.0	10.0
Cemetery	0.5	0.5	0.5	0.5
Recreation	73.5	74.5	61.5	45.5
Golf Course	22.5	24.5	24.5	22.0
Senior Center	1.5	1.0	1.0	1.0
Water	1.0	1.0	1.0	1.0
Sewer	1.0	1.0	1.0	1.0
Storm Water	1.0	1.0	1.0	1.0
<b>Total All Funds</b>	<b>186.5</b>	<b>181.5</b>	<b>176.5</b>	<b>153.5</b>

The increase in salaries, retirement, Medicare and Bureau of Workers Compensation costs is based on the following:

- Merit increases ranging from 3%-5% for all employees.
- Based on the expected retirement of the Engineer in February 2027, a trainee Engineer is budgeted for 7 months in 2026. This results in an additional salary cost of \$76,855.20 and benefits of \$66,525.10 for a total of \$143,380.30. **Ordinance 2025-039 approves the creation of this position.**
- Based on the expected retirement of the Director of Transportation in December 2026, a trainee Director is budgeted for 9 months in 2026. This will result in an additional salary cost of \$72,009.60 and benefit cost of \$65,418.83 for a total of \$137,428.43.

- A new position will be created, Transportation Coordinator, which will report to the Director of Transportation and be responsible for managing the Senior Transportation Program. Upon the recommendation of the Director of Transportation this position was eliminated in 2020 with the Senior Services Manager pay rate adjusted to absorb these responsibilities. The creation of this position results in additional salary cost of \$53,773.20 and benefits of \$61,558.44 for a total of \$115,331.64. This position is budgeted for 9 months in 2026. **Ordinance 2025-040 approves the creation of this position.**
- A new position will be created, Planning and Zoning Administrator, which will report to the Director of Economic Development and be responsible for designing, developing, and managing land use, infrastructure, and public spaces to improve urban environments and communities. This position will balance economic, social, and environmental factors, considering aspects like transportation, housing, community growth, zoning, and economic development to create plans for sustainable and efficient places for people to live and work. This new position will result in an additional salary cost of \$82,929.60 and benefit cost of \$81,214.73 for a total \$164,144.33.
- Three new seasonal employees for the Street and Parks Departments will result in additional cost of \$21,283.20 in salary and \$4,522.68 in benefits for a total of \$25,805.88. Each employee is budgeted for 700 hours worked. **Ordinance 2025-038 approves the creation of these positions.**
- Based on the expected retirement of the Building and Zoning Department Clerk, a trainee is budgeted for 4 months in 2026. This is an additional salary cost of \$24,129.00 and benefits cost of \$32,811.68 for a total of \$56,940.68. **Ordinance 2025-035 approves the creation of this position.**

Significant changes to health care benefit costs are as follows:

Fund	2026 Budget	2025 Budget	Change	% Change
General	\$3,691,308	\$3,348,340	\$342,969	9%
Street	424,667	533,137	(108,470)	(26%)
Recreation	291,897	279,337	12,560	4%
Golf Course	551,933	423,312	128,621	23%
Senior Center	60,755	22,422	38,333	63%
Water	134,225	130,096	4,129	3%
Sewer	35,606	34,151	1,455	4%
Storm Water	204,484	193,806	10,678	5%
<b>Total All Funds</b>	<b>\$5,394,875</b>	<b>\$4,964,601</b>	<b>\$430,274</b>	<b>8%</b>

The budget for health care benefits is increased based on the expiration of a two-year contract for health insurance as well as changes to personnel.

As presented, health care benefits (premiums paid to Medical Mutual of Ohio) represent 8% of the City's total budget of \$67,130,219 which is consistent to the prior year.

**Transfers**

Budgeted 2026 transfers are as follows:

<b>Fund</b>	<b>2026 Budget</b>	<b>2025 Budget</b>	<b>Change</b>
General	(\$5,800,000)	(\$5,875,000)	(\$75,000)
Street	1,075,000	1,050,000	25,000
Recreation	2,375,000	2,900,000	(525,000)
Golf Course	1,575,000	1,300,000	275,000
Transportation	340,000	350,000	(10,000)
Parks	75,000	75,000	0
Senior Center	360,000	200,000	160,000
Termination	140,000	200,000	(60,000)

Transfers from the General Fund have decreased \$75,000 noting significant increases for the Golf Course and Senior Center Funds off-set by the decrease in the Recreation Fund (the HVAC project was re-budgeted in the Capital Projects Fund). The increase in the Golf Course Fund is based on a smaller carry-over fund balance at December 31, 2025 and higher salary and benefit costs. The increase for the Senior Center Fund is based on the Director of Transportation Services trainee salary and benefit costs allocated to the Senior Center Fund along with the Senior Services Manager now dedicated 100% to the Senior Center.

All transfers from the General Fund are necessary to balance each fund’s respective budgets as sufficient revenues are not generated to cover costs.

**Interfund Loans**

The 2026 budget continues the repayment of the \$2,200,000 loan from the Debt Service Fund to the General Fund for the interior buildout associated with the Rarey’s Port/Wert’s Grove Buildings. During calendar year 2025, a total of \$128,115 (\$69,000 principal, \$59,115 interest) was paid back to the Debt Service Fund as year 3 of a 20-year internal loan. The 2026 budget includes \$72,000 for principal and \$56,665 for interest. This loan will be amortized over 20 years with the option of early retirement.

**Significant Capital Projects**

The proposed 2026 Capital Request budget includes several funds with the following highlights below:

**Capital Projects Fund:** The City’s Capital Projects Fund primary funding source is income taxes, of which City Council has approved 10% of total monthly income tax collections allocated to this fund. This fund is used to accomplish the City’s capital improvements, such as our annual street maintenance program, road resurfacing, equipment and also as a local match for OPWC grants and loans we may receive. A general breakdown of capital items are as follows:

<b>Description</b>	<b>Amount</b>
Buildings Improvements	\$2,431,400
Parks and Recreation	752,400
Equipment	863,939
Vehicles	788,245
Infrastructure	2,769,607
<b>Total Capital Projects Fund</b>	<b>\$7,605,591</b>

The 2026 CIP List located in the budget will be paid for through the following sources: \$1,024,442 debt proceeds, \$153,865 non-federal grant funds, and \$6,427,284 from existing Capital Projects Fund carryover fund balance and estimated 2026 income taxes. The Administration is elected to spend a significant portion of estimated carryover balance in order to address the City's immediate equipment and building improvement needs.

Please see the Groveport Capital Requests located in the 2026 budget books for an itemized breakdown of capital requests by City departments.