



MUNICIPAL BUILDING  
655 Blacklick St.  
Groveport, OH 43125  
614.836.5301  
[www.groveport.org](http://www.groveport.org)

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

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

**Date:** October 16, 2023

**RE:** 2024 Budget – Ordinance 2023-040

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 mid-year forecast presented to Council, gross income taxes are projected to increase from \$18,724,427 to \$19,924,500, or 6.4% of 2023 budget estimates. Gross income taxes will be allocated accordingly:

Fund	Gross Income Taxes	Allocation
General	\$16,655,500	85%
Rainy Day	150,000	\$12,500 per month
Debt Service	1,005,000	5%
Capital Projects	2,114,000	10%
<b>Total</b>	<b>\$19,924,500</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 2023:

Year Ended December 31,	2019	2020	2021	2022	2023	2024
Proj. Fund Balance	\$2,306,715	\$3,598,892	\$3,668,308	\$5,890,128	\$13,052,891	\$8,139,445
Actual Fund Balance	3,766,104	3,986,961	5,947,898	9,904,333	*13,989,573	N/A
Expenditures	14,977,771	14,327,161	15,528,185	18,691,738	**23,643,485	**23,545,533
Fund Balance Vs. Expenditures Coverage	25.14%	27.85%	38.30%	52.99%	59.17%	34.6%

\*- Actual fund balance and expenditures through September 30, 2023.

\*\* - Represents 2024 general fund appropriations.

Town Hall 648 Main Street, Groveport, OH 43125  
Groveport Recreation & Aquatic Center 7370 Groveport Road, Groveport, OH 43125  
Public Works Facility 7400 Groveport Road, Groveport, OH 43125  
Groveport Municipal Golf Course 1005 Richardson Road, Groveport, OH 43125  
Police Department 5690 Clyde Moore Drive, Groveport, OH 43125

Calendar year 2023 income tax collections are projected to end the year ahead of budget projections noting an estimated carryover of \$13,052,891. 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 2024.

## Debt Service Activity

The 2024 budget includes the following debt transactions:

Debt Description	2024 Debt Proceeds	2023 Debt Proceeds	2022 Debt Proceeds
Bond Anticipation Notes	\$2,870,000	\$1,500,000	\$1,800,000
Interfund Loans	0	0	2,200,000
Leases	13,492	251,735	64,514
<b>Total</b>	<b>\$2,883,492</b>	<b>\$1,751,735</b>	<b>\$4,064,514</b>

Debt Description	2024 Debt Retirement	2023 Debt Retirement	2022 Debt Retirement
Principal	\$2,490,231	\$2,859,907	\$2,196,899
Interest	429,300	438,770	452,493
<b>Total</b>	<b>\$2,919,531</b>	<b>\$3,298,677</b>	<b>\$2,649,392</b>

Total debt service principal and interest costs decreased \$379,146 from \$3,298,677 to \$2,919,531 based on pay down of the City's outstanding bond anticipation note principal and interest as well as lower Ohio Public Works Commission Loan payments for West Bixby Road Phase II than previously estimated.

Specific to the outstanding bond anticipation note issued in 2024 totaling \$2,870,000, \$1,200,000 is the re-issuance of bond anticipation notes for golf course improvements and public works equipment, \$750,000 for Recreation Center HVAC improvements, and \$920,000 for Public Parking Lot and Design improvements. The 2024 budget (and future budgets) will include a payment of \$300,000 to *pay down principal each year until the debt is retired*. Based on the City's CIP List for the 2024 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:

Fund	2024 Budgeted Liability
General	\$140,581
Street	11,356
Recreation	22,797
Water	819
Sewer	162
Storm Water	162
<b>Total</b>	<b>\$177,581</b>

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 2024 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:

<b>Fund</b>	<b>2024 Budget</b>	<b>2023 Budget</b>	<b>Change</b>	<b>% Change</b>
General	\$6,696,869	\$6,267,230	\$429,639	7%
Street	685,774	659,527	26,247	4%
Cemetery	14,643	14,037	606	4%
Senior Transportation	13,176	12,991	185	1%
Recreation	1,180,135	1,011,443	168,692	17%
Golf Course	1,032,576	834,208	198,368	24%
Senior Center	126,529	104,607	21,922	21%
Water	180,839	175,499	5,340	3%
Sewer	44,726	42,900	1,826	4%
Storm Water	332,618	318,318	14,300	4%
<b>Total All Funds</b>	<b>\$10,307,885</b>	<b>\$8,147,932</b>	<b>\$867,125</b>	<b>9%</b>

The budget for salaries, retirement, Medicare and bureau of workers compensation includes a cost of living adjustment of 10% based on the compensation study recommendation of the City's third-party consultant, Clemens Nelson LLC. The increase in the Golf Course is based on the employees being reclassified on the wage scale, the increase in the Recreation and Senior Center Funds are based on higher costs for part-time employees.

Significant changes to health care benefit costs are as follows:

<b>Fund</b>	<b>2024 Budget</b>	<b>2023 Budget</b>	<b>Change</b>	<b>% Change</b>
General	\$2,838,383	\$2,481,600	\$356,783	14%
Street	359,610	324,672	34,938	11%
Recreation	258,133	314,422	(56,289)	(18%)
Golf Course	417,078	394,179	22,899	6%
Senior Center	16,532	31,211	(14,679)	(47%)
Water	103,250	96,681	6,569	7%
Sewer	27,532	25,592	1,940	8%
Storm Water	157,464	143,734	13,730	10%
<b>Total All Funds</b>	<b>\$4,177,982</b>	<b>\$3,812,091</b>	<b>356,981</b>	<b>10%</b>

The budget for health care benefits includes an assumed increase in health insurance of 10% with no fundamental changes in the plan or City funding of employees Health Reimbursement Accounts. The Administration has worked to identify ways to reduce our projected health care costs, however, the results of the final increase/decrease in 2024 health care costs are not available at the time of this memorandum.

As presented, health care benefits (premiums paid to Medical Mutual of Ohio) represent 9% of the City's total budget of \$48,173,139 which is considered unsustainable based on other capital and operational needs of the City.

## Transfers

Budgeted 2024 transfers are as follows:

Fund	2023 Budget	2024 Budget	Change
General	(\$5,000,000)	(\$4,918,500)	(\$81,500)
Street	950,000	950,000	0
Recreation	1,950,000	1,950,000	0
Golf Course	1,400,000	1,400,000	0
Transportation	325,000	275,000	(50,000)
Parks	75,000	75,000	0
Senior Center	200,000	168,500	(31,500)
Termination	135,000	101,700	(33,300)

Transfers between years are consistent noting slight decreases which is attributed to those departments not expending 100% of transfers provided by the General Fund in calendar year 2023. Transfers to these Funds should be considered a subsidy to balance those respective budgets (excluding the Termination Fund) as revenues collected are not sufficient to cover budgeted costs.

## Interfund Loans

The 2024 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 2023, a total of \$153,335 (\$77,000 principal, \$76,335 interest) was paid back to the Debt Service Fund as year 1 of a 20-year internal loan. The 2024 budget includes \$82,700 for principal and \$73,605 for interest. This loan will be amortized over 20 years with the option of early retirement.

## Significant Capital Projects

The proposed 2024 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:

Description	Amount
Buildings Improvements	\$2,818,082
Park Improvements	1,220,000
Equipment	952,488
Vehicles	519,550
Infrastructure	2,671,528
<b>Total Capital Projects Fund</b>	<b>\$8,181,648</b>

The 2024 CIP List located in the budget will be paid for through the following sources: \$1,683,492 debt proceeds, \$118,995 non-federal grant funds, and \$6,379,161 from existing Capital Projects Fund carryover fund balance and estimated 2024 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.