

**Additional Clarifications Questions For the 2024/2025 Cleveland Heights budget
based on some of the questions that was asked by Councilman Posh**

General Clarifications:

1. What accounts for the \$9,653,754 difference in the All-Funds Personnel Services total compared to the sum of departmental totals?
2. Are there additional FTEs or positions included in the All Funds summary that are not detailed in the department-level breakdowns?
3. Are there Personnel Services expenses that fall outside departmental budgets but are allocated to other funds or categories?
4. Where is the Denison Park splash pad reflected in the budget?
5. How is the city preparing for the increase regarding House Bill 296 in the 2025 budget.

Fund-Specific Details:

4. Can the administration provide a breakdown of Personnel Services costs across all funds to reconcile the total of \$62,623,173?
5. What specific funds (e.g., enterprise funds, grants, special revenue funds) are contributing to the Personnel Services total, and how are these categorized?
6. Are there any one-time adjustments or allocations, such as severance, retirement buyouts, or deferred compensation, included in the All Funds total?

Budget Assumptions:

7. What assumptions were used to calculate the Personnel Services totals, and do they differ between departmental and All Funds levels?
8. Are the variances related to anticipated salary increases, collective bargaining agreements, or changes in employee benefits costs?
9. Were there mid-year hires, reclassifications, or other changes in 2024 that impact the 2025 Personnel Services totals?

OTPS (Other Than Personnel Services):

10. What specific items or allocations are contributing to the \$2,267,850 OTPS difference?
11. Are there cross-departmental OTPS expenses that are not included in individual departmental budgets but are reflected in the All Funds summary?
12. How are interdepartmental transfers or shared services costs accounted for in the OTPS and Personnel Services totals?

Transparency and Documentation:

13. **Can the administration provide supporting documentation that explains the differences in both Personnel Services and OTPS totals?**
14. **Are there any errors or omissions in the budget handouts provided to council members or the public?**
15. **Will the administration commit to improving transparency by providing detailed reconciliations of all budget categories in future reports?**

Historical Comparison:

16. **What specifically caused the discrepancies between the 2024 Adopted Budget and the 2025 proposed totals?**
17. **Can a side-by-side comparison of changes in budgeted FTEs, Personnel Services, and OTPS expenses from 2021, 2022, 2023, 2024, 2025 be provided to highlight the sources of variance?**
18. **Are the trends in budget growth for Personnel Services and OTPS consistent with historical patterns, or are there anomalies?**

Other Considerations:

19. **Is there a reserve, contingency, or unallocated line item in the Personnel Services or OTPS totals those accounts for part of the discrepancy?**
20. **Are there any pending grants, state/federal funding allocations, or other financial sources that explain the variances?**
21. **How does the discrepancy impact the overall budget and the ability to meet financial or operational goals for 2025?**

ARPA Funds and Financial Transparency

1. **ARPA Spending Timeline:** What measures is the city taking to ensure all ARPA funds are fully utilized before the federal deadline?
2. **ARPA Reallocation Plans:** If ARPA funds are not spent as originally allocated, what are the plans for reallocation, and how will this impact the city's financial projections?
3. **Transparency on Updates:** Why has the ARPA update been omitted from recent financial statements despite repeated requests? What steps will the administration take to ensure this data is included consistently moving forward?

Capital Projects and Prioritization

4. **Deferred Capital Prioritization:** How does the administration determine which deferred capital items will be prioritized, particularly those related to safety and technology?
5. **Life Cycle Costs:** What life-cycle analyses have been conducted for deferred safety equipment and technology, and how do these analyses guide budgeting decisions?

6. **Rolling Over Capital Projects:** For capital projects deferred to 2025, how will they be tracked to ensure accountability, and what specific measures are in place to prevent further deferrals?
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Budget Deficits and Financial Resilience

7. **Deficit Management:** Beyond potential cuts, what additional revenue-generating measures is the administration exploring to close the \$1 million deficit in 2025?
 8. **Bond Rating Strategy:** What actions is the administration taking to preserve the city's bond rating, particularly in light of decreased reserves and deficit spending?
 9. **Economic Contingency Plans:** Does the city have contingency plans in place to address potential revenue shortfalls in 2024 and 2025?
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Personnel and Staffing

10. **Salary Adjustments:** How do the proposed salary increases align with comparable positions in neighboring communities, and what steps are being taken to maintain competitiveness in attracting talent?
 11. **Vacant Positions:** What specific strategies are being implemented to fill critical vacancies, and how are the resulting budget savings being reinvested or reallocated?
 12. **Consultant Deliverables:** Can the timeline for implementing the consultant's recommendations on salary adjustments be expedited to ensure clarity in 2025 budget planning?
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General Fund Reserves

13. **Reserve Policy:** If the city does not currently have a general fund reserve policy, what would it take to implement one, and how would this policy align with best practices in other municipalities?
 14. **Reserves vs. Deficits:** How does the city plan to balance the maintenance of reserves with addressing ongoing budget deficits?
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Long-Term Financial Planning

15. **Multi-Year Capital Budgeting:** What resources or tools would the city need to implement a multi-year capital budget report, and how soon could such a policy be implemented?

16. **Historical Financial Policies:** What lessons can be learned from the city's past financial policies, particularly regarding reserves and capital planning, to inform current decision-making?
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Collaborative Projects and Partnerships

17. **Shaker Lakes Projects:** If the required funding match for the Shaker Lakes projects exceeds projections, what contingency plans are in place to avoid financial strain?
18. **NEORS D Collaboration:** What other collaborative projects with NEORS D or regional partners are planned, and how are they factored into the 2025 budget?
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COLA and Collective Bargaining

19. **COLA Increase Impact:** How are projected COLA increases being accounted for in 2025, particularly in light of potential inflationary pressures?
20. **Collective Bargaining Contingencies:** What financial provisions have been set aside to address the outcomes of the pending collective bargaining agreement?
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Process and Governance

21. **Budget Documentation:** What measures are in place to ensure consistency and clarity in future budget books, particularly regarding critical financial metrics and columns removed in 2025?
22. **Council Collaboration:** How does the administration plan to engage Council more effectively in budget planning to ensure alignment and transparency?

Prepared By Jim Posch for 2025 CH Budget 11/26/2024

Hello Mayor, and senior staff:

Council President Cuda asked me to review the budget information provided and share with the administration any questions to you by mid-week. This would be for our Council Meeting this Monday December 2nd. I also understand staff who worked on the budget and department heads will be available at that meeting for additional budget review.

1. The 2024 Q1 City Financial Statements (page 2) and Semi-Annual City Financial Statements (page 2) contain an ARPA (Local Fiscal Recovery Fund) Update. This was not included in the Q3 Financial Statements. Please provide the most current update as these items since it impacts our 2024 and 2025 financial outlooks. This update has been requested multiple times by myself and my peers. It's necessary to measure and confirm we are on track to spend down all of the ARPA monies in full as agreed.
2. What is the Status of each of the city's 2024 Budgeted Capital Items (from a financial and acquisition/implementation/operational perspective). As with the above, these items impact 2024 in respect carryovers going into 2025, savings, and/or additional expenses (if under/over budget).
3. For those 2024 Capital Items being rolled over into the 2025 Budget (detail if they in the Actual 2025 Budget Recommendation amounts or detailed in the listing as just a Request [optional] and not included the administration's Budget Recommendation amounts). **Example: 2025 Fire Dept Capital Budget \$257,791 (no schedule for this) PLUS \$1,591,791 of needed items not included in the budget? Example: 2025 Public Works Capital Budget \$3,464,250 (no schedule for this) PLUS \$10,185.00 of needed items not included in the budget?**
4. Page 8 of the 2025 Mayor's Budget Book contains the following: "Another reason for the decrease in capital is the majority of the department's 2025 capital still has to be determined and approved". This statement needs significant clarification. The proposed budget shows an 8.32% increase in spending in the General Fund. Adding additional unknown spending in 2025 to address the city's required capital needs later - means we'll be expected/required to approve an additional increase on top of an already non balanced budget at some unknown level.
5. Many of the Capital items being deferred have life spans such as Safety Equipment and Technology (examples but not limited to: police cruisers, fire truck, generators, computers, servers, and software). Some of these items are detailed under the actual Capital Budget Recommendation, others are listed as a Request. Please prioritize these based on their practical life and importance. Please provide administration's rationale for each prioritized item.

6. For each department budget on the "Personnel Services" line note the difference between the Budget 2024 Adopted amount and the Budget 2025 Original amount columns. Please provide an explanation for the difference. For example, the Finance Department lists \$921,496 and \$1,028,127 for a budget increase of \$111,019. Is this for the one FTE listed below on that page? What is the reason and purpose for the increase? Across all the department wording provided mixes in the term 'request' - sometimes the request is included in Budget 2025 Original column - sometimes it's not. Please clarify which requests are actually in the proposed budget or just a non-included option. This was just an example, please include this clarification for all departments.
7. For each department budget on the "O.T.P.S." line note the difference between the Budget 2024 Adopted amount and the Budget 2025 Original amount columns. Please provide an explanation for the difference. For example, the Finance Department lists \$3,300,635 and \$4,456,762 for a budget increase of \$1,156,127. What comprises this difference, for each positive and negative change. Explanation of the 2024 amount is not necessary, just the difference. Please include this clarification for all departments.
8. On pages 20-21 of the 2024 Mayor's Budget Book contain columns for the "Project Unencumbered Fund Balance" Starting Balance and "Estimated Ending Balance". These items help determine our reserves and aid decision making when it comes to agreeing on either a surplus, balanced or deficit budget. These columns were removed in the 2025 Mayor's Budget Book on pages 14-15. Please reinstate and provide an updated report.
9. I don't know - but based on anecdotal conversations with the city administration, we are understaffed because of unfilled positions. This is somewhat evident the Open Position report provided to Council at Councilperson Cobb's request. What are the net projected realized savings in 2024 for Personnel Services because our staffing was not at full capacity?
10. The city hired a consultant to review and update all city employee salary scales. This was expected in Q3/Q4 2024. When will these increases will go in effect? Please share. What are the increases and how will it impact our 2025 expenses and how is this addressed in the 2025 Budget presented?
11. How does the city address COLA increases? When is it projected that these increases will go in effect? How will this impact our 2025 expenses and how is this addressed in the 2025 Budget presented?
12. I believe the city has one remaining collective bargaining agreement to complete. When is that expected to be complete. What can be provided (as not to interfere with the negotiations) that can

us help understand the impact of this agreement and our 2025 expenses and how is this addressed in the 2025 Budget presented?

13. Cleveland Heights and NEORSD are working together with Shaker on projects related to the Shaker Lakes that require a funding match. How is this addressed in the 2025 Budget?
14. The Proposed 2025 Budget has a total deficit of about one million dollars. What cuts would the administration recommend to eliminate this deficit?
15. Other local communities have policies that maintain a General Fund cash reserve in their annual budgeting. The reserve (for example) at least 25% of annual disbursements (operating expenditures plus transfers). Does the City of Cleveland Heights have such policies? Does anyone know if the city had such policies in the past? Does the administration recommend such policies?
16. Other local communities have policies that maintain a multi-year Capital Budget (such as a 5 or 10 year report). Such reporting is helpful in long term financial planning. Does the City of Cleveland Heights have such policies? Does anyone know if the city had such policies in the past? Does the administration recommend such policies?
17. With the elimination of ARPA funding, decreasing reserves and the deficit spending - how will this impact our Bond rating? When is the rating up for review?
18. There seems to be a difference between the sum of all departmental Personnel Services 2025 proposed budget expenses and the All Funds Personnel Services 2025 proposed budget expenses detailed in the 2025 Mayors Budget book.

(additional info for #18 follows – also note spreadsheet: Jim_Posch Budget_2025 Sheet_for_18)

Note the attached sheet summarizing the departmental FTE, Personnel, OTPS and Capital presented amounts.

The summary of Personnel Services 2025 proposed budget for all our departments (orange background) is \$52,989,419. This is for all the 436 proposed FTEs. The attached sheet individually shows the Personnel Services by department from the handouts. I plugged the handout values into the attached and totaled the amounts.

Review your Mayor's 2025 Budget Book page 8 (line "A" second column) showing the All Fund Summary for Personnel Services 2025 with the \$62,623,173 amount (entered in the attached - orange background). Note the \$9,653,754 difference between the two amounts.

IF these numbers are accurate, we have \$9,653,754 of additional Personnel Services budget expenses. I don't see any supporting detail for these which is necessary for any reasonable budget review.

In the same attachment we have the same for the blue background of OTPS expenses in the \$2,267.850 shown differential.

Since the department amounts totals don't balance with page 8 Personnel Services 2025 amounts - we need the supporting documentation detailing the purpose of these additional expenses. Are there more FTEs we don't know about? Are there other Personnel Services transactions in the other fund accounts not being shared with us? One would think these Personnel Services transactions would all be in the General Fund container (this doesn't appear to be true). We need to know what makes up that All Fund Summary for Personnel Services 2025 with the \$62,623,173 amount. Also needed is the supporting detail to address the corresponding OTPS differential shown.

Also shared in the attached is last year's 2024 Adopted Budget amounts. Those totals don't balance either, and show an increase between 2024 and 2025.

Departmental Budget Totals

Source: Mayor's 2025 Budget Book -and- late November 2024 Budget hearing handouts

Jim's Purpose: Departmental subtotals of personnel services (and OTPS) expenses difference with presented All Fund totals.

There seems to be a difference between the sum of all departmental Personnel Services 2025 proposed budget expenses and the All Funds Personnel Services 2025 proposed budget expenses detailed in the 2025 Mayors Budget book.

Departments (from handouts)	FTE (Full Time Equivalents)			Personnel Services			O.T.P.S. (Other Than Personnel Services)			Capital		
				2024	2025	Delta	2024	2025	Delta	2024	2025	Delta
	2024	2025	Delta	Adopted	Proposed		Adopted	Proposed		Adopted	Proposed	
	Adopted	Proposed		Budgeted Expenses	Budgeted Expenses		Budgeted Expenses	Budgeted Expenses		Budgeted Expenses	Budgeted Expenses	
Finance	10	10	-	921,496	1,028,127	11.6	3,300,635	4,456,762	35.0	-	-	
Mayor	6	7	16.7	937,052	977,557	4.3	119,950	120,450	0.4	575,000	-	
Courts	20	20	-	1,599,148	1,661,123	3.9	168,700	178,600	5.9			
Law	8	8	-	1,080,770	1,123,850	4.0	475,050	485,550	2.2			
Council	8	8	-	177,941	197,922	11.2	74,445	100,650	35.2	10,500		
Police	104	104	-	13,551,408	14,578,409	7.6	2,479,610	2,581,145	4.1	1,204,155		
Fire	80	87	8.8	11,677,838	13,912,927	19.1	773,391	913,124	18.1	1,460,791	257,791	(82)
IT	3	4	33.3	451,446	470,708	4.3	282,800	420,442	48.7	418,000	149,000	(64)
Community Relations	6	7	16.7	602,866	712,163	18.1	393,610	447,618	13.7	70,000	70,000	-
Parks and Recreation	37	40	8.1	4,500,945	5,022,336	11.6	5,117,085	5,532,710	8.1	730,000	-	(100)
Public Works	102	103	1.0	9,142,394	9,628,955	5.3	6,744,624	6,604,324	(2.1)	26,546,310	3,464,250	(87)
Planning & Economic Development	36	38	5.6	3,296,368	3,655,342	10.9	6,037,740	7,171,781	18.8	2,296,485	438,038	(81)
	420	436	3.8	47,939,672	52,969,419	10.5	25,967,640	29,013,156	11.7	33,311,241	4,379,079	(87)
Mayor's 2025 Budget Book												
Personnel Summary* (page 16)	420	435										
2025 General Fund Summary (page 13)				40,914,213	45,623,928	11.5	14,298,336	17,797,988	24.5	114,240	166,100	45.4
2025 All Fund Summary (page 8)				56,753,652	62,623,173	10.3	42,654,990	31,281,006	(26.7)	33,361,241	4,436,179	(86.7)
Additional Proposed 2025 Personnel Services**				9,653,754								
Additional Proposed 2025 O.T.P.S.***							2,267,850					

* Discrepancies in counts for Finance, Mayor, Police, Public Works

** Difference between 2025 proposed All Fund and Departmental Personnel Services expenses. What are these Personnel Services outside of our departments for? What funds are these expenses attributed to?

*** Difference between 2025 proposed All Fund and Departmental O.T.P.S. (Other Than Personnel Services) expenses. What are these O.T.P.S. outside of our departments for? What funds are these expenses attributed to?

Councilmember Larson Questions

1. Why isn't the audit complete for 2023? When will it be complete and an Annual Comprehensive Financial Report (ACFR) be released for Council and the public? We need to know that the 2023 accounting transactions are accurate, and comply with applicable federal, state and local laws. Without audit results for 2023, we do not have reassurance that accounting activities in 2024 are based on true, audited beginning fund account information.
2. What is the minimum budget we need to approve for 2025 to make certain employees are paid, contractors and vendors receive their checks? Do we have the funds to do so?
3. Does the draft budget include any raises/compensation increases that the Archer Report recommends? Could we get an actual budget book like 2024 with comparisons to 2024 actual expenditures?
4. When will you present a capital budget for all departments and advise Council on funding for those projects? The capital funding requests that are present on these draft budget reports do not acknowledge each departments request. Could the Mayor compile a complete capital budget request rather than have some departments contain their requests in the budget worksheet, some contain partial request and some contain zero?
5. \$800,000 grant, per the Mayor and Acting Finance Director Schuster, was not posted as funds available on the Draft Budget we received even though check was received, per Ms. Schuster. Will be reflected as revenue for 2025 budget?
6. Do we need to anticipate any payments in 2025 for Leopardo projects?
7. Questions on Excel spreadsheet regarding negative funds-see attached.
8. Who will prepare Financial Statements for October, November and Year End?
9. Who will certify expenditures, going forward per ORC 5705.41? This needs to be a fiscal officer per the ORC.
10. Who will construct the end of year legislation journal entry "relating to appropriations and other expenditures of the City Of Cleveland Heights," (IE Ord 206-2023).

11. Per the Ohio Municipal League, HB 296 proposes “a substantial rate increase in the employer (municipal) contribution rate to the OP&F Pension Fund”. Is anyone in the Administration following this development and possibly lobbying in Columbus about the effect it would have on Cleveland Heights’ budget?

Departmental Questions:

1. Mayor, did your office expend all the \$575,000 budgeted capital funds for Sustainability?
2. Will Parks and Recreation be adding electric mowers, leaf blowers to 2025 budget?
3. At the budget hearings, Council was told that the City “will always need some support from SafeBuilt? Is there a contract with SafeBuilt for 2025? If so, what amount was written into the contract as a financial commitment from the City?

Capital Budget Requests

1. Add \$75,000 to complete Fire Station Kitchens (2)-total \$125,000 which includes the \$50,000 that was budgeted in 2024.
2. \$500,000 for traffic calming installations city-wide including Coventry
3. \$38,000 for 2 composting locations for residents to access, no fees to residents.
4. Precinct 3 improvements/updates included in Noble Corridor Plan?
5. Confirmation that chairs will be ordered for Conference Room and Council Chambers.
6. Splash Pad @Denison-Will it be completed in 2025 since Resolution 102-2023 was approved by Council to contract with Game Time, for “construction of a concrete pad and purchase and installation of equipment” for \$476,418.18.

IRD QUARTER FINANCIAL STATEMENTS
FUND BALANCES AS OF 9/30/2024

Account #	Fund Name	Balance	Encumbered/Not paid
208	CDBG Resource Is negative balance and encumbered/not paid due to timing issues?	\$ (1,256,905.14)	\$ 1,041,884.49
215	CAIN PARK Have all performers been paid for Summer 2024 Season? Please list detail of vendors who were paid and date paid. Please list detail of those who are Encumbered/Not paid.	\$ (151,420.73)	\$ 83,226.56
226	LEAD SAFE PROGRAM -COUNTY Is this negative balance due to a timing issue? Are more County funds expected? Please list detail of the vendors who were paid and dates paid. Please list detail of the Encumbered/Not paid vendors.	\$ (619,236.00)	\$ 358,887.00
228	CDBG COVID Is this a timing issue? Please list detail of vendors who were paid and date paid. Please list detail of vendors encumbered/not paid. What is the source of any funds expected to cover this deficit.	\$ 328,121.23	\$ 358,887.00
240	FEDERAL MISCELLANEOUS GRANTS Is this a timing issue? Were grant funds spent before the funds were received? Please list detail of vendors encumbered/not paid. What is the source of any funds expected to cover this deficit.	\$ (176,346.58)	\$ 85,518.05
411	ECONOMIC DEVELOPMENT Please list detail of the vendors who were paid and dates paid. Please list detail of the Encumbered/Not paid vendors.	\$ (100,468.13)	\$ 123,539.89