



THE HEART OF CUYAHOGA COUNTY

**6800 Brecksville Road
Independence, Ohio 44131
216.524.4131**

MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, January 6, 2023

Re: Finance Office and Related Topic Updates

Ordinance 2023-4 – Legislative Review

Since there is only one finance related Ordinance on next Tuesday's Legislative Agenda, it will be addressed herein within this Memorandum instead of within a separate Legislative Review.

The City historically has had Property, Inland Marine and Automobile insurance coverage, but has been self-insured for the most part for liability insurance.

This issue has been brought up and discussed in the past, but there was never enough volition to actually go ahead and obtain liability insurance coverage. However, after a large recent claim settlement, most, if not all, of Council, appeared to be open to the Administration pursuing liability insurance coverage options.

Ordinance 2023-4 is a result of that pursuit. The Finance Office worked with CBIZ, the City's insurance broker, who works on a flat retainer, and is therefore not incentivized to steer the City toward insurance coverage that could have lucrative compensation renumeration for it.

Because Independence has been self-insured for liability insurance for quite some time, it does not have a claims history "track record" while being insured for this type of coverage. Because of that, many insurance companies are not willing to quote coverage for Independence yet, or if so, at very high premiums.

CBIZ was able to obtain a competitive quote for liability insurance from the Selective Insurance Company. Some details are attached to the Ordinance, and Procurement Coordinator Zdolshek correctly states that Michael Perry from CBIZ will be in attendance at the Tuesday, January 10, 2023 Council Caucus to provide more back-story and details, and answer any questions that Council may have.

By obtaining the additional liability insurance, which includes the following coverages, the City's annual insurance premium will increase from just over \$114,000/year to just over \$263,000/year, or an increase of approximately \$149,000.

- General Liability Insurance
- Professional Liability Insurance
- Public Officials Liability Insurance
- Umbrella Coverage

Anticipating this liability insurance coverage as being an option for 2023, the amount appropriated for General Insurance in the 2023 Annual Appropriations Ordinance was \$280,000. So the \$263,000 annual premium falls within that appropriation.

Upcoming Legislation

For quite a few years now, the City has contracted out with the Local Government Services (LGS) division of the Auditor of State (AOS) to assist with various financial calculations and conversions, financial statement preparation, and the preparation of the Annual Comprehensive Financial Report (ACFR).

LGS recently informed the City that due to staffing issues and workloads, it would not be able to perform these services for Independence in 2023 for its 2022 fiscal year. In addition to Independence, apparently LGS has informed many public entities in Ohio of its inability to continue to provide these services as it did in the past.

The Finance Office has reached out to the five (5) independent public accountants (IPA's) that submitted proposals to complete the 2022 annual audit in 2023, requesting quotes and pricing to provide the City with the same services that LGS had provided to the City for years.

One proposal has been received so far, and others are expected to be submitted within the next few weeks.

The Finance Office will summarize the submittals and recommend an IPA for Council to approve to provide these services in 2023 for the 2022 fiscal year.

It would be ideal to have this contract approved no later than the February Council Meeting so that required filing deadlines can be met later this year. The Finance Office thanks Council in advance for its consideration of this approval.