



**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, June 30, 2023

Re: Finance Office and Related Topic Updates

**Annual Comprehensive Financial Report (ACFR)**

The 2022 Annual Comprehensive Financial Report (ACFR) was completed and filed with the Auditor of State's (AOS) office this week.

It does not contain the audit opinion yet, as now that the financial statements and schedules have been completed and filed, the audit team can perform the review of the actual financial statements themselves (Whereas the audit team's work thus far has been more focused on the analysis of individual transactions and the testing for compliance with various city policies and ordinances).

Once the audit opinion is complete and written, it will be inserted into the ACFR and the entire document will be filed with the Government Finance Officer's Association (GFOA) for its review for compliance with the standards required to earn its "Excellence in Financial Reporting" award.

At that time, it will also be available online on the AOS's website.

## The Pursuit of Grants

While grant funding can be an excellent source of supplemental funds to accomplish some things that might not have been able to be done but for the grant funding, grant recipients, including the City of Independence, need to be very alert for the “strings” attached to some of these grants.

A good case-in-point is the 2022 Chips and Science Act passed last summer by Congress, which provided some \$39 billion in funding for computer chip companies.

Per that Act, the Commerce Department was charged with disseminating that \$39 billion to computer chip companies. But in typical federal government fashion, when federal agencies start “doing their thing,” in this case, the scope of the grant has changed materially.

Originally intended for computer chip companies, the Commerce Department announced that it was expanding the eligibility for these grants to the suppliers of computer chip companies as well.

On the face of it, that doesn’t sound like the worst policy in the world. But now that \$39 billion is going to come with “strings attached” in the form of social policies that will have to be followed by grant recipients.

As the Wall Street Journal opined this week, *“Commerce is leveraging the subsidies to impose social policies it couldn’t pass through Congress. The more companies it draws into its subsidy maw, the broader its political reach in allocating capital.”*

The market itself, although not 100 percent perfect, is still a better allocator of capital than federal government bureaucrats.

We here in Independence need to be cognizant of any “strings attached” to federal or other grants that are pursued, be clear on what those strings are, determine the impact those strings would have on the Independence community, and then determine if the grant is something that the City really wants to pursue.

See some Independence Day images on the next page for this week’s sendoff – Happy July 4<sup>th</sup> everyone – God bless the United States of America!

