



**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, September 29, 2023

Re: Finance Office and Related Topic Updates

**Investment Purchase**

The City acquired a \$1,250,000 U.S. Treasury Bill yielding 5.35% in its Fifth Third Securities Account this week. This Treasury Bill will mature in September of 2024.

Funds on deposit with Star Ohio are currently yielding just over 5.50%, but the average length-to-maturity of securities in its vast portfolio is currently only 46 days.

Although interest rates are forecasted to stay elevated for the time being based on guidance and remarks from the Federal Reserve, nothing is ever guaranteed.

It was just a few short years ago when the “guidance” coming out of the Fed was its intent to keep interest rates close to 0% for the foreseeable future, and we all see how that worked out. Thankfully the City locked in a significant portion of its debt at the then ultra-low rates that existed at that time, instead.

### **Investment Purchase - Continued**

of following the lead of those suggesting that it would be better to keep the City's debt in short-term, one-year maturities.

The Finance Office is comfortable with its current allocation of investment funds between the U.S. Treasuries in the Fifth Third account, the funds on deposit with Star Ohio and the Certificates of Deposit with Independence Bank.

A public sector treasurer/investment manager's primary goal is the "Safety" of those public tax dollars being invested. Chasing "Yield" takes a back seat to the preservation of principal.

### **Municipal Income Tax – Minors**

Most students with part-time and/or seasonal jobs end up filing for refunds of certain taxes paid if they didn't earn enough over the course of a year to warrant the amount of taxes withheld from their payroll checks.

Ohio House Bill 33 was signed into law by Governor DeWine on July 3 of this year. One of the provisions within that bill was that beginning with Tax Year 2024, *"the income of individuals under 18 years of age will be exempt from municipal income tax in all municipalities."*

HB 33 also requires municipalities to adopt this exemption by ordinance or resolution, so Council will see that on its Legislative Agenda before year end.

