



# City of Independence, Ohio

"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, December 18, 2020

Re: Finance Department Updates

### Month-End November Financial Update

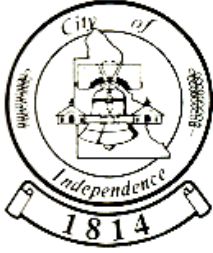
The City finished the month of November with \$55.5 million in cash! That's a lot of money for sure, but before we get too excited, know that that that statement is a somewhat loaded one.

In October, the City successfully sold \$15.25 million in 15-year bonds at a True Interest Cost of 1.596%. On top of that amount, the winning bidder of those bonds (UBS) also paid over \$1.7 million in Bond Premium. That transaction closed in late November, and the City received both the \$15.25 million and the \$1.7 million, or almost \$17 million.

Those bonds were used to pay off the \$17.375 million in one-year Notes (BANS) that matured in early December. Therefore, that substantial cash balance was on the City's books for just a few weeks. With the \$17.375 million note already paid off, the City's current Cash Balance is back down under \$40 million, where it has been hovering most of 2020.

A Quick-Summary of the City's Finances during the first 11 months of 2020 is as follows (on an unaudited cash basis):

Cash Balance, January 1, 2020	\$40,433,575
Plus Year-to-Date Revenue/Cash In	+49,325,212
Plus 2020 Borrowings	+15,250,000
Less Operating Expenses	-31,152,518
Less Debt Principal Paid	- 924,729
Less Interest Paid	- 387,644
Less Financing Costs	- 258,089
Less Capital/Infrastructure/Real Estate	<u>-16,740,787</u>
Equals Cash Balance, November 30, 2020	\$55,545,020
Less Encumbrances, November 30, 2020	<u>-36,225,790</u>
Equals Unencumbered Cash, November 30, 2020	\$19,319,230



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## **2021 Annual Appropriations Ordinance (Ordinance 2020-138)**

The Finance Department's "thanks" go out to Council for voting 6 – 1 on the 2021 Annual Appropriation Ordinance at the Special Council Meeting held on Tuesday, December 15, 2020, and to Mayor Kurtz for shepherding it through the committee process these past few months.

Appropriation Ordinances (Budgets) are best estimates of future revenue and expenditures. Since nobody can predict the future with 100% certainty, it is said that Appropriation Ordinances (Budgets) are "figuratively" completed in pencil, as they oftentimes will be revisited, discussed, debated and then amended based on changing circumstances.

The Finance Department maintains that in even years like 2020, it demonstrates good planning to have an Appropriation Ordinance (Budget) in place prior to the start of a fiscal year. While the State of Ohio gives local municipalities until March 31 to adopt an Annual Appropriation Ordinance (Budget), the Finance Department is of the opinion that waiting until a fiscal year is already 25% complete to adopt a Budget for that year is surely not a "Best Practice."

Will the version of the 2021 Annual Appropriation Ordinance passed this past Tuesday be the only one needed? More than likely, no. But needed revisions to it over the course of 2021 will give Mayor Kurtz, Council Members and the Finance Department team the opportunity to review year-to-date and current circumstances at that time and how those circumstances have impacted the City and its financial situation.

In Independence, odd years are election years. Although it would be unfair for a Council to pass a budget in an odd year for the next even year if new Council Members were elected in November of that odd year, even-year budget planning and preparation can take place those last two months of an odd year, putting the new Council in place to vote on an even-year Annual Appropriation Ordinance early in January of that even year (That's a lot to process - sorry!)

That would be the goal in later 2021. All seven Council Members are up for election in 2021. Whichever seven win re-election/election in November will be asked to participate in 2022 Budget planning during November and December of 2021 so that the 2022 Annual Appropriations Ordinance can be voted on as early as possible in 2022.

But for now, let's just enjoy and appreciate that the City has achieved relatively solid financial results for 2020 despite the economic, social and other challenges that this year has presented.

It's a team effort, but the "Team's" job was made just a little easier this year by revenues not falling off the cliff like some early-year estimates were forecasting.