

MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: June 19, 2020

Re: Finance Department Updates

Basic Financial Results Through May

Following are the City's basic cash-basis financial results for the first five months of 2020:

January 1, 2020 Cash Balance	\$40,433,575
Plus Revenues through May 31, 2020	<u>20,704,050</u>
Equals Total Cash Available	\$61,137,625
Less Operating Expenses (Day-to-Day Expenses)	- 12,769,356
Less Debt Principal Paid	- 109,729
Less Interest Paid	- 193,822
Less Capital Purchases/Infrastructure Projects	<u>- 8,697,052</u>
Equals May 31, 2020 Cash Balance	\$39,367,666
Less Outstanding Purchase Orders	<u>- 22,852,911</u>
May 31, 2020 Unencumbered Cash Balance	\$16,514,755

Reformatting the above without the Cash Balances results in the following Year-to-Date Financial Results:

Year-to-Date 2020 Cash Revenues	\$20,704,050
Less Operating Expenses (Day-to-Day Expenses)	- 12,769,356
Less Debt Principal Paid	- 109,729
Less Interest Paid	- 193,822
Less Capital Purchases/Infrastructure Projects	<u>- 8,697,052</u>
Equals Expenditures over Revenues	(1,065,909)

Following is the above with just the Cash Balances:

January 1, 2020 Cash Balance	\$40,433,575
Less Expenditures over Revenue	<u>(1,065,909)</u>
Equals May 31, 2020 Cash Balance	\$39,367,666

Although technically Year-to-Date Expenditures exceed Year-to-Date Revenue so far here in 2020, significant funds for the several large infrastructure projects under construction in 2020 (Rockside Woods Blvd. North/Top Golf roadway extension, Brecksville Road north of Rockside Road, the Lafayette area development, Lower Brookside/Bramley, Upper Brookside) were previously borrowed. Therefore, the City is now expending those borrowed funds here in 2020, not current 2020 Revenues.

Municipal Income Tax Revenue (MITR)

As expected due to the significant shut-down of the economy from the middle of March to the middle of May, Municipal Income Tax Revenue (MITR) from withholding received in June was down over \$500,000 from the June 2018 and June 2019 levels as follows:

<u>June</u>	<u>MITR from Withholding</u>	<u>Plus/Minus From Previous</u>
2016	\$2,362,057	
2017	\$2,569,658	\$207,601
2018	\$2,892,776	\$323,118
2019	\$2,865,543	(\$ 27,233)
2020	\$2,360,581	(\$504,962) – Down 17.6% from 06/19

However, the City always receives an additional amount each month from taxes on Net Profits and from utilities. Those amounts have been fairly nominal the past few Junes – except for this June. The City received one of the largest Net Profit tax payments ever this month. Upon our inquiry about it with the Business Tax Division (BTD) of the Ohio Department of Taxation, it was found to be attributable to a single corporate taxpayer. The BTD is still trying to determine for us if this was a payment for taxes owed on 2019 profits? Or was it an estimated payment based on forecasted 2020 profits?

June Net Profit and Utility taxes paid the last five Junes are as follows:

<u>June</u>	<u>MITR from Net Profits/Utilities</u>
2016	\$ 5,048
2017	\$ 1,325
2018	\$ 88,358
2019	\$110,409
2020	\$676,800

The combination of Withholding, Net Profits and Utilities for June for the last five years results in the following:

<u>June</u>	<u>Total MITR</u>	<u>Plus/Minus from Previous</u>
2016	\$2,367,105	
2017	\$2,570,983	\$203,878
2018	\$2,981,134	\$410,151
2019	\$2,975,952	(\$ 5,182)
2020	\$3,037,381	\$ 61,429

For the first half of the year, including the Retainer Refund, results are as follows for the last five years:

<u>1st Half</u>	<u>Total MITR</u>	<u>Plus/Minus from Previous</u>
2016	\$16,038,395	
2017	\$15,899,885	(\$ 138,510)
2018	\$17,996,621	\$2,096,736
2019	\$17,675,551	(\$ 321,070)
2020	\$17,189,531	(\$ 486,020)