



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, March 5, 2021

Re: Finance Department Updates

Ohio Auditor of State Award With Distinction

The City of Independence received word this week that it was the recipient of the Ohio Auditor of State Award With Distinction for Fiscal Year 2019.

That Award from Keith Faber, Auditor of State, reads:

"This award is presented for excellence in financial reporting related to your Comprehensive Annual Financial Report and compliance with applicable laws for the fiscal year ended 2019.

Your exemplary reporting serves as the standard for clean, accountable government, representing the highest level of service to Ohioans."

This recognition is attributable to a number of people:

- The entire Finance Department Team
 - Maggie Osysko, Assistant Finance Director
 - Dennis Zdolshek, Procurement Coordinator
 - Renee Krysiak, Finance Assistant
 - Carrie Barnar, Finance Assistant
 - Molly Snow, Finance Assistant
- The State of Ohio audit team, led by Tim Lintner
- The Ciuni & Panichi audit team, led by Reggie Novak

Well done, everyone – the Independence community is well served by your efforts and results!



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Investment Portfolio

This weekly column has previously communicated how the current low interest rate environment has materially reduced investment earnings – not just for Independence, but for all entities or individuals seeking returns on investment funds.

Because the City is a governmental entity that is handling the public's money, the bundle of investment options available is somewhat limited, thereby even further reducing the potential for material investment earnings above the "average" for a given period of time.

Below is a summary of the City's Investment Portfolio for 2021. Nothing has changed as far as the City's Investment Portfolio essentially being invested with three entities:

- Independence Bank – Certificates of Deposit (CD's)
- Fifth Third Securities – Municipal Notes (BANS), CD's, Money Market Fund
- Star Ohio – State of Ohio pooled investment account; immediate access to if needed

The makeup of the funds on deposit with Independence Bank and Star Ohio has not changed, but as CD's with Fifth Third have either been called (Redeemed before their Maturity Date) or matured, some of those funds have been re-deployed into short-term (one-year or less) municipal notes (BANS) to achieve what little additional yield can be obtained.

<u>Entity</u>	<u>01/31/2021 Balance</u>	<u>02/28/2021 Balance</u>
Independence Bank	\$18,000,000	\$18,000,000
Star Ohio	7,633,229	7,633,761
Fifth Third	<u>6,670,398</u>	<u>6,659,019</u>
Total Portfolio (Cost)	\$32,303,627	\$32,292,780

The Fifth Third account shows a slight decline from the end of January to the end of February. This is not due to any investment losses or such. It's simply that as the portfolio has been re-deployed from having so much of it parked in a very low-yielding money market account into higher yielding municipal notes, some of those notes were acquired at a premium. Therefore, the initial cost of acquisition of them is greater than the principal amounts of the notes purchased.



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Tuesday Streets and Sidewalks Committee Meeting/Five-Year Capital Improvement Plan

It was rewarding to see that one of the primary documents that was utilized and drove the majority of the discussion at this past Tuesday's Streets and Sidewalks Committee Meeting,

- Regarding Streets and Sidewalks projects to be completed in 2021 and beyond,
 - Where millions of dollars of upcoming projects that are already approved and ready to commence, or,
 - Projects are slated to commence in the next few years without additional outside funding sources needed (borrowing),
 - The document being used as a valuable planning and discussion tool by Engineering, Council, the Mayor's Office and the Finance Office,
 - Was the recently approved (5 – 2) 2021 – 2025 Five-Year Capital Improvement Plan (CIP).

Covid Relief Legislation (American Rescue Plan Act)

The U.S. House of Representatives recently approved a \$1.9 trillion spending bill that is now in the U.S. Senate. What that bill ultimately looks like after the Senate votes on it and the President signs it is still not known at this point.

But the version that the House passed does contain funding for state and local governments, similar to the funding authorized in the 2020 CARES Act. That 2020 CARES Act resulted in just under \$440,000 in funds being directed to the City of Independence in 2020. The current House version of this latest spending bill earmarks significantly more than that amount for Independence in 2021.

It doesn't appear that the Senate will keep this bill in its Chamber for too long, so final details should be known in the near future and will be communicated when they are known.