



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, July 29, 2022

Re: Finance Office and Related Topic Updates

2021 Financial Report

The City's preliminary 2021 financial report was filed with the Auditor of State's (AOS's) office today. It is "preliminary" as it is still subject to the AOS's final review and adjustments, if any.

Following are some higher-level, general results – Again, subject to the AOS's final review and adjustments, if any.

Although the General Fund Balance increased materially in 2021 from 2020, the "Unassigned" portion of it, the portion of it that is readily "available," decreased by \$4.5 million as follows:

<u>General Fund</u>	<u>2021</u>	<u>2020</u>
Non-spendable	\$34,818,737	\$24,245,225
Assigned	5,673,477	6,244,527
Unassigned	<u>5,148,071</u>	<u>9,675,231</u>
Total General Fund	\$45,640,285	\$40,164,983

When all other Governmental Funds are added to that, the City's Total Governmental Funds Balance decreased by \$360,644. The "Unassigned" portion of that balance remains negative, where it historically has been.

<u>All Other Governmental Funds</u>	<u>2021</u>	<u>2020</u>
Non-spendable	\$ 13,722	\$ 846
Restricted	12,169,178	13,203,186
Committed	774,926	549,842
Assigned	1,148,246	766,858
Unassigned (Deficit)	<u>(25,193,651)</u>	<u>(19,772,365)</u>
Total Governmental Funds	\$34,552,706	\$34,913,350

(Which includes the General Fund)



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2021 Financial Report – Continued

The change in Fund Balance is largely driven by taking Revenues and subtracting Expenditures.

Revenue figures include Intergovernmental Revenue, predominantly the High Intensity Drug Trafficking Area (HIDTA) and Strike Force, for Independence.

Expenditures include Capital Outlay and Principal Retirement, both of which are policy decisions approved by the legislative body (Council) through the budgeting/appropriation process.

Total Expenditures slightly exceeded Total Revenues in both 2020 and 2021, and 2021 was the first year since 2014 where Total Revenues actually declined (slightly) from the previous year.

	<u>2021</u>	<u>2020</u>
Total Revenues	\$51,839,084	\$51,842,156
Total Expenditures	<u>52,282,028</u>	<u>52,245,231</u>
Excess of Revenues		
Over (Under) Expenditures	\$ (442,944)	\$ (403,075)

Five-Year Capital Improvement Plan (CIP) Update

Mayor Kurtz has a meeting scheduled early next week with Procurement Coordinator Zdolshek and Service Director McKinley to review the garbage truck/packer situation as discussed at this week's Streets & Sidewalks Committee Meeting.

Once they make a determination on a recommended path forward to Council, the Finance Office will incorporate that recommendation into a revised version of the CIP for the Thursday, August 4 Council Workshop.

As of now, that will be the only change/addition to the CIP since the July 8, 2022 version.

Council knows that the version it is asked to approve legislatively is just the latest version of many it has reviewed. Operating an organization with a \$51 million annual revenue stream is a fairly dynamic process that requires constant adaptation and flexibility.

That is why the Finance Office repeatedly states that figuratively, each CIP and each annual budget is "completed in pencil." Economic, business, governmental, societal/social and other factors result in an ever-changing financial-landscape that makes adaptability and flexibility absolutely critical to long-term success.