



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: Wednesday, December 23, 2020

Re: Finance Department Updates

Assessed Valuations

On Friday, December 11, 2020, this Finance Department Update reported the following Tax Year 2020/Calendar Year 2021 Assessed Valuations for Independence:

Agricultural	\$ 374,520
Residential	279,666,240
Commercial	161,624,940
Industrial	21,867,880
Public Utility – Real	8,010
Public Utility – Tangible	<u>44,523,170</u>
Total Assessed Value	\$508,064,760

Tax Year	Calendar Year	Agricultural/ Residential	Commercial/ Industrial	Public Utility Real/Tangible	Total
2020	2021	\$280,040,760	\$183,500,830	\$44,523,170	\$508,064,760

However, it turns out that a discrepancy was detected by Cuyahoga County regarding the Public Utility – Tangible amount of \$44,523,170 that was originally reported for Tax Year 2020/Calendar Year 2021. Note that the Public Utility – Tangible Valuation for Tax Year 2019/Calendar Year 2020 was only \$31,782,550.

The almost \$13 million increase in valuation for Public Utility – Tangible from Tax Year 2019/Calendar Year 2020 to Tax Year 2020/Calendar Year 2021 must have caught someone's attention after the initial release. Unfortunately, after some further investigation, the new, revised Public Utility – Tangible Valuation that is now being reported for Tax Year 2020/Calendar Year 2021 is \$32,443,030.

Therefore, the revised detailed breakdown of the City's Assessed Valuation is as follows, with the changes from the initial report in Bold:



City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

Assessed Valuations Continued

Agricultural	\$ 374,520
Residential	279,666,240
Commercial	161,624,940
Industrial	21,867,880
Public Utility – Real	8,010
Public Utility – Tangible	<u>32,443,030</u>
Total Assessed Value	<u>\$495,984,620</u>

The abbreviated, summary calculation of the above is as follows, with the changes from the initial report in Bold:

<u>Tax Year</u>	<u>Calendar Year</u>	<u>Agricultural/ Residential</u>	<u>Commercial/ Industrial</u>	<u>Public Utility Real/Tangible</u>	<u>Total</u>
2020	2021	\$280,040,760	\$183,500,830	\$32,443,030	\$495,984,620

Final Thoughts For 2020

From a financial perspective, 2020 turned out to be better than expected for the City.

Office-related employment held steady, even if some/most of it was performed remotely, despite the shutdowns, closings and cutbacks as a result of the coronavirus. Projected Municipal Income Tax Revenue (MITR) declines did not materialize. Onetime revenue sources that were not anticipated at the start of 2020 were CARES-Act grant funding and Ohio Bureau of Workers' Compensation rebates and dividends. An overall interest rate just below 1.6% was locked in for 15 years on over \$15 million of debt.

While the City optimistically heads into 2021, it also is not blind to reality. Remote work models, when combined with recently introduced state-level legislation and lawsuits filed challenging local taxing codes, are potential head-winds.

Economic "growth" in the region appears to be more of a "reshuffling" of existing businesses, while states like Florida and Texas boast of net inward business and resident migration, at least partially due to no income taxes at the state and local levels.

Rest assured, Mayor Kurtz, Members of Council, the Finance Department team, Directors and Staff-Team Members will all be pulling in the same direction in 2021 to overcome challenges, hurdles and roadblocks to ensure that Independence remains *a premier community in which to live, work, visit and raise a family* for some time to come.

The Finance Department Team wishes everyone the best in 2021. Onward and upward!