

Cleveland City Council Budget Retreat 2021 Mayor's Estimate February 12, 2021

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CITY OF CLEVELAND
Mayor Frank G. Jackson

Financial Overview

- The City of Cleveland is a municipal corporation and political subdivision of the State of Ohio. **The total annual appropriation of operating funds on a citywide basis is just under \$1.8 billion**, which is comprised of General Fund, Major Enterprise Funds, Minor Enterprise Funds and Agency Funds (i.e. CCA).

Major Enterprise Funds

Estimates for Fiscal Year 2021

<u>Division of Water</u>		
Beginning Balance		\$192,274,741
Revenue Estimate		<u>317,737,354</u>
Total Resources		510,012,095
Expense Estimate		<u>345,804,217</u>
Projected Ending Balance		<u>\$164,207,878</u>

<u>Division of Water Pollution Control</u>		
Beginning Balance		\$21,821,560
Revenue Estimate		<u>28,818,639</u>
Total Resources		50,640,199
Expense Estimate		<u>28,972,780</u>
Projected Ending Balance		<u>\$21,667,419</u>

Major Enterprise Funds

Estimates for Fiscal Year 2021

<u>Cleveland Public Power</u>		
Beginning Balance		\$26,575,140
Revenue Estimate		<u>210,702,376</u>
Total Resources		237,277,516
Expense Estimate		<u>210,011,087</u>
Projected Ending Balance		<u>\$27,266,429</u>

<u>Department of Port Control</u>		
Beginning Balance		\$95,656,034
Revenue Estimate		<u>151,549,889</u>
Total Resources		247,205,923
Expense Estimate		<u>151,549,889</u>
Projected Ending Balance		<u>\$95,656,034</u>

Strategic Planning Implementation

- The Cleveland Division of Water, Water Pollution Control and Cleveland Public Power remain financially stable at this time. The Department Port Control received \$46.4 million in COVID relief funds. While the Department of Port Control is financially stable at this time they would have been adversely impacted during 2020 if they did not receive those funds. The Department of Port Control can also anticipate some level of budgetary challenges during 2021.

General Fund

Estimates for Fiscal Year 2021

Beginning Balance	\$43,515,012
Revenue Estimate	\$636,087,679
Total Resources	\$679,602,691
Expense Estimate	\$659,321,845
*Projected Ending Balance	\$20,280,846
* Hedge against future recession	

Where We Are Now - General Fund

- In 2020, two major events impacted the City's budget and redefined us as a City and a Nation; The Covid-19 pandemic and social unrest. Accordingly, there has been a significant impact to the City's General Fund.
- As a result of the pandemic shutdown our income tax and other taxes, such as admission, parking and hotel, were significantly under projections by almost \$60 million.
- Despite this shortfall, our historically conservative approach to the City's budget allowed us to meet our three long-term obligations: balance the budget, deliver quality service and avoid layoffs. During the initial onset of the pandemic we enacted immediate cost cutting measures on all spending and initiated a hiring freeze on all non-critical vacant positions.

Where We Are Now - General Fund

- We received federal funds for COVID relief of \$60 million in the General Fund; this helped us offset our losses of tax revenue. With the receipt of federal funding and our cost cutting measures we did not have any reductions in workforce while maintaining the same level of service.
- Our long term financial strategy has been to monitor and manage our financial position to maintain a structurally balanced budget. For fiscal 2021, the City has conservatively developed a budget, which reflects revenue estimates of \$636,087,679 and anticipated expenditures of \$659,321,845, resulting in a non-structurally balanced budget.
- Although, 2021 is not structurally balanced, as anticipated revenue for the year is lower than anticipated expenses, the City's budget will be balanced as a result of utilizing \$23M of our beginning balance.

Where We Are Now - General Fund

- The City has integrated our operational and financial management strategies to position itself to face the future in an adaptive and collaborative way, which includes increasing our service delivery and expanding opportunities within our neighborhoods.
- Long term obligation:
 - Balance the budget by law.
 - Deliver quality services and
 - Keep you employed.

Review of City Finances

For 2021, as a continuation of the City's tradition of proactive financial management the following activities reflects a positive impact on the City's ability to provide the needed services to our Citizens:

- \$5 million allocated from the General Fund to be used for the 2021 Streets re-surfacing program
- \$5 million allocated for the Department of Building and Housing to utilize for the demolition program
- \$5 million allocated to the Department of Economic Development to support programming for recovery and growth of Cleveland's small business community from the impacts of COVID-19
- \$5 million allocated to Community Development for emergency rental and utility assistance.

Cleveland Municipal Court

Revenue to Expense Comparison

		2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 UNADITED	2021 BUDGETED
JUDICIAL						
	REVENUE	6,725,177	5,861,333	5,499,346	4,751,989	4,979,128
	EXPENSE	21,865,532	21,977,263	22,532,563	22,085,369	24,244,053
CLERKS						
	REVENUE	5,437,637	6,136,444	6,375,766	3,834,655	4,351,036
	EXPENSE	11,188,380	11,528,058	11,705,770	11,764,876	12,271,197
HOUSING						
	REVENUE	766,407	860,120	880,207	494,248	550,644
	EXPENSE	4,085,787	4,380,881	4,496,048	4,075,542	4,991,019

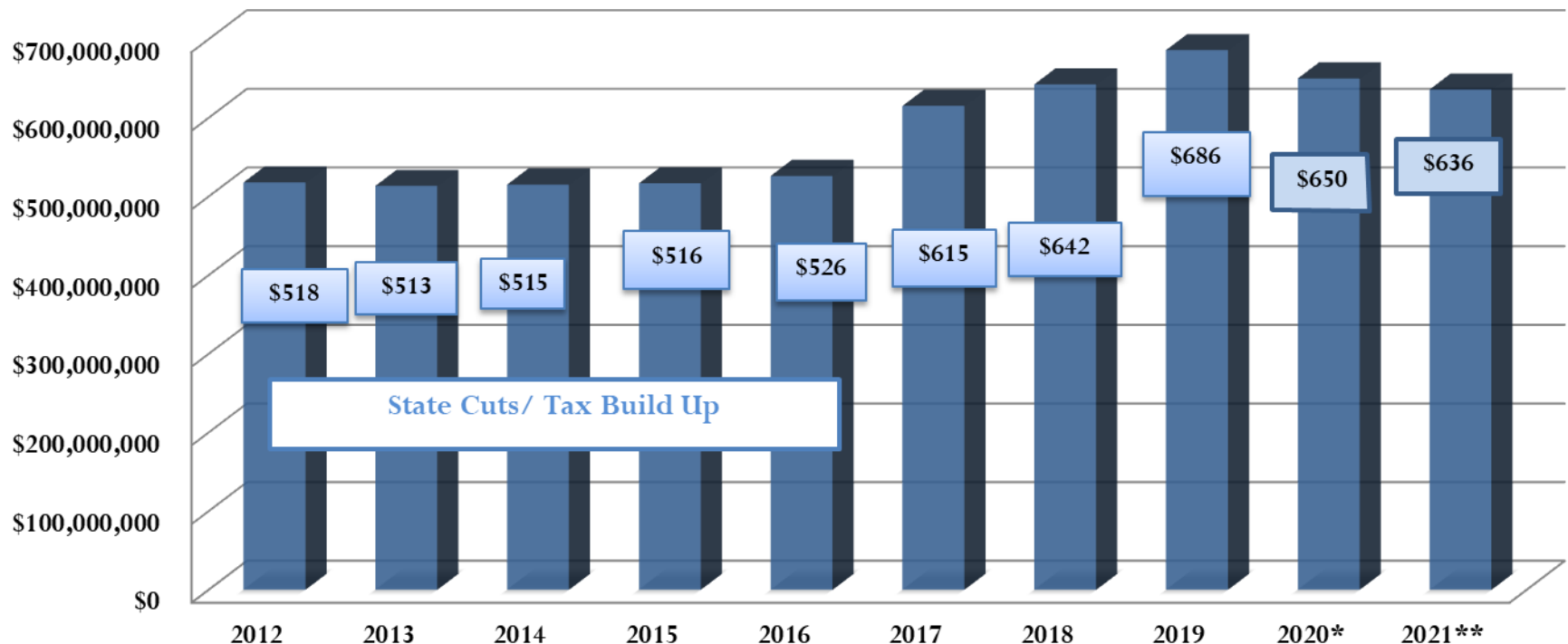
Sinking Fund

Future Debt Service Obligations

	General Obligation Bonds		Subordinate Lien Inc. Tax				
	Principal	Interest	Principal	Interest		Total Principal	Total Interest
2021	24,660,000	12,862,957	11,520,000	14,526,492		36,180,000	27,389,449
2022	23,655,000	11,929,869	13,365,000	14,068,706		37,020,000	25,998,575
2023	24,175,000	10,804,644	14,785,000	13,448,648		38,960,000	24,253,292
2024	21,900,000	9,681,432	15,155,000	12,766,180		37,055,000	22,447,612
2025	17,930,000	8,665,182	20,070,000	12,055,668		38,000,000	20,720,850
2026	18,210,000	7,839,132	20,930,000	11,217,484		39,140,000	19,056,616
2027	17,050,000	7,003,825	24,625,000	10,365,064		41,675,000	17,368,889
2028	15,350,000	6,229,100	25,670,000	9,263,157		41,020,000	15,492,257
2029	15,965,000	5,590,450	26,815,000	8,108,889		42,780,000	13,699,339
2030	12,010,000	4,922,944	27,095,000	6,897,186		39,105,000	11,820,130
Total GO Principal Outstanding				\$310,985,000			
Total SLITs Principal Outstanding				\$339,850,000			
Total Police & Fire Pension SLITs Principal				\$20,265,000			
Total Stadium Bonds Outstanding				69,900,000		Note: Obligation ends 2028	

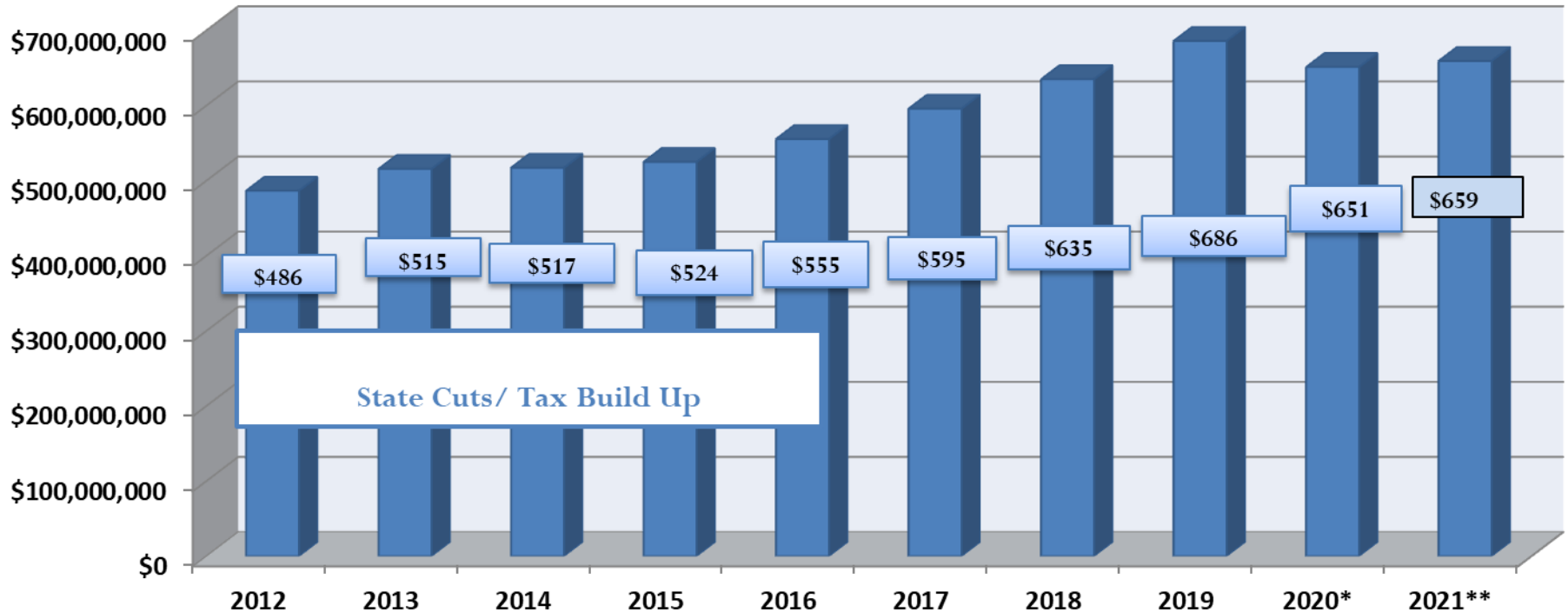
Revenue – General Fund

Revenue- General Fund



Dollar amounts are in millions. * Unaudited **Budgeted
2017 revenue reflects the half a percent Municipal income tax increase

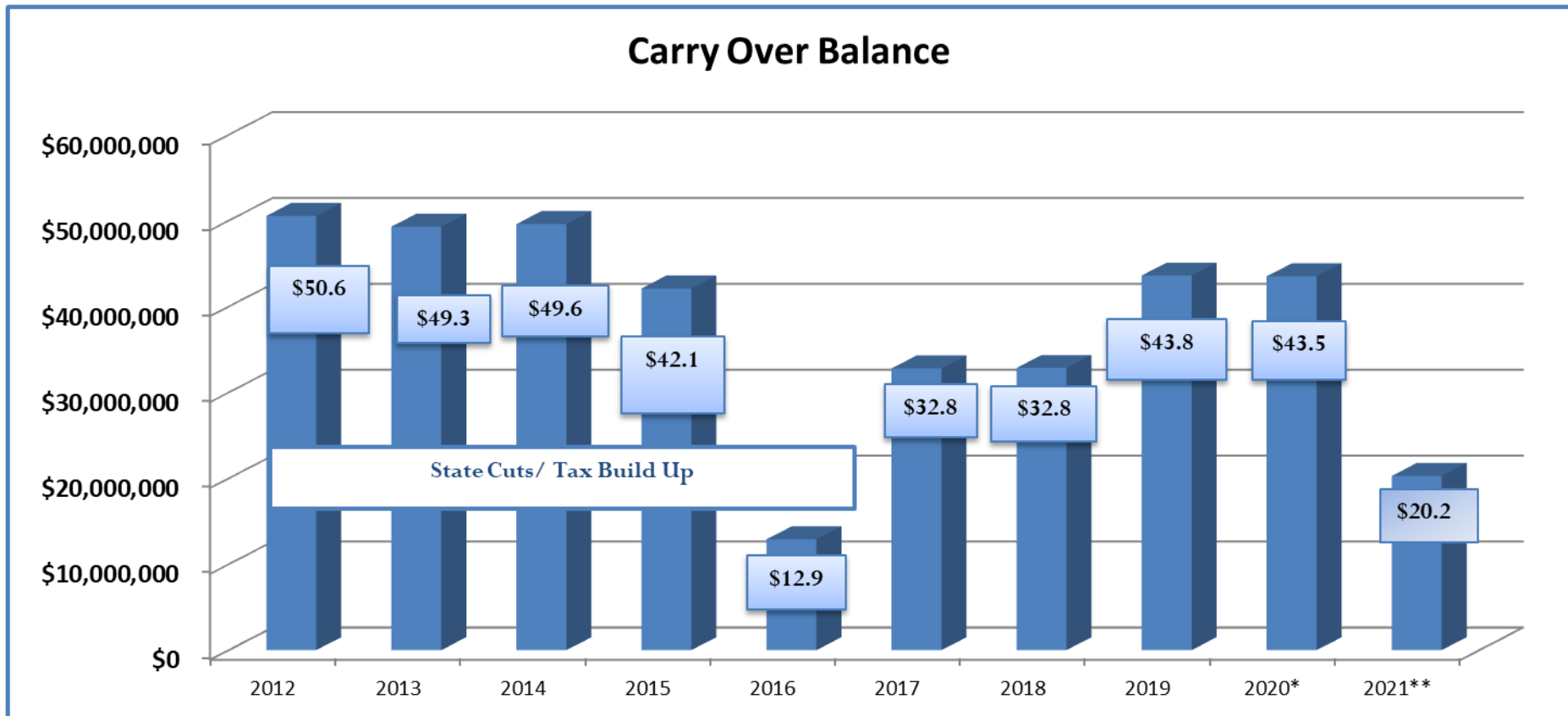
Expenditures – General Fund



Dollar amounts are in millions.

*Unaudited **Budgeted

Carry Over Balance



Dollar amounts are in millions.

*Unaudited **Budgeted

Where we are going.....

- Despite the impacts of 2020, the City is positioned for the future and will continue to make investments that create increased service to the citizens of Cleveland.

Thank you