

Treasurer's Report

November 8, 2021

This month's report contains 3 sections-An analysis of the year-to-date financial results through October 31, comments on meeting with the Village's investment advisor and an update on progress in respect of the 2022 budget.

Year-to-date Financial Performance

Financial statements were distributed to the Mayor, Clerk and Council in advance of the Council meeting.

The Village is on very solid financial footings. October produced General Fund revenue of \$325,000. The Village collected \$181,000 of municipal income tax revenue and \$138,000 of other source income, primarily \$ 91,543 from Cuyahoga County for reimbursement in 2021 of 2020 road project material costs. In August, the Village paid \$348,000 for Police, Fire, Service and Administration expenses. Beyond payroll and related costs, the largest cost was \$70,116 to Mayfield Village for quarterly ambulance services.

For the nine months year-to-date, General Fund revenue of \$7.1 million exceeds General Fund expenses of \$4.6 million by \$ 2.5 million. Revenue from real estate taxes and municipal income taxes are favorable to budget for the 10 months. Expenses are on or near budget, with most variances attributable to timing of payments.

The General Fund cash balance is \$7.7 million representing over 12 months of operating needs.

At this time and if revenues and expenses follow last year's pace, the Village could complete calendar 2021 with a current year 2021 operating surplus in excess of our planned surplus of \$777,000 for the General Fund.

As to the Capital Improvement Fund, in October, the Village paid \$ 8,362 from the Capital Improvement Fund for the 2021 Road Program, as budgeted. This brought the Capital Improvement Fund to a balance of \$528,000. We expect to spend additional funds in November and December to complete the 2021 Road Program.

Again, the village is on solid financial footing and the surplus in 2021 will be available to use in 2022 and future years.

As the books of the Village are maintained essentially on a cash basis, there can be large variances based on when cash is received, and expenses are paid. Month-over-month, and year-over-year, it is not uncommon to have a surplus one period and a shortfall the next period.

Investment Review

On October 26, the Village Finance Administrator and I met with Ancora Investments. The Village selected Ancora several years ago to provide investment advice in respect of Village funds. The relationship has been good. Ancora follows the Village's investment policy and executes transactions in accordance with that policy. The quality of investments in the portfolio is good with all securities being of investment grade. The portfolio is AA. There is a possibility of improving our results by perhaps 50

basis points by permitting longer investment terms while maintaining the same quality. The Village has investments maturing in the first quarter of 2022 and so we will be reconvening with our advisor and perhaps bring a revised investment policy to Council for discussion.

2022 Budget

We are progressing with developing the budget for 2022. The Village Finance Administrator and I have met with the Department Heads and the Insurance Subcommittee. The Wage and Benefit Committee is meeting this Thursday. The Budget and Finance Committee is meeting this Saturday. We are evaluating revenue and expense options noted in the Long-Range Planning Committee report of September 2020. Our objective is to create a budget for 2022 and address a longer-term imbalance in our future revenues and expenses.

This report will be posted on the Village's website.

Steven L. Siemborski

Treasurer, Village of Gates Mills

Chair, Budget/Finance Committee