

Treasurer's Report for Full Year 2021

This month's report focuses on the full year financial results for twelve months ended December 31, 2021.

2021 Year - Financial Performance

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

The Village continues to be on very solid financial footings. For 2021, the Village generated a \$2.2 million surplus, has cash of \$8.3 million and has no debt.

For the 12 months, General Fund revenue of \$7.6 million exceeded General Fund expenses of \$5.4 million by \$ 2.2 million, resulting in the large surplus.

Revenue from municipal income taxes was favorable to prior year by \$2.0 million and favorable to budget by \$789,000. The tax revenue increase was the result of some large receipts that are not expected to recur in 2022. Real Estate Tax revenue and Other Source revenue were slightly ahead of budget.

Expenses for the year were \$5.4 million, \$600,000 higher than 2021 but \$500,000 below 2021 budget. The largest variances were (a) increases in 2021 for Transfers to other funds, primarily the Capital improvement Fund for the 2021 Road program and (b) the \$200,000 budgeted expenditure for a new truck that was not spent in 2021 (and will be spent in 2022) as the truck manufacturer could not complete its manufacturing in 2021. Personnel costs of \$2.5 million for all four departments (Police, Fire, Service and Administration) were below budget of \$2.6 million representing good control by the department heads of their workforce.

The General Fund cash balance is \$7.4 million representing over 12 months of operating needs.

With the 2021 year being complete, it is good to confirm, as we have been reporting the last six months, that the Village completed calendar 2021 with an operating surplus, well in excess of our planned surplus of \$777,000 for the General Fund.

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.

While the General Fund is used for the vast majority of the Village's transactions, the Village is required to maintain separate Other Special Funds either by restriction, special purpose, legislation, etc. The Village started 2021 with \$775,000 in special funds, received \$2,045,000, disbursed \$1,921,000 and ended 2021 with \$899,000 in these funds. The largest disbursements were \$947,000 from the Capital Improvement Fund, \$231,000 from the Land Conservation Fund, \$219,000 from the Wastewater Treatment Fund and \$162,000 from the Street Construction, Maintenance and Repair Fund.

Later in this Council meeting, Ordinance 2022-2 will be introduced to appropriate for 2022, \$1,318,747 for several of these special purpose funds which enables the Village to use these funds for restricted purposes.

Budget - 2022

As reported at the December 2021 Council meeting, the Budget and Finance Committee approved a balanced budget for 2022 consisting of \$5.6 million in revenue and \$5.7 million in expenses. The expenditure figure of \$5,731,000 was approved in December in Appropriation Ordinance 2021-50.

Priorities for the first quarter of 2022 include the following. We will use the full year 2021 figures to inform us on the longer-range implications and revisit the financial projections developed in 2020 for LRP and update the long-range numbers. We'll look at the Special Purpose Funds evaluating the manner in which they are available to the Village for restricted purposes. And finally, we'll be evaluating the Federal COVID ARTA funds for qualified uses as the Final Rules were issued last week.

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

Steven L. Siemborski

Treasurer, Village of Gates Mills

Chair, Budget/Finance Committee

January 11, 2022