

## **Treasurer's Report for 7 months ended July 31, 2022**

Financial statements were distributed to the Mayor, Clerk and Council in advance of the Council meeting. Further, several members of Council, the Mayor and the Clerk attended the August 3, 2022 Finance and Budget Committee meeting.

The Village is in a solid financial position which is enabling it to address the economic pressures of inflation, rising costs and supply chain disruptions without adversely impacting our service levels to Villagers. That said, the Village is not immune to the economic effects around us. Accordingly, we have completed a review of our revenue and expenditure levels for the second half of the year. I report on that outlook below.

### **GENERAL FUND --JULY 31 RESULTS and CASH POSITION**

In July, the Village received \$463,000. Revenue from real estate taxes was \$101,000 and revenue from municipal income taxes was \$304,000. For the year to date, real estate taxes collected are \$1,470,000, \$20,000 below prior year of \$1,490,000. Year-to-date, Municipal income tax revenue was \$1,945,000, down from 2021 when the Village received a non-recurring receipt of \$2,177,000. Excluding that large receipt, the 2022 figure of \$1,945,000 is quite favorable. Overall, the tax receipts to date continue to be stronger than were budgeted in December for 2022.

Other revenue of \$411,000 for the seven months, was \$93,000 less than prior year of \$505,000 due to decreases in Other Source categories—notably, permits and licenses, interest income, Mills Building rental income and Misc. income. Permits and licenses are a function of building and commercial activity. Interest is down as expected and budgeted. Mills building has gone through a change in tenants. And Miscellaneous in 2021 included a Bureau of Workers Comp refund of \$49,000.

Expenditures were \$414,000 for the month and \$3,330,000 for the year which includes \$451,000 of transfers from the General Fund to Other special purpose funds. Departmental expenses of \$414,000 are the expenditures for operating the Village. Compared to prior year-to-date, there were some notable differences. In Administration, legal and professional services were doubled compared to last year, income tax collection expense was down due to lower receipts this year and personnel costs were up as budgeted. The Police Department is generally in line with last year except for higher personnel costs as budgeted, and higher gas costs. Dispatch operating costs are within \$5,000 of budget. In the Fire Department, our EMS costs continue to run higher than budget. As a partial offset, we have been able to collect \$30,000 in ambulance income this year so far, compared to \$7,000 in 2021. The Service Department is running \$90,000 over last year's pace—some of that was the tough winter weather and overtime in the first three months, a new air conditioner and building improvements for the Mills Building and vehicles.

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

### **AMERICAN RECOVERY PLAN ACT ("ARPA") FUND**

The Village received in July the second and final receipt of the Local Fiscal Recovery funds that were part of the American Recovery Plan Act. That brings our total collections to \$233,000. These funds are available

for a broad range of services and improvements, subject to reporting, government guidelines and audit. ARPA funds need to be appropriated before the end of 2024 and spent before the end of 2026. In the Village, we have set a process for the Finance and Budget Committee to evaluate the possible uses of these funds, and to recommend such uses and amounts to Council which makes the decision. With the full amount now in hand, the Village knows the amount available and we have started evaluating uses.

#### CONSERVATION FUND

In July, the Village distributed \$61,981 to the Gates Mills Land Conservancy as its 50% share of the tax revenues from the renewed conservation levy and retained the other 50%. The Village's Conservation Fund stands at \$71,668 on July 31, 2022.

#### CASH POSITION ON JULY 31, 2022

At month-end July 31, 2022, General Fund cash was \$7,952,000 and cash in other funds was \$1,567,000 for a total cash position of \$9,500,000. We ended 2021 and started 2022 with combined cash of \$8,266,000. The Village has no debt and is in a strong financial position.

#### OUTLOOK FOR SECOND HALF

As mentioned, we have taken a diligent look at the second half of 2022. The Budget and Finance Committee met on August 3 and reviewed the seven-month numbers, evaluated variances, and discussed an outlook for the second half of 2022. Our income tax revenues continue to be stronger than expected and RITA has advised us to expect that favorability to continue for 2022. As a point of conservatism in these difficult-to-predict times, we have reduced estimates of two other revenue sources. We have evaluated our expenditures and foresee the need for an additional \$161,000 in operating costs. Those costs are for gas, legal and professional fees, insurance premiums and dispatch and EMS. The additional \$161,000 will bring the total for the year to \$5,812,000, an increase of 2.8%. The Finance and Budget Committee recommends Council's approval of Appropriation Ordinance 2022-22 authorizing these additional costs. Overall, our Outlook is that we will receive an additional \$175,000 and spend an additional \$161,000. On a Village that operates on a \$5.5 million base, those revenue and expense figures are modest.

#### LEVY

The levy renewal was approved to be on the ballot this November. That levy generates \$450,000 for General Fund operating costs. We believe the financial and operating activities of the Village shown through increased transparency and leadership demonstrate good financial stewardship to the Villagers as they consider the levy renewal.

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

Steven L. Siemborski  
Treasurer, Village of Gates Mills  
Chair, Budget/Finance Committee  
August 4, 2022