

Treasurer's Report for 5 months ended May 31, 2022

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

The Village is in a solid financial position and is able 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 and we need to look at our next six months with a sharp focus. More on that topic later.

MAY 31 RESULTS and CASH POSITION

In May, the Village received \$513,000. Revenue from municipal income taxes was \$453,000. For the year, real estate taxes collected are \$1,369,000, \$100,000 above prior year of \$1,273,000. For the year, Municipal income tax revenue was \$1,371,000 down from 2021 when the Village received a non-recurring receipt of \$2,177,000. Excluding that large receipt, the 2022 figure of \$1,371,000 is quite favorable. Overall, the tax receipts to date are stronger than were budgeted in December.

Other revenue of \$333,000 for the five months, was \$74,000 less than prior year of \$407,000 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.

Expenditures were \$402,000 for the month and \$2,571,000 for the year which includes \$451,000 of transfers from the General Fund to Other special purpose funds. Departmental expenses were \$402,000 in May. The Departmental expenditures are the operating costs to run 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. We also purchased a police vehicle this month as planned. Dispatch operating costs are within \$5,000 of budget, and we look forward to the results of the study that reviewed these costs and the allocations to municipalities. In the Fire Department, our EMS costs continue to run higher than budget. As a partial help, we have been able to collect \$24,000 in ambulance income this year so far, compared to 3,000 for all of 2021. The Service Department is running \$50,000 over last year's pace—some of that was the tough winter weather in January and February.

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.

At month-end May 31, 2022, General Fund cash was \$7,925,000 and cash in other funds was \$1,540,000 for a total cash position of \$9,466,000. We ended 2021 and started 2022 with combined cash of \$8,266,000. The Village has no debt.

OUTLOOK FOR SECOND HALF

As mentioned, we need to take a sharp look at the second half of 2022. The Budget and Finance Committee will meet in July and using June 30th six-month numbers will review the results, evaluate

variances, and determine an outlook for the second half of 2022. Areas to review include our recurring tax revenue sources, other sources of income, departmental expenses and capital improvements. We will report our outlook and any recommendations for operating in the second half of 2022 which will be a tougher fiscal environment. We expect to have a levy renewal on the ballot this November that generates \$450,000 for General Fund operating costs. We need to continue to demonstrate good financial stewardship to the Villagers.

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

Steven L. Siemborski

Treasurer, Village of Gates Mills

Chair, Budget/Finance Committee

June 14, 2022