

**VILLAGE OF GATES MILLS**  
**FINANCIAL REPORT FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 2022**  
**December 7, 2022**

November was a busy month with respect to the Village's financial matters. We worked with the State of Ohio auditors to complete audits for 2020 and 2021, supported the operating levy being renewed and closed the month of November in customary fashion. Further, the Budget and Finance committee completed the 2023 budget and appropriation. The long-range financial schedules were updated through 2027. I'll expand on these items.

**AUDITS**

The Village's financial records and procedures are subject to audit by the State Auditor of Ohio. In the summer of 2022, the auditors commenced audits of 2020 and 2021. Throughout the fall, they continued their fieldwork and drafted their report. In November they issued their reports on the financial statements and on internal controls. The Village received clean opinions for both years with respect of both the financial statements and the accounting controls and procedures. Credit is due to the Mayor and her team, in particular to the Finance Administrator. We would expect the next audit to be in 2024.

**LEVY RENEWAL**

A Village operating levy was on the November ballot for renewal. The levy provides approximately \$500,000 in annual operating funds. The levy was approved by a three to one margin. We appreciate the support and confidence of the villagers in our stewardship and handling of Village financial matters.

**NOVEMBER RESULTS AND FINANCIAL POSITION**

The financial statements were provided to the Mayor, Clerk and Council in advance of the December council meeting.

The Village continues to be in a solid financial position. We generate positive cash flow, manage to a balanced budget and have no debt. The Village has been able to continue the level of police, fire, service and administrative services as planned and budgeted for 2022, despite the economic uncertainties in the markets and persistent inflation. We are benefiting from the hybrid work environment as work-from-home (WFH) villagers are paying taxes to Gates Mills as their work city rather than other municipalities. Municipal income tax revenue is also benefiting by a subtle shift in wage earners moving into the Village and replacing villagers who paid less in tax. The mid-year financial outlook has been affirmed by the eleven-month results. In summary, the Village is in good financial shape.

Revenue for the eleven months was \$6.2 million. The month of November included \$295,000 of municipal income tax revenue. For the year to date, income tax revenue is \$3,066,000, favorable to the full year budget by \$966,000. Real estate tax revenue year to date is \$2.4 million, \$72,000 or 3% above prior year. Other Sources Revenue is \$174,000 less than prior year due to a non-recurring \$50,000 BWC refund in 2021, less rental income at the Mills building due to tenant movement and payment timing, and the village has not yet received reimbursement from the County for road materials. We expect to receive that reimbursement in December in the amount of approximately \$108,993.45. Other Sources Revenue is behind budget as we have not received traffic camera enforcement revenue as the Ohio

Supreme Court ruling changed the method of billing tickets and the Village, Gatso and the Lyndhurst court are working through the billing protocols.

Expenditures for the eleven months were \$5.5million, \$532,000 above the prior year. This overage is due to higher personnel costs (by \$231,000), legal and professional fees (by \$87,000), EMS (by \$110,000) and Service Dept vehicles (by \$105,000). For the month of November, departmental operating costs were \$421,000, a fairly typical month.

The General Fund cash balance on November 30th was \$8.1 million compared to the beginning of the year balance of \$7.4 million.

### **OTHER FUNDS**

The Village is required to maintain other special purpose funds by statute or contract. Cash in these special purpose funds amounted to \$2.2 million. This balance is expected to drop by \$1,000,000 before year end coincident with payment of the street work.

### **2023 BUDGET**

The Budget and Finance Committee developed the 2023 budget for expenditures and revenues. Departmental heads accumulated their budget figures and needs. Compensation info was gathered and benchmarked from neighboring and comparable communities. The insurance committee secured a commitment for health and dental for 2023. The Wage and Benefit committee met and determined that our compensation levels for the different positions was competitive and that a 4% increase would be appropriate for 2023. Highlights from the 2023 budget are as follows:

1. We have developed a balanced budget with \$6,050,000 of revenue and \$6,032,000 of expenditures.
2. We have increased expenditures on roads to accomplish the Road Program over a six-year period.
3. We expect to tackle the Mayfield Road culvert replacement at a cost near \$500,000 through grants received and other revenue sources.

### **LONG RANGE FINANCIAL SCHEDULES**

With the 2023 budget essentially set, the long-range financial schedules developed in late 2020 were updated for the five year period 2023 through 2027. The financial picture is good and will be presented to Council on December 13, 2022.

This report will be published to the Village website.

Please direct any questions or comments to [Treasurer@gatesmillsvillage.com](mailto:Treasurer@gatesmillsvillage.com).

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Chair, Budget and Finance Committee