

VILLAGE OF GATES MILLS
FINANCIAL REPORT FOR THE TEN MONTHS ENDED OCTOBER 31, 2022
November 7, 2022

Financial statements were provided to the Mayor, Clerk and Council in advance of the November council meeting.

TEN-MONTH RESULTS-GENERAL FUND

The Village continues to be in a solid financial position. We have positive cash flow, a balanced budget and no debt. The Village is able to continue its level of police, fire, service and administrative services as budgeted for 2022, despite the economic uncertainties in the markets and inflationary pressures. 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 ten-month results. In summary, the Village is in good financial shape.

Revenue for the ten months was \$5.9 million. The month of October included \$233,000 of municipal income tax revenue. For the year to date, income tax revenue is \$671,000 favorable to the full year budget driven by WFM and the shift in taxpayers. Further, we received in November another large receipt from RITA coincident with the October 15th filing deadlines for individuals. It is possible to foresee a full year 2022 amount of \$3,000,000. Real estate tax revenue year to date is \$2.4 million, \$72,000 or 3 % above prior year. Other Sources Revenue is running \$ 167,000 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 the coming weeks. Also, 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 ten months were \$5.1 million, \$617,000 above the prior year. This is due to higher personnel costs (\$218,000), legal and professional fees (\$ 92,000), EMS (\$110,000) and Service Dept vehicles (\$105,000). For the month of October, departmental operating costs were \$403,000, a fairly typical month, and Transfers to other funds were \$642,000 primarily for the 2022 Roads program. Total expenditures for the month were therefore \$1,045,000. During October, we paid our last EMS invoice for the year which brings total costs to \$354,000, \$110,000 above 2021 and \$32,000 (10%) above the 2022 budget.

The General Fund cash balance at September 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. During October, we transferred \$600,000 to the Capital Improvement Fund to enable payment of invoices for the Roads program. The village also received an anonymous \$22,500 contribution to the Safety Fund. Cash in these

special funds amounted to \$2.2 million. That balance is expected to drop by \$1,000,000 before year end coincident with payment of the street work.

OTHER FINANCIAL MATTERS

Budget and Finance Committee

The Committee is working on two concurrent paths. First is to develop a 2023 budget for expenditures and revenues. Second is to use the work of that process to complete the long range planning financial schedules. The groundwork for the budget is underway. Departmental heads have been accumulating their budget figures and needs. Compensation info is being gathered from neighboring and comparable communities.

The insurance committee has met and secured a commitment for health and dental for 2023.

The process we are following for the 2023 budget and LRP schedules is as follows:

Week of November 7: Treasurer, Finance Admin and department heads meet on first cut budget needs.

Week of November 14: Treasurer, Finance Admin and Dept heads meet to revise their budgets and align with the Village financial plan. Also, the Wage and Benefit committee meets.

Week of November 21: Budget and Finance Committee meet to discuss first draft of the 2023 budget.

Week of November 28: Budget and Finance Committee meet to finalize the 2023 budget and the 2023 annual appropriation for Council action at December 13 council meeting. Thereafter, Long Range Planning financial schedules are updated for 2022 expected results and 2023 budget.

Week of December 5: Budget and Finance committee meet to review the updated long range planning financial schedules. Intend to submit to Council for their December 13 council meeting

This report will be published to the Village website.

Please direct any questions or comments to Treasurer@gatesmillsvillage.com.

Steven L. Siemborski
Treasurer, Village of Gates Mills
Chair, Budget and Finance Committee