

VILLAGE OF GATES MILLS
FINANCIAL REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
October 7, 2022

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

NINE 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, reflecting a more current view of 2022 from the budget set in December of 2021, is being affirmed by the third quarter results. In summary, the Village is in good financial shape.

Revenue for the nine months was \$5.6 million. The month of September included \$144,000 of real estate tax revenue and \$130,000 of municipal income tax revenue. For the year to date, real estate tax revenue was slightly ahead of budget and prior year figures. Income Tax revenue is \$400,000 favorable to the full year budget driven by WFM and the shift in taxpayers. In September, we exceeded the \$2.5 million outlook figure for municipal income revenue. Other Sources revenue is running \$80,000 less than prior year driven by a non-recurring \$50,000 BWC refund in 2021 and less rental income at the Mills building due to tenant movement and payment timing.

Expenditures for the nine months were \$4.1 million. The month of September was a typical month. Expenditures were \$304,000. There were no unusual departmental expenditures during the month. For the year to date, we are running \$500,000 above prior year due to personnel costs (\$178,000), legal and professional fees (\$30,000), EMS costs (\$65,000) and Service Department equipment (\$105,000).

The General Fund cash balance on September 30th was \$8.8 million compared to the beginning of the year balance of \$7.4 million. On September 9th, we transferred \$1,000,000 to the invested balance account at Ancora to earn higher returns.

OTHER FUNDS

The Village is required to maintain other special purpose funds by statute or contract, such as the Capital Improvement Fund. There were no unusual receipts or expenditures during September. Cash in those funds amounted to \$1.6 million.

OTHER FINANCIAL MATTERS

Comprehensive Plan Advisory Committee

I presented an overview of Village finances to the Advisory Committee at its September 27 meeting.

Budget and Finance Committee

We met on October 5, 2022, to (1) review the updated long-range planning financial schedules based on assumptions developed and remarks from the last Committee meeting and (2) hear a presentation by Ancora on the Village's investments. The LRP schedules will be updated and available for discussion at the next Committee meeting in November. As to investments, we have asked Ancora for recommendations to update the Village's investment policy statement given the current economy and increasing rates. Investment grade quality remains the top priority. The Committee also discussed the upcoming operating levy renewal and encourages all voters to vote YES on the renewal. There is no increase in taxes and all proceeds are for the village's operations.

Long Range Financial Planning Schedules

Following the Budget and Finance Committee meeting in November, I would expect to present the LRP schedules to Council at its November meeting.

This report will be published on 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