

VILLAGE OF GATES MILLS
FINANCIAL REPORT FOR THE FIVE MONTHS ENDED MAY 31, 2023
June 16, 2023

MAY RESULTS AND FINANCIAL POSITION

The financial statements were provided to the Mayor, Clerk and Council prior to the June council meeting.

GENERAL FUND

Revenue for the month of May was \$632,000, consisting of \$144,000 of real estate tax revenue, \$399,000 of municipal income tax revenue and \$89,000 of other revenue. Tax amounts represent collections by the taxing agencies (Cuyahoga County and RITA) that are forwarded to the Village. The Village is dependent on the timing of those agencies' billing and collection activities and on the timing of taxpayer remittances.

For real estate taxes, receipts are dependent on the seasonal nature of tax due dates, payments by property owners and county remittances to the Village. For the first five months of 2023, real estate tax receipts are essentially equal to the previous year. During the month of May, we caught up with what was a slow collection start for year through April. As the underlying bases of calculating real estate taxes have not changed, we can still expect the budget amount for the full year.

Municipal income tax revenue was \$399,000 in May. You will recall in last month's report that receipts through April were less than in 2022. For the five months in 2023, income tax revenue of \$840,000 is below 2022 amounts by \$531,000. We have conferred with RITA on expectations for 2023 collections to see whether their previous guidance to us, from which we developed the budget of \$2,600,000, is different. Their updated projection is now \$2,125,000. This \$500,000 possible shortfall between budget and projection is due to (a) three taxpayers in 2022 who will not pay this tax in 2023 as two have relocated their principal residence from being Gates Mills, and one is no longer employed and (b) a refund (reported last month) of 2022 taxes that was refunded in 2023 upon filing a return.

Other source revenue of \$394,600 is favorable to the prior year due to higher rental income from the cell tower (\$72,000 this year, \$62,000 in 2022) and higher Mills Building rental income from a one-time tenant payment in January of 2023 that was paid differently for 2022.

Expenditures for the month of May were \$601,000. Our monthly operating costs are normally around \$450,000. The large difference this month is due to the Service Department Truck purchase as planned and budgeted. Legal and professional fees are down as invoices for legal services have lagged last year. The Village has now received those invoices and will be reviewing and scheduling them for payment in June and July. Income tax expense is down as a function of lower collections. For the first five months of 2023, expenditures were \$2,874,000 compared to \$2,571,000 in 2022. The 2023 amount includes \$496,000 of transfers from the General Fund to other Funds (\$451,000 in 2022). Excluding those

transfers, cash expenditures were \$2,378,000 in 2023 and \$2,120,000 in 2022. The Police Department was generally on budget in 2023. In the Fire Department we spent greater amounts on ambulance/EMS costs (\$222,000 in 2023 compared to \$169,000 in 2022) due to more emergency calls. And in the Service Department, we spend more on vehicle maintenance, upgrades to the Mills Building space and the new truck purchase.

For the first five months of the year, the Village operated with a General Fund shortfall of \$261,000. Recall that the Village financial records are maintained on a cash basis, and we are just at the halfway point in the 2023 year.

The General Fund cash balance on May 31, 2023 was \$7,550,000 compared to the beginning of the year balance of \$7,811,000.

OTHER FUNDS

The Village is required to maintain other special purpose funds by statute or contract. Cash in these special purpose funds amounted to \$1,891,000 on May 31. ARPA funds that have been awarded to and received by Gates Mills have been deposited into the ARPA fund per instruction and not into the Capital Improvement fund. At this point, we have \$380,000 accumulated in the ARPA Fund for the culvert replacement before using any other fund amounts.

BUDGET AND FINANCE COMMITTEE

The Committee met on May 31, 2023 at 4:30 and discussed the following topic areas: 1. General Fund YTD results and budget implications; 2. Special projects and their costs, funding sources and appropriations; and 3. Road program. The Investments review has been moved to the next meeting. Minutes are being finalized and will be published when approved.

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