

VILLAGE OF GATES MILLS
FINANCIAL REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
October 17, 2023

SEPTEMBER RESULTS AND FINANCIAL POSITION

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

GENERAL FUND

Revenue for the month of September was \$274,000, consisting of \$142,500 of real estate tax receipts, \$60,000 of municipal income tax revenue and \$71,000 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 nine months of 2023, real estate tax receipts are slightly ahead of the prior year by \$50,000. We have caught up with a slow collection start earlier in the year.

Municipal income tax revenue was \$60,000 in September. We have been reporting for several months that tax receipts in 2023 have been less than in 2022. For the eight months in 2023, income tax revenue of \$1,594,000 is below 2022 amounts by \$\$943,000. As discussed, 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 and for explanations of the lower amounts. Their updated projection is \$1,976,000, below the prior estimate by \$150,000. Revenue at \$1,976,000 would produce a \$625,000 possible shortfall from the budget.

Other sources of revenue of \$681,000 are favorable to the prior year by \$100,000 due to higher receipts in all categories except ambulance income. Of note, rental income from the cell tower (\$72,000 this year, \$62,000 in 2022), interest on investments, and higher Mills Building rental income from a tenant payment in January of 2023 that was paid differently for 2022 provided for most of the difference.

Expenditures for the month of August were \$354,000 for operations. Our monthly operating costs are approximately \$450,000. Certain vendors invoice the Village on a quarterly basis. Legal and professional fees are up for the year by 10% or \$19,000 due to increased rates and more matters requiring attention. Income tax expense is down \$29,000 as a function of lower collections. For the first nine months of 2023, expenditures were \$4,954,000 compared to \$4,070,000 in 2022. The 2023 amount includes \$932,000 of transfers from the General Fund to other Funds (\$451,000 in 2022). Excluding those transfers, cash expenditures were \$4,018,000 in 2023 and \$3,517,000 in 2022, an increase of \$500,000 or about 12%

The Police Department is on budget in 2023, except for the \$90,000 deposit payment made by the Village to Mayfield Courts upon the commencement of the traffic camera program in August. In the Fire Department, we spent greater amounts on personnel costs and on ambulance/EMS costs. The additional volume of fire calls requiring our Fire department personnel has risen 58% this year, including a record 42 in the month of July. At the October Council meeting, we will request an added appropriation of \$21,000 for the additional compensation for this increased volume and additional training and time

regarding the new Fire Chief. As to EMS, calls are up 40% to 151 calls. EMS costs are \$360,000 in 2023 compared to \$233,000 in 2022) due to more emergency calls. We can expect one more quarterly invoice from Mayfield Village this year. In the Service Department, we spent more on upgrades to the Village Hall and Mills Building, fees to evaluate the possible expansion of Burton Court and the budgeted, new front-end loader purchase.

For the first nine months of the year, the Village operated with a General Fund shortfall of \$190,000. We had budgeted for a breakeven year. Our results are lower than budgeted due to lower income tax receipts, higher Fire and EMS costs due to greater volumes, costs to start the traffic program and the emergency Gates Mills Boulevard road repair. It is possible we could end the year at a shortfall of several hundred thousand dollars rather than break even.

The General Fund cash balance on September 30 was \$7,621,000 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 \$2,293,000 on September 30. ARPA funds that have been awarded to and received by Gates Mills have been deposited into the Local Government Fiscal Recovery/ARPA Fund per instruction and not into the Capital Improvement Fund.

BUDGET and FINANCE COMMITTEE

The Committee will be meeting on October 16, 2023. We will report the meeting discussion following the 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