

VILLAGE OF GATES MILLS
FINANCIAL REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2023
July 15, 2023

JUNE RESULTS AND FINANCIAL POSITION

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

GENERAL FUND

Revenue for the month of June was \$413,000, consisting of \$349,000 of municipal income tax revenue and \$64,000 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 six months of 2023, real estate tax receipts are essentially equal to the prior year. We have caught up with what was a slow collection start for the year. 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 \$349,000 in May. You will recall in the last few financial reports that receipts so far in 2023 were less than in 2022. For the six months in 2023, income tax revenue of \$1,189,000 is below 2022 amounts by \$451,000. 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 of \$2,125,000 would produce a \$475,000 possible shortfall between budget and projection. We have tracked a little better than that with a YTD shortfall from the prior year of \$451,000.

Other sources of revenue totaling \$452,000 is favorable to the prior year by \$95,000 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) and higher Mills Building rental income from a one-time tenant payment in January of 2023 that was paid differently for 2022 provided for most of the difference.

Expenditures for the month of June were \$385,000. 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 month and year as invoices for legal services have now been received and paid. Income tax expense is down as a function of lower collections. For the first six months of 2023, expenditures were \$3,259,000 compared to \$2,916,000 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 \$2,763,000 in 2023 and \$2,465,000 in 2022. The Police Department is 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. The Finance Administrator and the Fire Chief are analyzing the calls to evaluate any patterns of misuse, and are also looking at whether certain calls can be billed to third parties. In the Service Department, we spent more on vehicle maintenance, upgrades to the Mills Building space and the new truck purchase.

For the first six months of the year, the Village operated with a General Fund shortfall of \$233,000. Recall that the Village financial records are maintained on a cash basis and we are just at the half way point in the 2023 year.

The General Fund cash balance at June 30, 2023 was \$7,577,000 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 \$1,872,000 at June 30. 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.

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