

VILLAGE OF GATES MILLS
FINANCIAL REPORT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022
January 10, 2023

DECEMBER RESULTS AND FINANCIAL POSITION

The financial statements were provided to the Mayor, Clerk and Council in advance of the January council meeting.

The Village ended the fiscal year in a solid financial position. We generated a modest surplus in line with our intent to operate on a balanced budget. We have good liquidity and no debt. The Village was able to continue the level of police, fire, service and administrative services as planned and budgeted for 2022, despite the economic uncertainties in the markets and persistent inflation. Further, we made good progress in tackling the road program, having completed year one of a six-year program to bring all roads to a good condition. We benefitted 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.

GENERAL FUND

Revenue for the twelve months was \$6,450,000. The month of December included \$45,000 of municipal income tax revenue. For the year, income tax revenue was \$3,110,000, favorable to the full year budget by \$1,011,000. Real estate tax revenue was \$2,436,000, 72,000 or 3 % above prior year. Other Sources Revenue was \$788,000, \$90,000 less than prior year due to a non-recurring \$50,000 BWC refund in 2021 and less rental income at the Mills building due to tenant movement and payment timing. In December 2022, the Village received reimbursement of \$108,933 from the County for 2021 road materials. All Other Source revenue was reasonably in line with budgeted amounts, except for Fines and Costs which were below budget as the camera enforcement program was not operational. We continue to work with Gatso and the Lyndhurst court to operationalize the billing and collection procedures.

Expenditures for the twelve months were \$6,005,000, \$593,000 above the prior year. This overage is due to higher personnel costs (by \$233,000), legal and professional fees (by \$89,000), EMS (by \$110,000) and Service Dept. vehicles (by \$90,000). For the month of December, departmental operating costs were \$469,000, a fairly typical month. For the year, the Police Department costs were \$1,706,000 under budget of \$1,790,000. The Fire Department costs were \$658,000, right at budget of \$655,000. The Service Department costs were \$1,745,000, slightly unfavorable to budget of \$1,705,000. The Administration operating costs were \$791,000, \$41,000 above budget of \$750,000. Legal and professional fees accounted for \$26,000 of this overage and tax collection expenses accounted for \$37,000 of the overage.

For the full year 2022, the Village operated with a General Fund surplus of \$444,000.

The General Fund cash balance at December 31 was \$7.8 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. Cash in these special purpose funds amounted to \$1.4 million.

2023 BUDGET

The 2023 budget for expenditures and revenues has previously been reviewed. As we enter 2023, it is worth mentioning a few highlights.

1. It was determined that our compensation levels for the different positions were competitive and that a 4% increase would be appropriate for 2023.
2. We have developed a balanced budget with \$6,050,000 of revenue and \$6,032,000 of expenditures.
3. We have increased expenditures on roads to accomplish the Road Program over a six-year period.
4. We expect to tackle the Mayfield Road culvert replacement at a cost near \$500,000 through grants received and other revenue sources.

LONG RANGE FINANCIAL SCHEDULES

With the 2022 books closed, the long-range financial schedules developed in late 2020 will be updated for the five-year period 2023 through 2027. The financial picture is good and will be presented to Council at the next 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