

VILLAGE OF GATES MILLS
FINANCIAL REPORT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023
January 15, 2024

ANNUAL RESULTS AND FINANCIAL POSITION

The financial statements were provided to the Mayor, Clerk and Council in advance of the January 2024 council meeting.

GENERAL FUND

Revenue for the year was \$6,301,000, \$150,000 ahead of budget and \$150,000 less than 2022. The largest revenue sources are real estate taxes and municipal income taxes. Tax amounts are received by the Village based on collections by the taxing agencies (Cuyahoga County and RITA). 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 of \$2,288,000 are slightly ahead of the prior year and budget by \$52,000. Real estate taxes are the Village's most predictable source of income.

Municipal income tax revenue was \$2,295,000. We have reported throughout 2023 that such receipts were less than the budgeted \$2,600,000 and less than 2022's amount of \$3,111,000. Income tax revenues seem to have returned to a more predictable level. Revenues in 2020, 2021, and 2022 were hard to predict due to the effects of a few large tax payments, COVID, and the work-from-home shift in earners' workplaces.

In 2023 the Village started to operate the traffic camera enforcement program in combination with the Lyndhurst Municipal Court and the vendor. The program started in mid-August. Gross collections appear in the revenue category, while expenses to Lyndhurst Court and to Gatso appear in the Police expenditure categories. Since inception, the Village received \$596,000 and remitted \$381,000 to Lyndhurst and Gatso. The net collection to the Village was \$215,000. The Village had budgeted \$200,000 for 2023.

Other sources of revenue, excluding the traffic camera receipts, was \$854,000, equal to the budget of \$853,000 and ahead of 2022 by \$66,000. We achieved higher receipts in most categories, such as interest, rental income, and Mills Building income. Miscellaneous income was down as we had not received by year-end the reimbursement from the County for materials for the road program. We expect this in the first quarter of 2024.

Expenditures for 2023 were \$6,532,000 compared to \$6,005,000 in 2022 and \$6,132,000 budgeted for 2023. Village expenditures are budgeted and controlled via its four departments (Administration, Police, Fire and Service) and Transfers from the General Fund to other specific funds such as the Capital Improvement Fund.

The Administration Department incurred \$793,000 in 2023, essentially the same as 2022's amount of \$792,000. Personnel costs came in slightly below budget and we saved \$35,000 on our insurance costs. Legal and professional fees were over budget by \$100,000 due to five quarters of invoices occasioned by the switch in law firms, more legal matters, using a broadband consulting firm and other services.

The Police Department incurred \$380,000 associated with the traffic camera program. Excluding those costs to discuss comparability, actual expenditures in 2023 were \$1,760,000. We had budgeted \$1,826,000 so the department was \$66,000 under budget essentially in operating costs such as gas, training, and fees. We maintained the same level of police force and awarded competitive wage increases for 2023. The department operated efficiently and within budget.

The Fire Department was extremely busy in 2023, based on a higher number of calls for EMS (up 11%) and Fire (up 13%). As a result, we spent more than budgeted and than the prior year. Operating costs were \$699,000 compared to a budget of \$653,000 and prior year of \$658,000. The largest increase was for outsourced EMS, which cost \$95,000 more than 2022. We are pleased to have renewed our contract with Mayfield Village for ambulance/EMS costs.

In the Service Department, we spent \$1,867,000, \$35,000 under budget of \$1,903,000 and above the prior year amount of \$1,745,000. In addition to the many ongoing service department responsibilities, the department was busy with many more building permits and doubled construction values. In 2023, the department issued 97 permits, an increase of 23 permits or 27% from 2022. Further they oversaw or undertook upgrades to the Village Hall and Mills Building, restrooms in the Community Center, the coffee shop, improvements at Burton Court and other projects.

Transfers between funds were similar from year-to-year and were primarily from the General Fund into the Capital Improvement Fund for the road program and emergency services.

In summary, for the year, the Village operated with a General Fund shortfall of \$231,000 compared to a breakeven budget set twelve months earlier of \$19,840, primarily due to lower income tax receipts and higher Fire and EMS costs due to greater volumes. We have discussed for several months the possibility of completing the 2023 year with a shortfall of several hundred thousand dollars rather than breakeven.

The General Fund cash balance at December 31 was \$7,580,000 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 \$1,964,000 at December 31, 2023. During the year, the Capital Improvement Fund received \$929,000 from the General Fund and spent \$848,000 for the 2023 Road Program, the Hillcreek Culvert repair and the Gates Mills Blvd. emergency repair. Further, the Village was awarded and received \$407,000 in additional ARPA (Local Fiscal Recovery Funds) that have been earmarked for 2024 projects.

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