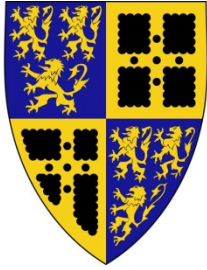


TOWN OF OLD SAYBROOK
SELECTMEN'S OFFICE



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To: Board of Finance Members
From: Lee Ann Palladino, Finance Director
Re: Fiscal Year 2020-2021 *Preliminary* Financial Results
Date: August 3, 2021

Summary

For the fiscal year period ending June 30, 2021 (“FY21”), the preliminary financial results lead to an estimated surplus of approximately \$1.47 million. The surplus of \$1.47 million is mainly attributable to underspending the expenditure budget (\$782 thousand surplus) and Town revenues contributed a similar amount (\$694 thousand surplus). Further, this budget surplus can be broken down between the Board of Education (“BoE”) and the General Government (“GG”) as follows: BoE surplus \$298,227 and GG surplus of \$1.18 million. Over the past several years, and in accordance with the Board of Finance’s Fund Balance Policy to target a Budget Reserve Fund Balance of 15%, the Town has worked toward building its rainy-day fund from a rate of 6.5% in 2012 to its current projected level of approximately 16.1% of the FY21 budget. The Town’s unassigned fund balance stands at \$7,559,728 as of June 30, 2020. The attainment of the budget reserve goal, prudent budget practices, and the building of capital and other long-term liabilities reserves all contributed to a strong financial foundation that will provide the Town with the financial tools it may need to navigate through difficult or uncertain economic periods.

Revenues

Overall town-wide revenues of \$47,714,560 came in \$694,134 over budget, however, after deducting the special education grant of \$160,047 that is part of the BoE surplus, Town revenues will post a revenue surplus of \$534,087.

Revenue	FY21 Budget	Actual	Surplus/(Deficit)
Total Taxes	\$45,486,426	\$45,521,324	\$34,898
State Revenue	\$ 375,000	\$ 674,439	\$299,439
Local Revenue	\$ 1,159,000	\$ 1,518,796	\$359,796
Total FY Budget	47,020,426	47,714,560	\$694,134

Taxes collected were very close to the budget target. Secondly, the Town budgeted \$375 thousand in State revenues and received \$674 thousand, including \$160 thousand of special education revenues. During the FY21 budget process, it was decided to conservatively budget State revenues to mitigate the State’s practices of cutting financial aid to the Town mid-year – particularly during the uncertainty of the COVID pandemic.

The State did provide the Town with all of the grants that it stated it would pay. Local revenues came in much higher than anticipated and the driving force were recording fees due to real estate activity and building permits. This was somewhat offset by lower than project interest income due to the very low level of interest rates.

Expenses

Expense	FY21 Budget	Projected Actual	Projected Surplus
Town Hall Departments	3,742,768	3,563,131	\$179,637
Public Safety	6,417,402	6,327,017	\$90,385
Public Works	3,666,813	3,433,525	\$233,288
Health & Welfare	736,338	693,144	\$43,193
Culture & Recreation	1,819,537	1,722,865	\$96,672
Education*	26,706,023	26,567,843	\$138,180
Debt Service	3,212,695	3,212,695	\$0
Capital outlay	718,850	718,191	\$659
Total Budget	47,020,426	46,238,411	782,014

- ❖ Education budget had unexpended funds of \$138,180, and revenue excess associated with the special education grant in the amount of \$160,487 for a net surplus of \$298,227.

With regard to budgeted expenses during FY21, the Town came under budget by \$644 thousand versus the Town wide budget of \$47,020,426. The General Government function that contributed the majority of the line-item surplus was Department of Public Works with a projected surplus of \$233,288, and as discussed at prior Board of Finance meetings, the department is requesting a \$150 thousand carry over into FY22 as they were unable to use all of the budgeted paving funds. The Town Hall (“TH”) Departments’ budget surplus was \$173 thousand where approximately 25 departments are a subset of TH Departments. The main driver of the TH surplus was the Land Use budget which had an \$83 thousand surplus due to a reorganization during the FY. None of the other TH departments posted material budget deviation (surplus or deficit). Finally, all department heads carefully managed their budgets and also helped to contribute to the overall surplus.

The numbers are considered preliminary estimates and will not be finalized until the audit is completed by the Town’s external auditor, Mahoney Sabol, for Fiscal Year 2021.