



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 2021-2022 *Preliminary* Financial Results
Date: August 1, 2022

Summary

For the fiscal year period ending June 30, 2022 (“FY22”), the preliminary financial results lead to an estimated surplus of approximately \$1.66 million. The surplus of \$1.66 million is mainly attributable to underspending the expenditure budget by \$275 thousand and Town generating revenues above budget in the amount of \$1.39 million. Further, this budget surplus can be broken down between the Board of Education (“BoE”) and the General Government (“GG”) as follows: BoE surplus \$245,560 and GG surplus of \$1,416,089 for a total surplus of \$1,661,649.

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 level of 17%. The unassigned fund balance stands at \$8,038,980 as of June 30, 2021. 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.

Description	Revenue surplus	Expenditure surplus	Total Surplus
General Government	\$1,163,101	252,988	1,416,089
Board of Education	\$223,739	21,821	\$ 245,560
Total:	1,386,840	274,809	1,661,649

Revenues

Overall town-wide revenues of \$48,574,557 came in \$1,386,840 over budget, however, after deducting the special education grant of \$223,739 that is part of the BoE surplus, Town revenues will post a surplus of \$1,163,101.

Revenue	FY21 Budget	Actual	Surplus/(Deficit)
Total Taxes	\$45,653,717	\$46,209,451	555,734
State Revenue	\$ 463,000	\$ 845,162	382,162
Local Revenue	\$ 1,071,000	\$ 1,519,944	448,944
Appropriation	55,000		
Total FY Budget	47,242,717	48,574,557	1,386,840

The Town experienced strong tax collection over the past fiscal year, collecting \$555 thousand more than budgeted. Secondly, the Town budgeted \$463 thousand in State revenues and received \$845 thousand, including \$234 thousand of special education revenues. During the FY22 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. 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 and building permits due to real estate activity.

Expenses

Expense	FY22 Budget	Projected Actual	Projected Surplus
Town Hall Departments*	3,657,571	3,597,050	60,521
Public Safety	6,538,577	6,468,571	70,006
Public Works	3,702,421	3,617,367	85,054
Health & Welfare	740,914	728,561	12,353
Culture & Recreation	1,877,025	1,852,355	24,670
Education**	26,771,365	26,749,544	21,821
Debt Service	3,209,844	3,209,844	\$0
Capital outlay	745,000	744,615	385
Total Budget	47,242,717	46,967,907	274,810

*Town Hall Departments is a compilation of about 25 departments

**Education budget had unexpended funds of \$21,821, and revenue excess associated with the special education grant in the amount of \$233,739 for a net surplus of \$245,560.

With regard to budgeted expenses during FY22, the Town came under budget by \$253 thousand versus the Town wide budget of \$47,242,716. None of the Town's departments posted material budget deviation (surplus or deficit). However, all departments were impacted in some form by either staff changes due to resignations or retirements, or the cost of goods and services associated with higher inflation. 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 2022.