City of Winooski
Vermont's Opportunity City

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Memorandum – 10/9/2023
Finance Department
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FY23 Q4 Treasurer's Financial Report
To: The Honorable Mayor and City Council

Please find the fourth quarter financial report for FY23 ending June 30, 2023, in an unaudited format. Notable items are as follows:

General Fund (Governmental Funds)

For FY23, the City's General Fund (100) posted a final surplus of $196K with a net fund balance of $2.04M, which is about an 11% increase year over year. For reference, the previous fiscal year's ending net fund balance was $1.85M.

General Fund revenues totaled $8.8M and came in $90K above budgeted predictions. The City's main driver of revenue collection, property tax, collected $7.03M for the city, and was generally in line/ slightly above budget. An unexpected increase in Local Option Tax contributed to revenue surpassing the budget for FY23 as well. Outside of taxes, external factors in the market contributed to the city's increase in net assets. Throughout the fiscal year, we realized additional interest due to rising market interest rates, which accounted for almost $93K of additional revenue.

General Fund expenses total $8.6M and landed $106K below budget. The bulk of these cost savings are due to staff vacancies across multiple departments. All vacancies are ongoing without qualified candidate pools or are vacant due to disability and must be held open due to union contracts. In addition to vacancies, administrative insurance costs were $50K under budget due to a reduced number of claims.

Enterprise Funds

The Water Fund (201) ended the year with a loss of ($84K) and a net fund balance of $538K. The reported deficit is a result of unbudgeted non-cash expenses for depreciation. Conversely, the city was able to catch up to budgeted water charge revenue, which included conservative estimates for newly developed properties (36 Mallets Bay Avenue & 355 Main Street). Both locations became fully occupied in Q2, so we expected to see forecasted revenue rise as the year progressed into the warmer months. Higher than average water use was anticipated in the final quarter as this is when gardens are typically started and maintained.

The Wastewater Fund (205) ended the year with a loss of ($296K) in Q2 with a net fund balance of $247K. Similar to the Water Fund, the deficit is a main result of unbudgeted non-cash expenses for depreciation. Like the Water Fund, the city was able to catch up to budgeted water charge revenue, which included conservative estimates for newly developed properties (36 Mallets Bay Avenue & 355 Main Street). Both locations became fully occupied in Q2, so we expected to see forecasted revenue rise as the year progressed into the warmer months. In addition, expenses were over budget in the following areas: chemical supplies prices spiked higher than anticipated, and increased scope of paving prep work at Roger/Gail/Bernard & Barlow Street.

The Combined Parking Garage Fund (207) ended the year with a loss of ($490K) with a net fund balance of $131K. Expenses from the development of the Abenaki garage were offset by funds transferred from the Community

Development fund. Similar to the other enterprise funds, the deficit is a mainly result of unbudgeted non-cash expenses for depreciation. The revenue received for parking meters at Spinner Place is double our annual budget. We are seeing a transition from cash to credit parking payments as we are incurring higher fees for ParkMobile transactions than anticipated.

Special Revenue Funds

The Community Services Fund (400) ended the year with a $2K surplus and net fund balance of $26K, which is an improvement from the ($4K) deficit forecasted earlier in the year. The lack of programming revenue was offset by donations received by our Senior Center. We are not running fee-based programming at the Senior Center since participants are a high-risk group, who were significantly impacted by the pandemic.

The TIF Fund (600) ended the year with a surplus of $150K with a net fund balance of $273K. Throughout FY23, the surplus for the TIF fund is a result of higher parking meter and Spinner Place revenue in the Combined Parking Garage Fund.

The Rental Registry Fund (702) ended the year with a loss of ($18K) with a net fund deficit of ($18K). Due to the pandemic, the rental deficit continues into the fourth year due to multiple properties that were not billed at a full rate. However, corrective billing plans were initiated, resulting in a slight increase in revenue received through the end of the fiscal year. We anticipate most locations to be billed at their full amount during FY24.

The Community & Economic Development Fund (805) closed out the year with a ($265K) deficit, and a net fund balance of $156K. Grant revenue was received, and there were no major changes to expenses. The deficit is due to an approved transfer of funds to the Parking Fund (207), to cover Abenaki Garage expenses.

In FY23, we see Winooski's financial activity begin to return to pre-pandemic levels, with some lingering effects. The General Fund's growth can be attributed to unexpected revenue realized from rising interest rates, as well as vacancies across multiple departments, which may be due to a tighter labor market. Dips in our Enterprise and Special revenue fund balances were the result of the development expenses of the Abenaki Garage, as well as depreciation. Conversely, revenue earned across these funds were on target, or even over budget in areas like parking meter revenue. In FY24, Winooski should continue to monitor the progress of the Abenaki Garage, and prepare for other upcoming long-term projects.

Respectfully submitted,

John Fenney