



Sixth Taxing District Annual Meeting Financial Review

March 7, 2018

Jim Hendrickson, District Treasurer

Financial Review Topics

| <u>Section</u> | <u>Slides</u> | <u>Color code</u> |
|--------------------------------------|---------------|-------------------|
| Fiscal Year 2016-17 Audited Results | 3-8 | FY 2016/17 |
| Fiscal Year 2017-18 YTD and Forecast | 9-11 | FY 2017/18 |
| Fiscal Year 2018-19 Proposed Budget | 12-20 | FY 2018/19 |

Note: See color coded box on upper right corner of each slide to identify the fiscal year being addressed on the slide

Financial Review Topics

- **Fiscal Year 2016-17 Audited Results**
- Fiscal Year 2017-18 YTD and Forecast
- Fiscal Year 2018-19 Proposed Budget

FY 2016/17

Fiscal Year 2016-17 Audit

- District financial statements are audited
- Independent Auditor is O'Connor Davies, LLP in Stamford, CT.
- Results of audit: Clean, unqualified opinion
- Audited financial statements are available to the public at the Rowayton Library, at the District Treasurer's office or on the District's web site (www.Rowayton6TD.com). The June 30, 2017 audit will be posted shortly.
- The audit includes all of the District's activities but the remainder of this presentation excludes the Train Station Parking financials which must be kept separate from District finances under the terms of our lease with the CT Department of Transportation.

Summary of 2016/17 Results

Revenues

Year ending 6/30/17

| | | |
|----------------|---------------|---|
| Property Taxes | \$1,746,993 | 6TD portion of property taxes |
| All Other | <u>69,022</u> | Beach fees, rent from Comm. Ctr & misc fees |
| Total Revenue | \$1,816,015 | |

Expenses

| | | |
|-------------------------|---------------|---|
| Home & Community | \$389,301 | Refuse collection/disposal, street lighting |
| Culture & Recreation | 356,726 | Library, Comm Ctr, Bayley Beach, Pinkney Park |
| Employee Pay & Benefits | 361,071 | Employee costs including wages and benefits |
| General Gov't Support | 125,609 | Insurance, legal, audit, admin and technology |
| Debt Service | 116,548 | Principal and interest payments |
| Community Grants | 33,440 | Grants to community organizations |
| Public Safety & Parking | <u>72,160</u> | Fire Department and Amber Parking Lot |
| Total Expenses | \$1,454,855 | |

Revenues Less Expenses \$361,160

- District revenues exceeded expenses by \$361,160 in fiscal year 2016/17.
- This net income was used for two purposes: 1) to build our capital reserves for major projects and 2) to maintain our unrestricted fund balance which the auditors recommend we keep between 10% - 15% of expenditures.

Change in General Fund Balance

- The general fund balance is the amount by which assets exceed liabilities and represents our reserve for unforeseen expenditures.
- The District's general fund balance increased by \$89,462 from 6/30/16 to 6/30/17 reflecting an increase from net income partially offset by the amount transferred to our capital account.

| | <u>Fiscal Year Ending</u> | |
|-------------------------------------|---------------------------|------------------|
| | <u>6/30/2017</u> | <u>6/30/2016</u> |
| Total Assets | \$1,285,234 | \$1,133,987 |
| Total Liabilities | <u>963,224</u> | <u>901,439</u> |
| Fund Balance | \$322,010 | \$232,548 |
| Fund Balance Increase/(Decrease) | \$89,462 | |
| <u>Changes to Fund Balance</u> | | |
| Revenues greater than Expenses | \$361,159 | |
| Transfers from/(to) Capital Account | <u>(271,697)</u> | |
| Net Increase/(Decrease) | \$89,462 | |

Key Variances to Budget

FY 2016/17

| | Original | Final | | Actual B/(W) |
|---|------------------|------------------|------------------|---------------------|
| | <u>Budget</u> | <u>Budget</u> | <u>Actual</u> | <u>Final Budget</u> |
| Revenues | \$1,802,466 | \$1,802,466 | \$1,816,014 | \$13,548 |
| Expenses | <u>1,611,570</u> | <u>1,530,769</u> | <u>1,454,855</u> | <u>75,914</u> |
| Revenues Less Expenses | \$190,896 | \$271,697 | \$361,159 | \$89,462 |
| <u>Key Variances to Final Budget</u> | | | | |
| Revenues | | | | |
| Property Taxes | | | | \$6,237 |
| All other revenues | | | | <u>7,311</u> |
| Total Revenues vs Budget | | | | \$13,548 |
| <u>Expenses</u> | | | | |
| Property Tax Revaluation Reserve | | | | \$58,599 |
| Employee Benefits | | | | \$6,845 |
| Audit Fees | | | | 4,194 |
| Insurance | | | | 2,228 |
| Community Center | | | | 2,525 |
| All other expense reductions | | | | <u>1,523</u> |
| Total Expenses vs Budget | | | | <u>\$75,914</u> |
| Total Revenues Less Expenses vs Budget | | | | \$89,462 |

- Adjustments to budgeted expenses reflect the transfer of budget monies from an expense category to either the fund balance or capital.
- Positive revenue variance reflects higher property taxes (\$6,400) and rental income (\$5,600).
- The reserve for property tax revaluations was not required resulting in an expense savings of \$58,599.

Sixth Taxing District Commissioners

*Motion to accept major variances
to 2016/17 budget*

Financial Review Topics

- Fiscal Year 2016-17 Audited Results
- **Fiscal Year 2017-18 YTD and Forecast**
- Fiscal Year 2018-19 Proposed Budget

FY 2017/18

2017/18 Budget and YTD Results

FY 2017/18

| <u>Revenues</u> | <u>Budget</u> | <u>Thru 1/31/18</u> | <u>YTD % FY</u> |
|-----------------------------------|----------------|---------------------|-----------------|
| Property Taxes | \$1,781,168 | \$1,289,141 | 72% |
| All Other | <u>352,210</u> | <u>21,649</u> | 6% |
| Total Revenue | \$2,133,378 | \$1,310,790 | 61% |
| <u>Expenses</u> | | | |
| Home & Community | \$407,250 | \$219,267 | 54% |
| Culture & Recreation | 363,000 | 198,630 | 55% |
| Employee Pay and Benefits | 417,978 | 232,160 | 56% |
| General Gov't Support | 162,497 | 116,417 | 72% |
| Debt Service | 159,945 | 101,860 | 64% |
| Community Grants | 50,875 | 50,875 | 100% |
| Public Safety & Parking | <u>79,500</u> | <u>37,386</u> | 47% |
| Total Expenses | \$1,641,045 | \$956,595 | 58% |
| Revenues over Expenses | \$492,333 | \$354,195 | 72% |

a) Budgeted loan proceeds of \$300,000 not yet drawn

- Revenues and expenses on track to meet budget after seven months (58% of year).
- Property tax revenues now on budget including funds received in February.
- Certain expenses (e.g., most community grants and debt service) are front loaded in fiscal year.

2017/18 Capital Account

| <u>Equity and Capital Funds</u> | <u>Balance as of 1/31/18</u> |
|---------------------------------|------------------------------|
| Amber Lot Improvements | \$35,700 |
| Bayley Beach | 61,403 |
| Community Center Renovation | 442,475 |
| Community Center Lot Repaving | 60,000 |
| Fire Department equipment | 7,280 |
| Pinkney Park | 19,213 |
| Reserves and all other | <u>95,625</u> |
| Total | \$721,696 |

- The District currently has \$721,696 set aside for capital projects. This balance does not yet reflect the proceeds of a \$300,000 loan that was approved in the 2017/18 Budget. The loan proceeds, which will be received shortly, will increase the Community Center renovation budget to \$742,475.
- The required funds for the project will exceed the \$742,475 available and we'll explain how that is being addressed in the next few slides.

Financial Review Topics

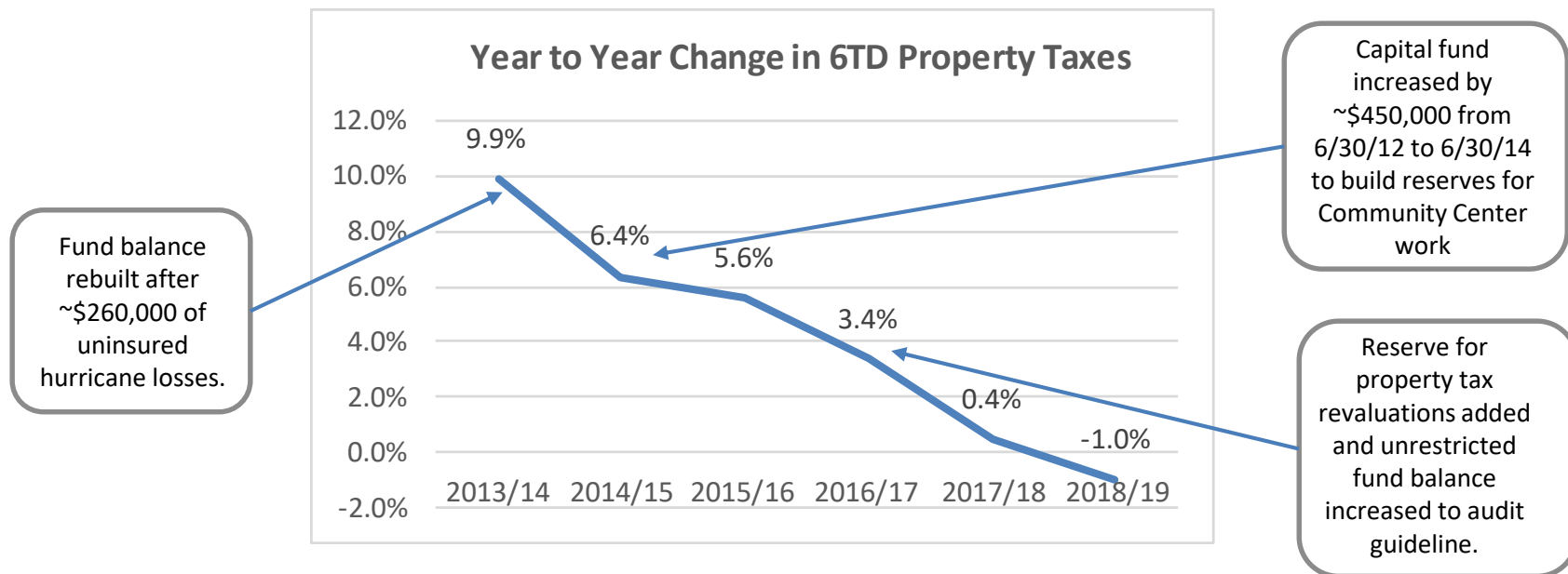
- Fiscal Year 2016-17 Audited Results
- Fiscal Year 2017-18 YTD and Forecast
- **Fiscal Year 2018-19 Proposed Budget**

FY 2018/19

2018/19 Proposed Budget Overview

- Key goal of the 2018/19 Budget - - fund a shortfall of over \$200,000 in the Community Center Renovation Project while avoiding new borrowing or a major property tax increase.
- The proposed budget achieves this goal but getting there required a number of actions including:
 - 1) Transferring capital funds from several projects to the Community Center Renovation
 - 2) Reducing a number of grants
 - 3) Holding the line on various expenses
 - 4) Raising the cost of resident beach passes to \$25

2018/19 Proposed Budget Overview



- The proposed budget reflects a 1% reduction in the 6TD portion of our property taxes compared to the current fiscal year.
- The 6TD property taxes are imbedded in our overall property tax bills from the City of Norwalk and represent about 5% of the total.
- The 6TD portion of our property taxes has been trending downward following a 2-3 year period when we needed to build our fund balance.

2018/19 Revenues

| <u>Revenues</u> | <u>2018/19</u> | <u>2017/18</u> | <u>Yr/Yr Change</u> | |
|------------------------------|----------------|----------------|---------------------|----------------|
| | <u>Budget</u> | <u>Budget</u> | <u>Amount</u> | <u>Percent</u> |
| Property Tax | \$1,749,166 | \$1,767,668 | (\$18,502) | -1.0% |
| Other Income | | | | |
| Rentals | \$9,000 | \$12,000 | (\$3,000) | -25.0% |
| Beach Permits, Resident | 30,000 | 15,000 | 15,000 | 100.0% |
| Beach Fees: Non Resident | 17,500 | 18,000 | (500) | -2.8% |
| Other Beach/Camp Fees | 11,000 | 7,000 | 4,000 | 57.1% |
| Firefighter Rebate Provision | 8,000 | 8,500 | (500) | -5.9% |
| Loan Proceeds | 0 | 300,000 | (300,000) | -100.0% |
| All Other Income | <u>\$6,010</u> | <u>\$5,210</u> | <u>\$800</u> | 15.4% |
| Total Revenue | \$1,830,676 | \$2,133,378 | (\$302,702) | -14.2% |

- The 6TD portion of our property taxes, which account for 96% of total District revenues, are proposed at \$1,749,166, down 1% from the current fiscal year.
- Resident beach passes are being raised to \$25 per vehicle, increasing next year's revenue by \$15,000 compared with the current year budget. We will also see additional beach permit revenue in the current fiscal year.

2018/19 Expenditures

| <u>Expense Category</u> | <u>2018/19</u> | <u>2017/18</u> | <u>Yr/Yr Change</u> | |
|---------------------------------|------------------|------------------|---------------------|----------------|
| | <u>Budget</u> | <u>Budget</u> | <u>Amount</u> | <u>Percent</u> |
| General Gov't Support | \$154,169 | \$166,497 | (\$12,328) | -7.4% |
| Public Safety and Transportatio | 86,000 | 79,500 | 6,500 | 8.2% |
| Culture & Recreation | 352,050 | 363,000 | (10,950) | -3.0% |
| Home & Community | 197,950 | 202,550 | (4,600) | -2.3% |
| Library Grant | 209,300 | 204,700 | 4,600 | 2.2% |
| All Other Grants | 21,700 | 50,875 | (29,175) | -57.3% |
| Employee Pay and Benefits | 415,607 | 417,978 | (2,371) | -0.6% |
| Debt Service | 157,256 | 159,945 | (2,689) | -1.7% |
| Valuation Reserve | 0 | 25,000 | (25,000) | -100.0% |
| Increase to Fund Balance | <u>0</u> | <u>15,000</u> | <u>(15,000)</u> | -100.0% |
| Total Operating Expenses | \$1,594,032 | \$1,685,045 | (\$91,013) | -5.4% |
| Transfer to Capital | <u>\$236,644</u> | <u>\$448,333</u> | <u>(\$211,689)</u> | -47.2% |
| Total Expenditures | \$1,830,676 | \$2,133,378 | (\$302,702) | -14.2% |

- Operating expenses in the proposed budget are down 5.4% from the current year reflecting reductions in non-capital projects, grants and other expense areas.
- The City has advised that we do not need to reserve for property tax revaluations and our unrestricted fund balance meets the auditor's guideline, enabling us to avoid setting aside monies for those categories.

2018/19 Community Grants

| | 2018/19 | 2017/18 | 2018/19 |
|-----------------------------------|------------------|------------------|-------------------------|
| <u>Community Grants</u> | <u>Budget</u> | <u>Budget</u> | (O)/U <u>2017/18</u> |
| Library | \$209,300 | \$204,700 | (\$4,600) |
| Little League | 6,000 | 6,000 | 0 |
| Mayor's Summer Employment Program | 1,700 | 0 | (1,700) |
| Rowayton Arts Center | 3,000 | 2,500 | (500) |
| RCA - Fireworks, etc. | 0 | 10,000 | 10,000 |
| Rowayton Gardners | 0 | 2,375 | 2,375 |
| Rowayton Historical Society | 1,000 | 20,000 | 19,000 |
| Shakespeare on the Sound | <u>10,000</u> | <u>10,000</u> | <u>0</u> |
| Total Community Grants | \$231,000 | \$255,575 | \$24,575 |

- Community grants are down a total of about \$25,000. The 2.2% increase in the Library grant reflects the cost of an increase in it's payroll.
- The Historical Society's grant is down \$19,000 but it is important to note that last year's grant included a major one-time contribution to help renovate the Maritime Barn at Pinkney Park and that the District is currently paying for any uninsured cost to repair broken water pipes.

2018/19 Operating and Capital Projects

- Two types of projects and programs
 - Operating budget projects: smaller projects, not capitalized, funded from the current year operating expense budget
 - Capital projects: major projects relating to assets with a longer life, spending is capitalized, funds may be accumulated in a capital account over several years
- Operating projects have been reduced as part of the overall effort to fund the Community Center Renovation; three groups of projects were retained.

2018/19 Operating Projects

| | |
|---|-----------------|
| Community Center - Maintenance | \$14,200 |
| Bayley Beach - Picnic tables, chair, playground chips | 5,750 |
| Pinkney Park - Landscaping, tree work, picnic tables | 9,000 |
| Total Operating Projects | \$28,950 |

2018/19 Operating and Capital Projects continued

| <u>Capital Budget Projects</u> | <u>Projected 6/30/18</u> | <u>Transfers</u> | | <u>New Funds 2018/19</u> | <u>Total Funds</u> |
|---|------------------------------|--------------------|------------------|------------------------------|--------------------|
| | | <u>From</u> | <u>To</u> | | |
| Reserve for Future Projects | \$50,000 | \$0 | \$0 | \$60,000 | \$110,000 |
| Little League Capital Reserve | 21,301 | 0 | 0 | 3,000 | 24,301 |
| Rowayton Tennis Association Reserve | 16,666 | 0 | 0 | 8,334 | 25,000 |
| Wilson Avenue Lot | 35,700 | -25,700 | 0 | 0 | 10,000 |
| Bayley Beach Sidewalk | 37,500 | -27,500 | 0 | 0 | 10,000 |
| Baseball Field Drainage | 23,903 | -23,903 | 0 | 0 | 0 |
| Community Center Lot Repaving | 60,000 | -60,000 | 0 | 0 | 0 |
| Community Center Renovation | 742,475 | 0 | 137,103 | 136,922 | 1,016,500 |
| District Tree Projects | 7,658 | 0 | 0 | 0 | 7,658 |
| Fire Department | 7,280 | 0 | 0 | 28,388 | 35,668 |
| Pinkney Park, Stairs, Sidewalk and Driveway | <u>19,213</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>19,213</u> |
| TOTAL | \$1,021,696 | (\$137,103) | \$137,103 | \$236,644 | \$1,258,340 |

- Including the pending receipt of the \$300,000 loan, the District will have \$1,021,696 set aside for capital projects on June 30 including \$742,475 for the Community Center Renovation.
- The Renovation budget is now projected to cost \$1,016,500 and is being funded by reallocating funds from several other projects and adding new funds.

Sixth Taxing District Commissioners

*Motion to adopt the proposed
budget for Fiscal Year 2018- 2019*