



Sixth Taxing District Annual Meeting Financial Review

March 6, 2019

Jim Hendrickson, District Treasurer

Financial Review Headlines

- The District's finances are in good health.
- The auditors issued a clean opinion on our 6/30/2018 financials.
- We finished 2017/18 fiscal year with a substantial surplus.
- The 2019/20 budget holds the increase in the District's portion of property taxes to <1%.
- The major one-time item in the proposed budget is for improvements at Bayley Beach and will be reviewed at a future public meeting.

Financial Review Topics

<u>Section</u>	<u>Slides</u>	<u>Color code</u>
Fiscal Year 2017-18 Audited Results	4-9	FY 2017/18
Fiscal Year 2018-19 YTD and Forecast	10-12	FY 2018/19
Fiscal Year 2019-20 Proposed Budget	13-20	FY 2019/20

Note: This material covers three fiscal years. 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 2017-18 Audited Results**
- Fiscal Year 2018-19 YTD and Forecast
- Fiscal Year 2019-20 Proposed Budget

FY 2017/18

Fiscal Year 2017-18 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, 2018 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 2017/18 Results

<u>Revenues</u>	<u>Year ending 6/30/18</u>	
Property Taxes	\$1,763,584	6TD portion of property taxes
All Other	<u>92,089</u>	Beach fees, rent from Comm. Ctr & misc fees
Total Revenue	\$1,855,673	
<u>Operating Expenses</u>		
Home & Community	\$395,509	Refuse collection/disposal, street lighting
Culture & Recreation	304,866	Library, Comm Ctr, Bayley Beach, Pinkney Park
Employee Pay & Benefits	347,395	Employee costs including wages and benefits
General Gov't Support	136,071	Insurance, legal, audit, admin and technology
Debt Service	128,096	Principal and interest payments
Community Grants	50,875	Grants to community organizations
Public Safety & Parking	<u>72,785</u>	Fire Department and Amber Parking Lot
Total Operating Expenses	\$1,435,597	
Transfer to Capital	<u>\$314,533</u>	Principally to fund Communiuty Center Renovation
Revenues Less Expenditures	\$105,543	

- District revenues exceeded operating expenses and the transfer to capital by \$105,543 in fiscal year 2017/18.
- This net amount increases our unrestricted fund balance which can be used to defray future taxes provided we maintain the fund balance above the 10% - 15% of expenditures recommended by the auditors.

Change in General Fund Balance

	<u>Fiscal Year Ending</u>	
	<u>6/30/2018</u>	<u>6/30/2017</u>
Total Assets	\$1,144,566	\$1,285,234
Total Liabilities	<u>717,013</u>	<u>963,224</u>
Fund Balance	\$427,553	\$322,010
Fund Balance Increase/(Decrease)	\$105,543	
<u>Changes to Fund Balance</u>		
Revenues greater than Expenses	\$420,076	
Transfers from/(to) Capital Account	<u>(314,533)</u>	
Net Increase/(Decrease)	\$105,543	

- 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 \$105,543 from 6/30/17 to 6/30/18 reflecting the positive net income less the amount transferred to our capital account.

Key Variances to Budget

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Actual B/(W) <u>Final Budget</u>
Revenues	\$1,833,378	\$1,833,378	\$1,855,673	\$22,295
Expenses	<u>1,685,045</u>	<u>1,518,845</u>	<u>1,435,597</u>	<u>83,248</u>
Revenues Less Expenses	\$148,333	\$314,533	\$420,076	\$105,543

Key Variances to Final Budget

Revenues	
Property Taxes	(\$4,084)
All other revenues	<u>26,379</u>
Total Revenues vs Budget	\$22,295

Expenses

General Government Support	\$59,426
Public Safety	\$4,290
Transportation	(75)
Culture and Recreation	20,134
Home and Community Services	(3,259)
Employee Benefits	583
Debt Service	<u>2,149</u>
Total Expenses vs Budget	<u>\$83,248</u>
Total Revenues Less Expenses vs Budget	\$105,543

- Adjustments to budgeted expenses reflect the transfer of budget monies from an expense category to either the fund balance or capital.
- The \$22,295 positive revenue variance reflects higher fee for resident beach passes (\$25,720) partially offset by lower revenues in all other categories.
- The \$83,248 favorable variance in expenses reflects the fact that we did not need a \$40,000 reserve for property tax revaluations and lower spending on maintenance and repair items at the Community Center and Bayley Beach.

Sixth Taxing District Commissioners

*Motion to accept major variances
to 2017/18 budget*

Financial Review Topics

- Fiscal Year 2017-18 Audited Results
- **Fiscal Year 2018-19 YTD and Forecast**
- Fiscal Year 2019-20 Proposed Budget

FY 2018/19

2017/18 Budget and YTD Results

FY 2018/19

<u>Revenues</u>	<u>Budget</u>	<u>Thru 1/31/19</u>	<u>YTD % FY</u>
Property Taxes	\$1,762,296	\$1,104,054	63%
All Other	<u>68,510</u>	<u>41,397</u>	60%
Total Revenue	\$1,830,806	\$1,145,451	63%
<u>Expenses</u>			
Home & Community	\$407,250	\$215,948	53%
Culture & Recreation	351,550	209,470	60%
Employee Pay and Benefits	414,437	242,368	58%
General Gov't Support	157,169	112,198	71%
Debt Service	157,256	112,444	72%
Community Grants	20,000	20,000	100%
Public Safety & Parking	<u>86,500</u>	<u>40,624</u>	47%
Total Expenses	\$1,594,162	\$953,052	60%
Revenues Higher/(Lower) than Expenses	\$236,644	\$192,399	81%

- Revenues and expenses are on track to meet budget after 7 months (58% of year).
- Property tax revenues are now close to budget with funds received in February.
- Certain expenses (e.g., most community grants, insurance, debt service, etc.) are front loaded in fiscal year.

2017/18 Capital Account

<u>Equity and Capital Funds</u>	<u>Balance as of 1/31/19</u>
Amber Lot Improvements	\$9,300
Bayley Beach Entrance & Sidewalk	24,000 a)
Community Center Renovation	84,273
Reserves and all other	<u>134,331</u>
Total	\$251,904

a) Includes \$14,000 transferred from Pinkney Park work in Feb 2019

- The District currently has \$251,904 set aside for capital projects.
- About half of that money is set aside as a reserve for potential uninsured losses from a hurricane (\$110,000) and for future capital projects for the Little League (\$24,300)
- The remaining funds for the Community Center Renovation are expected to be used as final invoices are presented.

Financial Review Topics

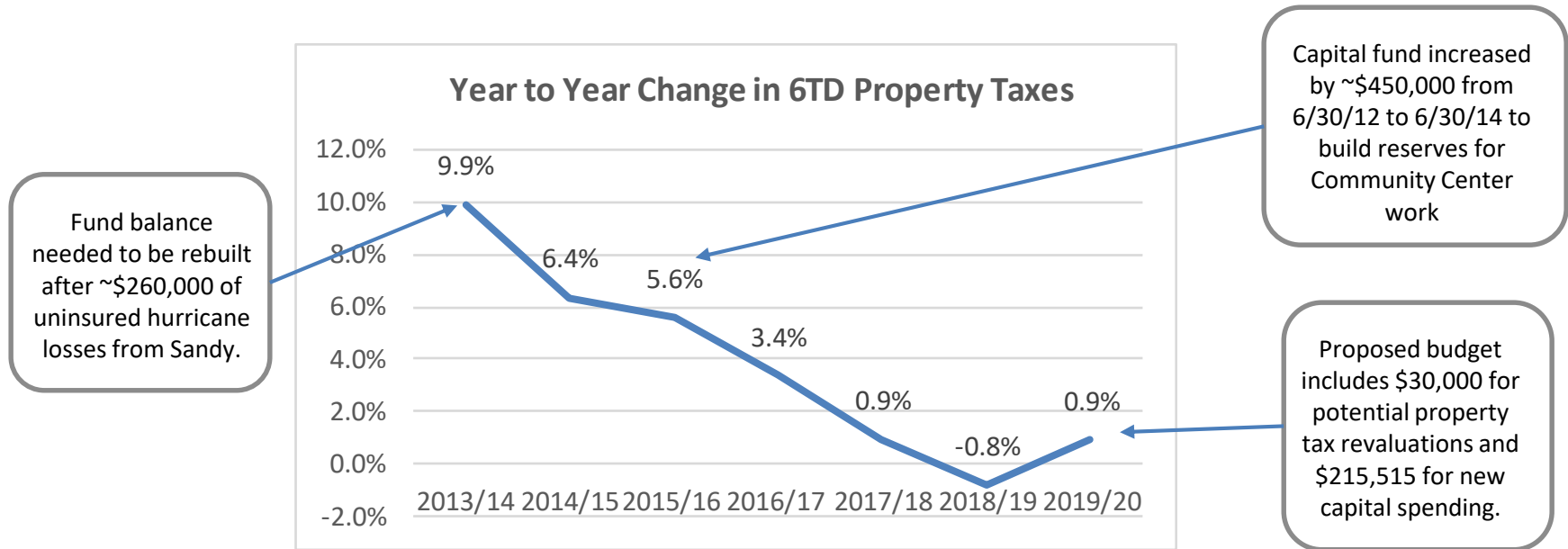
- Fiscal Year 2016-17 Audited Results
- Fiscal Year 2017-18 YTD and Forecast
- **Fiscal Year 2019-20 Proposed Budget**

FY 2019/20

2019/20 Proposed Budget Overview

- We entered this year's budget planning process with a surplus from the prior year and our major capital project, the Community Center renovation, fully funded.
- Our property tax bills from the City reflect the needs of the whole City of Norwalk (schools, roads, police, social services, etc.) plus an overlay for Sixth Taxing District expenditures which we provide and they collect on our behalf.
- The District's portion of our total property taxes are only about 5% of our total tax bills but we strive to keep the number as low as possible while still providing the services that make Rowayton what it is.

2019/20 Proposed Budget Overview



- The proposed budget reflects an increase of less than 1% in the 6TD portion of our property taxes compared to the current fiscal year.
- We've included a \$30,000 reserve for reductions in property tax revenue for potential valuation challenges to the 2018 revaluations.
- The major one-time item in the budget is \$219,000 being budgeted for work on the entrance and sidewalks at Bayley Beach. This will be discussed in detail at an upcoming Commissioners meeting once detailed cost estimates are available.

2019/20 Revenues

<u>Revenues</u>	<u>2019/20</u>	<u>2018/19</u>	<u>Yr/Yr Change</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
Property Tax	\$1,765,092	\$1,749,296	\$15,796	0.9%
Other Income				
Rentals	\$10,000	\$9,000	\$1,000	11.1%
Beach Permits, Resident	40,000	30,000	10,000	33.3%
Beach Fees: Non Resident	16,000	17,500	(1,500)	-8.6%
Other Beach/Camp Fees	8,500	11,000	(2,500)	-22.7%
Firefighter Rebate Provision	6,000	8,000	(2,000)	-25.0%
All Other Income	<u>\$6,060</u>	<u>\$6,010</u>	<u>\$50</u>	0.8%
Total Revenue	\$1,851,652	\$1,830,806	\$20,846	1.1%

- The 6TD portion of our property taxes, which account for 95% of total District revenues, are proposed at \$1,765,092, up less than 1% from the current fiscal year.
- Resident beach passes were raised to \$25 per vehicle in Spring 2018 to help fund the Community Center Renovation. We'll see the full year impact of that increase in the 2019/20 fiscal year and those funds will support additional lifeguard coverage.

2019/20 Expenditures

FY 2019/20

<u>Expense Category</u>	<u>2019/20</u>	<u>2018/19</u>	<u>Yr/Yr Change</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
Home & Community	\$412,750	\$407,250	\$5,500	1.4%
Culture & Recreation	360,400	352,050	\$8,350	2.4%
Employee Pay and Benefits	447,585	414,437	\$33,148	8.0%
General Gov't Support	178,849	157,169	\$21,680	13.8%
Debt Service	149,853	157,256	(\$7,403)	-4.7%
Community Grants	62,500	20,000	\$42,500	212.5%
Public Safety & Parking	94,200	86,000	\$8,200	9.5%
Valuation Reserve	<u>30,000</u>	<u>0</u>	<u>30,000</u>	NA
Total Operating Expenses	\$1,736,137	\$1,594,162	\$141,975	8.9%
Transfer to Capital	<u>\$215,515</u>	<u>\$236,644</u>	<u>(\$21,129)</u>	-8.9%
Total Expenditures	\$1,951,652	\$1,830,806	\$120,846	6.6%

- Total District operating expenses are up 8.9% driven by several items:
 - \$33,000 higher Employee Pay and Benefits to pay for extended lifeguard hours at Bayley Beach
 - \$21,000 higher General Government Support to support ongoing cost of the District's AED units (\$2,100), the purchase of a new snow plow blade (\$6,000) and outside HR work to develop a District policy guide and job descriptions (\$10,000)
 - \$42,500 increase in grants as the District restores the grant cuts that were imposed last year to help fund the Community Center Renovation
 - \$6,000 to fund tree work at the Amber Parking Lot
- Transfers to capital are down \$21,000 as we were able to use a portion of the 2018/19 surplus to fund new capital plans.

2019/20 Community Grants

<u>Community Grants</u>	2019/20	2018/19	<u>Year/Year Change</u>		Memo:
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>	2016/17
Library	\$216,000	\$209,300	\$6,700	3%	\$204,700
Little League	6,000	6,000	\$0	0%	6,000
Mayor's Summer Employment Program	1,700	1,700	\$0	0%	0
Rowayton Arts Center	10,000	3,000	\$7,000	233%	2,500
RCA - Fireworks, etc.	10,000	0	\$10,000	NA	10,000
Rowayton Gardeners	3,000	0	\$3,000	NA	2,375
Rowayton Historical Society	19,800	1,000	\$18,800	1880%	20,000
Shakespeare on the Sound	<u>12,000</u>	<u>10,000</u>	<u>\$2,000</u>	20%	<u>10,000</u>
Total Community Grants	\$278,500	\$231,000	\$47,500	21%	\$255,575

- Grants are up \$47,500 or 21% from 2018/19 but last year's budget was reduced substantially to help fund the Community Center renovation; compared to 2016/17, grants are up a more modest 4.4% on a compound basis.
- The grant to the Arts center will be used for maintenance of the building.
- The Historical Society plans to continue work on the Boathouse and maritime museum, build a shed for garbage and recycling cans, install an ADA ramp and improve the landscaping.
- The 2019/20 budget also restores our contribution to the RCA fireworks.

2019/20 Capital Project Budget

<u>Capital Budget Projects</u>	<u>Projected 6/30/19</u>	<u>New Funds 2019/20</u>	<u>Total 2019/20 Capital Budget</u>
Reserve for Future Projects	\$110,000	\$0	\$110,000
Little League Capital Reserve	24,300	6,000	30,300
Wilson Avenue Lot	9,300	0	9,300
Bayley Beach Sidewalk	24,000	195,000	219,000
Community Center Renovation	75,700	0	75,700
Fire Department	<u>35</u>	<u>14,515</u>	<u>14,550</u>
TOTAL	\$243,335	\$215,515	\$458,850

- We expect to end this fiscal year with about \$243,000 in capital funds. That includes \$75,700 of funds for the Community Center renovation which will mostly likely be paid out as the final invoices from the contractors are submitted.
- The major new capital funding in the 2019/20 budget is for the work to improve the entrance and sidewalks at Bayley Beach. Cost estimates for this proposal are being developed and this entire project will be presented to the public at an upcoming meeting.

Sixth Taxing District Commissioners

Motion to adopt the proposed budget for Fiscal Year 2019- 2020.