

**MINUTES
ANNUAL BUDGET MEETING
SIXTH TAXING DISTRICT OF NORWALK, CT
March 4, 2020**

**Immediately following the Annual Meeting
Rowayton, CT 06853**

Sixth Taxing District Chairperson Tammy Langalis called the Annual Budget Meeting of the Sixth Taxing District to order immediately following the Annual Budget Meeting of the Sixth Taxing District. Mrs. Langalis said that we are present to hear from our new District Treasurer, Gil Kernan, with a report of the Fiscal Year which ended on June 30, 2019. Mr. Eydtt said that there would also be an overview of other Agenda items.

Treasurer Kernan began with giving financial review headlines which were that

- The District's finances are in good health.
- The auditors issued a clean opinion on our 6/30/2019 financials.
- We finished the 2018/19 fiscal year with a net increase in our operating fund balance.
- The 2020/21 budget holds the increase in the District's portion of property taxes to 3%.
- The major one-time items in the proposed budget are for improvements at the Little League Field and the Ambler Parking Lot.

(Mr. Kernan reminded us that the train station and its operations are excluded from our budget because it's a lease from the state-owned property. We keep a separate budget for that. He also said that we do budget more than our operating expenses in order to anticipate capital improvements and we maintain a fund balance above 10% as a rainy day fund).

The Financial Review Topics

- **Fiscal Year 2018-19 Audited Results**
- **Fiscal Year 2019-20 YTD and Forecast**
- **Fiscal Year 2020-21 Proposed Budget**

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The Fiscal Year 2018-19 Audited Results

- 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, 2019 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 2018/19 Results

Summary of 2018/19 Results

<u>Revenues</u>	<u>Year ending 6/30/19</u>	
Property Taxes	\$1,742,527	6TD portion of property taxes
All Other	<u>101,806</u>	Beach fees, rent from CC & misc fee
Total Revenue	\$1,844,333	

Operating Expenses

Home & Community, street	394,483	Refuse coll./disposal, street lighting
Culture & Recreation	322,200	Library, CC ,Bayley, Pinkney
Employee Pay & Benefits	378,670	Emp cost incl wages & benefits
Gen. Gov’t Supp	127,747	Ins, legal, audit, admin and tech
Debt Service	151,190	Principal and interest payments
Community Grants	20,000	Grants to community organizations
Public Safety & Parking	<u>87,262</u>	Fire Dept. and Ambler Parking Lot
Total Operating Expenses	\$1,481,552	

Transfer to Capital	\$ 85,373
Revenues Less Expenditures	\$ 277,408

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- District revenues exceeded operating expenses and the transfer to capital by \$277,408 in Fiscal Year 2018/19.
- 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>6/30/2019</u>	<u>6/30/2018</u>
Total Assets	\$1,009,649	\$1,144,566
Total Liabilities	<u>\$ 304,688</u>	<u>\$ 717,013</u>
Fund Balance	\$ 704,961	\$ 427,553
Fund Balance Increase/Decrease	\$ 277,408	

Changes to Fund Balance

Revenues greater than Expenses	\$ 362,781
Transfers from/(to) Capital Account	<u>\$ (85,373)</u>
Net Increase/(Decrease)	\$ 277,408

- 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 \$277,408 from 6/30/18 to 6/30/19 reflecting the positive net income less the amount transferred to our capital account.

Key Variances to Budget

	<u>Original</u>	<u>Final</u>		<u>Actual B/(W)</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues	\$1,830,806	\$1,830,806	\$ 1,844,333	\$ 13,527
Expenses	<u>\$1,594,162</u>	<u>\$1,594,162</u>	<u>\$ 1,481,552</u>	<u>\$ 112,610</u>
Revenues Less Expenses	\$ 236,644	\$ 236,644	\$ 362,781	\$ 126,137

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Key Variances to Final Budget

Revenues	
Property Taxes	(\$6,769)
All other revenues	<u>20,296</u>
Total Revenues vs Budget	\$13,527
Expenses	
General Government Support	\$29,422
Public Safety	(\$ 1,903)
Transportation	641
Culture and Recreation	29,850
Home and Community Services	12,767
Employee Benefits	35,767
Debt Service	<u>6,066</u>
Total Expenses vs Budget	<u>112,610</u>
Total Revenues Less Expenses vs Budget	\$126,137

- Adjustments to budgeted expenses reflect the transfer of budget monies from an expense category to either the fund balance or capital
- The \$13,527 positive revenue variance reflects higher revenues, rentals and residential beach passes, partially offset by lower revenues in all other categories.
- The \$112,610 favorable variance in expenses reflects the fact that we spent less on General Government Support, Culture and Recreation and Employee Benefits than budgeted for.

(A motion to accept the major variances as proposed in the Agenda was made by Commission Chair Tammy Langalis and seconded by Commissioner Mike Barbis. The motion passed unanimously).

▪ **Fiscal Year 2019-20 YTD and Forecast**

2019/20 Budget and YTD Results

<u>Revenues</u>	<u>Budget</u>	<u>Thru 1/31/20</u>	<u>YTD%FY</u>
Property Taxes	\$1,775,952	\$1,125,389	63%
All Other	<u>76,560</u>	<u>36,331</u>	47%
Total Revenue	\$1,852,512	\$1,161,720	63%

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<u>Expenses</u>			
Home & Community	\$ 412,750	\$ 218,638	53%
Culture & Recreation	361,200	238,371	66%
Employee Pay & Benefits	447,585	226,968	60%
General Gov't Support	178,850	123,779	69%
Debt Service	149,852	148,102	99%
Community Grants	62,500	60,800	97%
Public Safety &	<u>79,620</u>	<u>39,932</u>	50%
Total Expenses	\$1,691,997	\$1,096,590	65%
Revenues Higher/ Lower Than Expenses	\$160,515	\$65,130	41%

- 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.

2019/20 Capital Account

<u>Equity and Capital Funds</u>	<u>Balance as of 1/31/20</u>
Ambler Lot Improvements	\$ 9,300
Bayley Beach Entrance & Sidewalk	173,715
Community Center Renovation	1,067
Reserves and all other	<u>131,949</u>
	\$ 316,031

- The District currently has \$316,031 set aside for capital projects.
- This includes money that is set aside as a reserve for potential uninsured losses from a hurricane (\$110,000) and for capital projects that are in progress at Bayley beach.
- The Community Center Renovation is complete

Financial Review Topics

- **Fiscal Year 2020-21 Proposed Budget**

2020/21 Proposed Budget Overview

- We entered this year's budget planning process with a surplus from the prior year and out major capital project, the Bayley Beach Walkways and Sidewalk improvement project estimates 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.

2020/21 Proposed Budget Overview

Year to Year change in 6TD Property Taxes

(Chart to be added at a later time)

- The proposed budget reflects an increase of 3% in the 6TD portion of our property taxes compared to the current fiscal year.
- The major one-time item in the budget is \$145,000 being budgeted for work on the Ambler parking lot and the Little League field drainage.

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2020/21 Revenues

<u>Revenues</u>	2020/21	2019/20	Yr./Yr. Change	
	<u>Amount</u>	<u>Percent</u>		
Property Tax	\$1,817,082	\$1,764,953	\$52,129	3.0%
Other Income				
Rentals	\$11,000	\$11,000	\$0	0.0%
Beach Permits, Resident	40,000	40,000	0	0.0%
Beach Fees: NonResident	16,800	16,000	800	5.0%
Other Beach/Camp Fees	15,000	8,500	6,500	76.5%
Firefighter Rebate				
Provision	5,500	6,000	(500)	-8.3%
All Other Income	<u>6,060</u>	<u>6,060</u>	<u>\$0</u>	0.0%
Total Revenue	\$1,911,442	\$1,852,513	\$58,929	3.2%

- The 6TD portion of our property taxes, which account for 95% of total District revenues, are proposed at \$1,817,082, up 3% from the current fiscal year.

2020/21 Expenditures

<u>Expense Category</u>	2020/21	2019/20	Yr./Yr. Change	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
Home & Community	\$422,500	\$412,750	\$ 9,750	2.4%
Culture & Recreation	393,350	360,400	32,950	9.1%
Employee Pay & Benefits	443,215	447,585	(4,370)	-1.0%
General Gov't Support	156,937	178,849	(21,912)	-12.3%
Debt Service	146,739	149,853	(3,114)	-2.1%
Community Grants	60,160	62,500	(2,340)	-3.7%
Public Safety & Parking	97,260	94,200	3,060	3.2%
Valuation Reserve	<u>0</u>	<u>30,000</u>	<u>(30,000)</u>	NA
Total Operating Expenses	\$1,720,161	\$1,736,137	(\$15,976)	-0.9%
Transfer to Capital	<u>\$191,280</u>	<u>\$236,644</u>	<u>(\$45,364)</u>	-19.2%
Total Expenditures	\$1,911,441	\$1,972,781	(\$61,340)	-3.1%

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- Total District operating expenses are down 1% driven by several items:
 - ✓ \$32,000 higher Cultural and Recreation to pay for extended lifeguard hours at Bayley Beach and planned improvements at Pinkney Park
 - ✓ (\$22,000) lower General Government Support to adjust from previous budgeted amounts for insurance and administrative amounts that were higher than actual amounts spent.
 - ✓ \$10,000 increase due to higher refuse collection expenses
 - ✓ (\$30,000) lower valuation claim reserve to reflect lack of valuation claim adjustments.
- Transfers to capital are down \$45,364.

2020/21 Community Grants

<u>Community Grants</u>	<u>2020/21 Budget</u>	<u>2019/20 Budget</u>	<u>Year/Year Change Amount</u>	<u>Percent</u>
Library	\$220,800	\$216,000	\$4,800	2%
Little League	6,000	6,000	0	0%
Mayor's Summer Employment Program	0	1,700	(1,700)	-100%
Norwalk Tree Alliance	3,000	0	3,000	100%
Rowayton Paddle Tennis Association	10,000	10,000	0	0%
Rowayton Arts Center	10,000	10,000	0	0%
RCA – Fireworks, etc.	10,000	10,000	0	0%
Rowayton Gardeners	0	3,000	(3,000)	-100%
Rowayton Historical Society	11,160	19,800	(\$8,640)	-44%
Shakespeare on the Sound	<u>10,000</u>	<u>12,000</u>	<u>(\$2,000)</u>	-17%
Total Community Grants	\$280,960	\$278,500	2,460	1%

- Grants are up \$2,460, with the mix of increases and decreases highlighted in the chart above.
- The Historical Society plans to continue their work on the Boathouse and maritime museum, install an ADA ramp and improve the landscaping.

2020/21 Capital Project Budget

<u>Capital Budget Projects</u>	<u>Projected 6/30/20</u>	<u>New Funds 2020/21</u>	<u>Total 2020/21 Capital Budget</u>
Reserve for Future Projects	\$110,000	\$0	\$110,000
Little League Capital Reserve	6,721	6,000	12,721
Wilson Avenue Lot	9,300	70,000	79,300
Bayley Beach Sidewalk	169,497	10,000	179,497
Bayley beach Field Drainage	0	75,000	75,000
Community Center Renovation	1,067	0	1,067
Fire Department	15,228	10,280	25,508
Pinkney Park	0	10,000	10,000
Rowayton Arts Center	<u>0</u>	<u>10,000</u>	<u>10,000</u>
TOTAL	\$311,813	\$191,280	\$503,093

- We expect to end this fiscal year with about \$311,000 in capital funds. That includes \$169,497 of funds for the Bayley Beach sidewalk improvements which will most likely be paid out as project progresses and bills from the contractors are submitted.
- The major new capital funding in the 2020/21 budget is for the work to improve the Ambler Parking Lot and to address the drainage issues at Bayley Beach. Cost estimates for these proposals are being developed.

(Mr. Barbis explained that a number of residents have been complaining about non-residents taking over the beach. The Commissioners response has been to institute a new set of beach fees for non-resident parking. These fees also bring us more in line with fees charged by other towns along the Sound).

Commission Chair Tammy Langalis made a motion to adopt the proposed budget for Fiscal Year 2020/21. The motion was seconded by Ellen Duggins and was unanimously passed.

The 2021 Annual Meeting was set for March 3, 2021 at 7:30 p.m. with the Annual Budget Meeting following immediately.

Respectfully submitted,
Andrea Woodworth
Secretary for the Annual Meetings