



Sixth Taxing District Annual Meeting Financial Review

March 3, 2021

Gil Kernan, District Treasurer

Financial Review Headlines

- The District's finances are in good health.
- The auditors issued a clean opinion on our 6/30/2020 financials.
- We finished 2019/20 fiscal year with a net increase in operating fund balance.
- The 2020/21 budget holds the increase in the District's portion of property taxes to <1%.
- The major one-time items in the proposed budget are for improvements of the Ambler Parking Lot, and for improvements in Communications Systems at The Rowayton Fire Department.

Financial Review Topics

<u>Section</u>	<u>Slides</u>	<u>Color code</u>
Fiscal Year 2019-20 Audited Results	4-9	FY 2019/20
Fiscal Year 2020-21 YTD and Forecast	10-12	FY 2020/21
Fiscal Year 2021-22 Proposed Budget	13-20	FY 2021/22

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 2019-20 Audited Results**
- Fiscal Year 2020-21 YTD and Forecast
- Fiscal Year 2021-22 Proposed Budget

FY 2019/20

Fiscal Year 2019-20 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, 2020 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 2019/20 Results

All Other	<u>75,925</u>	Beach fees, rent from Comm. Ctr & misc fees
Total Revenue	\$1,813,121	
<u>Operating Expenses</u>		
Home & Community	\$395,674	Refuse collection/disposal, street lighting
Culture & Recreation	339,839	Library, Comm Ctr, Bayley Beach, Pinkney Park
Employee Pay & Benefits	438,815	Employee costs including wages and benefits
General Gov't Support	147,061	Insurance, legal, audit, admin and technology
Debt Service	148,102	Principal and interest payments
Community Grants	60,800	Grants to community organizations
Public Safety & Parking	<u>74,849</u>	Fire Department and Amber Parking Lot
Total Operating Expenses	\$1,605,140	
Transfer to Capital	<u>\$230,515</u>	
Revenues Less Expenditures	(\$22,534)	

- District operating expenses exceeded revenues and the transfer to capital by \$22,534 in fiscal year 2019/20.
- This net amount decreases our unrestricted fund balance which can be used to defray future taxes provided we maintain the fund balance is above the 10% - 15% of expenditures recommended by the auditors.

Change in General Fund Balance

Change in General Fund Balance	Fiscal Year Ending	
	<u>6/30/2019</u>	<u>6/30/2020</u>
	Total Assets	\$1,009,649
Total Liabilities	<u>304,688</u>	<u>595,051</u>
Fund Balance	\$704,961	\$628,427
Fund Balance Increase/(Decrease)	\$ (22,534)	
<u>Changes to Fund Balance</u>		
Revenues greater than Expenses	\$207,981	
Transfers from/(to) Capital Account	<u>(230,515)</u>	
Net Increase/(Decrease)	\$ (22,534)	

- 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 decreases by \$22,534 from 6/30/19 to 6/30/20 reflecting the net income less the amount transferred to our capital account.

Key Variances to Budget

FY 2019/20

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Actual B/(W) Final Budget
Revenues	\$1,822,512	\$1,822,512	\$1,813,121	\$(9,391)
Expenses	<u>1,706,997</u>	<u>1,691,997</u>	<u>1,605,140</u>	<u>86,857</u>
Revenues Less Expenses	\$115,515	\$130,515	\$207,981	\$77,466
<u>Key Variances to Final Budget</u>				
<u>Revenues</u>				
Property Taxes				2244)
All other revenues				<u>(7,147)</u>
Total Revenues vs Budget				\$(9,391)
<u>Expenses</u>				
General Government Support				\$31,789
Public Safety				(\$6,759)
Transportation				11,170
Culture and Recreation				23,061
Home and Community Services				17,076
Employee Benefits				8,770
Debt Service				<u>1,750</u>
Total Expenses vs Budget				<u>\$86,957</u>
Total Revenues Less Expenses vs Budget				\$77,466

- Adjustments to budgeted expenses reflect the transfer of budget monies from an expense category to either the fund balance or capital.
- The \$9,391 negative revenue variance reflects lower revenues rentals and residential and guest beach passes.
- The \$77,466 favorable variance in expenses reflects the fact that we spent less on General Government Support, Culture and Recreation and Employee Benefits than budgeted for.

Sixth Taxing District Commissioners

*Motion to accept major variances
to 2019/20 budget*

Financial Review Topics

- Fiscal Year 2019-20 Audited Results
- **Fiscal Year 2020-21 YTD and Forecast**
- Fiscal Year 2021-22 Proposed Budget

FY 2020/21

2020/21 Budget and YTD Results

<u>Revenues</u>	<u>Budget</u>	<u>Thru 1/31/21</u>	<u>YTD % FY</u>
Property Taxes	\$1,817,082	\$1,071,304	59%
All Other	<u>94,360</u>	<u>25,490</u>	27%
Total Revenue	\$1,911,442	\$1,096,794	57%
<u>Expenses</u>			
Home & Community	\$422,500	\$230,179	54%
Culture & Recreation	393,350	172,168	44%
Employee Pay and Benefits	442,347	298,027	67%
General Gov't Support	156,937	140,042	89%
Debt Service	146,739	144,990	99%
Community Grants	60,160	45,160	75%
Public Safety & Parking	<u>82,700</u>	<u>24,635</u>	30%
Total Expenses	\$1,719,293	\$1,059,764	62%
Revenues Higher/(Lower) than Expenses	\$192,149	\$37,030	19%

- 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.

2020/21 Capital Account

<u>Equity and Capital Funds</u>	<u>Balance as of 1/31/21</u>
Amber Lot Improvements	\$72,013
Bayley Beach Entrance & Sidewalk	166,456
Community Center Renovation	0
Reserves and all other	<u>215,680</u>
	\$454,149

- The District currently has \$454,149 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

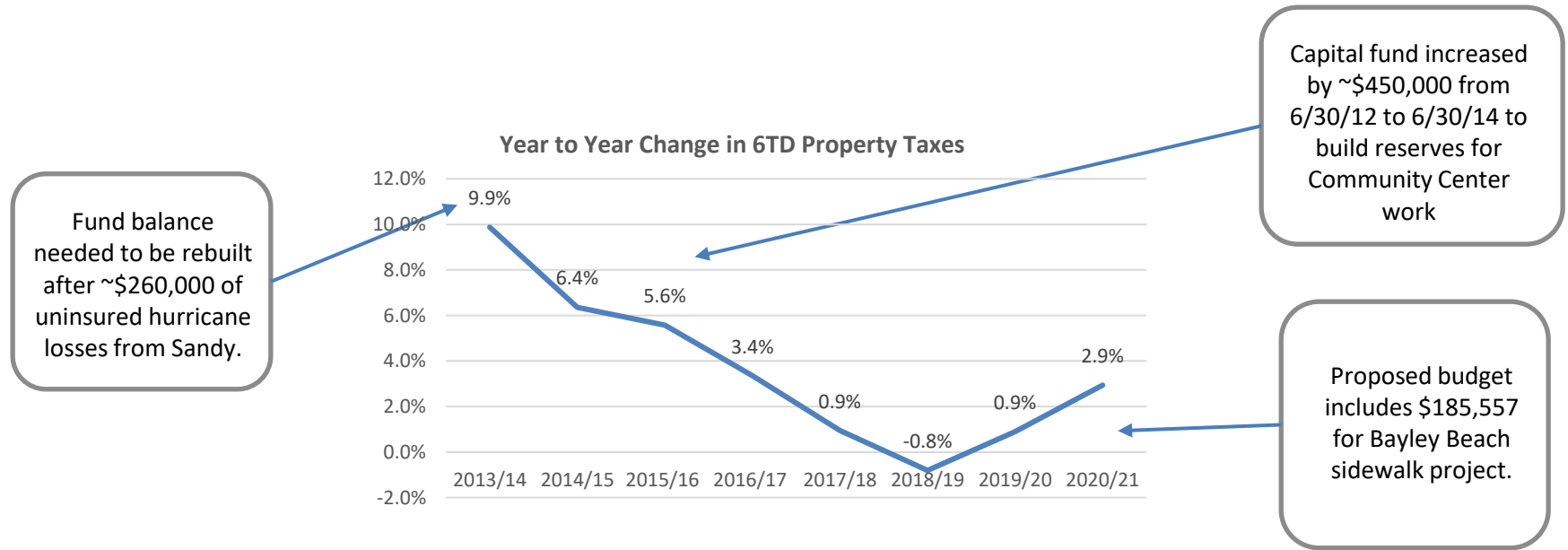
- Fiscal Year 2019-20 Audited Results
- Fiscal Year 2020-21 YTD and Forecast
- **Fiscal Year 2021-22 Proposed Budget**

FY 2021/22

2021/22 Proposed Budget Overview

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

2021/22 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.
- The major one-time items in the budget are \$185,557 being budgeted for work on the entrance and sidewalks at Bayley Beach, and \$108,694 for the Ambler Parking Lot improvements.

2021/22 Revenues

<u>Revenues</u>	<u>2021/22</u>	<u>2020/21</u>	<u>Yr/Yr Change</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
Property Tax	\$1,817,020	\$1,817,082	(\$62)	0.0%
Other Income				
Rentals	\$5,000	\$11,000	(\$6,000)	-54.5%
Beach Permits, Resident	30,000	40,000	(10,000)	-25.0%
Beach Fees: Non Resident	2,000	16,800	(14,800)	-88.1%
Other Beach/Camp Fees	7,500	15,000	(7,500)	-50.0%
Firefighter Rebate Provision	5,500	5,500	0	0.0%
All Other Income	<u>\$1,500</u>	<u>\$6,060</u>	<u>(\$4,560)</u>	-75.2%
Total Revenue	\$1,871,520	\$1,911,442	(\$39,922)	-2.1%

- The 6TD portion of our property taxes, which account for 95% of total District revenues, are proposed at \$1,817,020, up less than 1% from the current fiscal year.

2021/22 Expenditures

FY 2021/22

<u>Expense Category</u>	<u>2021/22</u>	<u>2020/21</u>	<u>Yr/Yr Change</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
Home & Community	\$413,750	\$422,500	(\$8,750)	-2.1%
Culture & Recreation	426,920	393,350	\$33,570	8.5%
Employee Pay and Benefits	436,551	443,215	(\$6,664)	-1.5%
General Gov't Support	179,189	156,937	\$22,252	14.2%
Debt Service	143,600	146,739	(\$3,139)	-2.1%
Community Grants	28,500	60,160	(\$31,660)	-52.6%
Public Safety & Parking	110,160	97,260	\$12,900	13.3%
Valuation Reserve	<u>0</u>	<u>0</u>	<u>0</u>	NA
Total Operating Expenses	\$1,738,670	\$1,720,161	\$18,509	1.1%
Transfer to Capital	<u>\$132,850</u>	<u>\$191,280</u>	<u>(\$58,430)</u>	-30.5%
Total Expenditures	\$1,871,520	\$1,911,441	(\$39,921)	-2.1%

- Total District operating expenses are up 1% driven by several items:
 - \$33,000 higher Cultural and Recreation to pay for extended lifeguard hours at Bayley Beach and planned improvements at Pinkney Park.
 - \$22,000 higher General Government Support to pay for increased insurance and legal expenditures.
 - Community Grants are down \$31,000, offset by expected capital improvements at RAC and Pinkney.
- Transfers to capital are down \$58,430.

2021/22 Community Grants

<u>Community Grants</u>	<u>2021/22</u>	<u>2020/21</u>	<u>Year/Year Change</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
Library	\$226,320	\$220,800	\$5,520	2.5%
Little League	7,500	6,000	\$1,500	25%
Mayor's Summer Employment Program	0	0	\$0	NA
Rowayton Arts Center	0	10,000	(\$10,000)	0%
RCA - Fireworks, etc.	10,000	10,000	\$0	NA
Rowayton Gardeners	0	0	\$0	NA
Rowayton Historical Society	0	11,160	(\$11,160)	-100%
Shakespeare on the Sound	10,000	10,000	\$0	0%
Norwalk Tree Alliance	<u>1,000</u>	<u>3,000</u>	<u>(\$2,000)</u>	-66%
Total Community Grants	\$254,820	\$270,960	(\$16,140)	-6%

- Grants are down \$16,140, with the mix of increases and decreases highlighted in the chart above.
- Capital improvements of \$10,000 each are planned for both The Rowayton Arts Center and Pinkney Park.

2021/22 Capital Project Budget

FY 2021/22

<u>Capital Budget Projects</u>	<u>Projected 6/30/21</u>	<u>New Funds 2021/22</u>	<u>Total 2021/22 Capital Budget</u>
Reserve for Future Projects	\$110,000	\$0	\$110,000
Little League Capital Reserve	12,721	6,000	18,721
Ambler Parking Lot	73,694	35,000	108,694
Bayley Beach Sidewalk & Field Drainage	233,195	25,000	258,195
District: New Truck & School Pond	0	32,000	32,000
Fire Department	321	14,850	15,171
Pinkney Park	10,000	10,000	20,000
Rowayton Arts Center	<u>10,000</u>	<u>10,000</u>	<u>20,000</u>
TOTAL	\$449,931	\$132,850	\$582,781

- We expect to end this fiscal year with about \$450,000 in capital funds. That includes \$160,557, which we plan to add an additional \$25,000 of funds for the Bayley Beach sidewalk improvements which will mostly likely be paid out as project progresses and bills from the contractors are submitted.
- The major new capital funding in the 2021/22 budget is for the work to improve and expand the Ambler Parking. Cost estimate of \$350,000.
- The other major capital project is to upgrade the Emergency Communication System of the Rowayton Fire Department as mandated by the State of Connecticut. Cost estimate of \$200,000.

Sixth Taxing District Commissioners

Motion to adopt the proposed budget for Fiscal Year 2021/22.