



Sixth Taxing District Annual Meeting Financial Review

March 1, 2023

Gil Kernan, District Treasurer

Financial Review Headlines

- The District's finances are in good health.
- The auditors issued a clean opinion on our 6/30/2022 financials.
- We finished 2021/22 fiscal year with a net increase in operating fund balance.
- The 2022/23 budget holds the increase in the District's portion of property taxes to 3%.
- There are no major one-time items in the upcoming fiscal year. The funding for the Ambler Parking Lot and Radio Systems upgrade occurred in previous fiscal years.

Financial Review Topics

<u>Section</u>	<u>Slides</u>	<u>Color code</u>
Fiscal Year 2021-22 Audited Results	4-9	FY 2021/22
Fiscal Year 2022-23 YTD and Forecast	10-12	FY 2022/23
Fiscal Year 2023-24 Proposed Budget	13-20	FY 2023/24

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 2021-22 Audited Results
- Fiscal Year 2022-23 YTD and Forecast
- Fiscal Year 2023-24 Proposed Budget

FY 2021/22

Fiscal Year 2021-22 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, 2022 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 2021/22 Results

Summary of 2021/22 Results

Revenues

Total Revenue \$1,944,789

Year ending 6/30/22

Property taxes \$1,841,284 of Total Revenue

Operating Expenses

Home & Community \$421,024

Refuse collection/disposal, street lighting

Culture & Recreation 381,431

Library, Comm Ctr, Bayley Beach, Pinkney Park

Employee Pay & Benefits 441,576

Employee costs including wages and benefits

General Gov't Support 194,446

Insurance, legal, audit, admin and technology

Debt Service 141,849

Principal and interest payments

Community Grants 20,419

Grants to community organizations

Public Safety & Parking 87,622

Fire Department and Ambler Parking Lot

Total Operating Expenses \$1,688,367

Transfer to Capital-Budgeted \$240,850

Transfer to Capital-RAC Seawall \$150,000

Net change in Fund Balance (\$134,428)

- District operating expenses plus the transfers to the Capital Fund exceeded revenues by \$134,428 in fiscal year 2021/22.
- 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

	Fiscal Year Ending	
	6/30/2021	6/30/2022
Total Assets	\$1,333,742	\$714,570
Total Liabilities	\$706,356	\$221,612
Fund Balance	\$627,386	\$492,958
Fund Balance Increase/(Decrease)	(\$134,428)	
<u>Changes to Fund Balance</u>		
Revenues Greater than Expenses	\$256,422	
Transfer to Capital-Budget	(\$240,850)	
Transfer to Capital-RAC Seawall	(\$150,000)	
	(\$134,428)	

- 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 \$134,428 from 6/30/21 to 6/30/22 reflecting the operating net income of \$256,442 (Revenues \$1,944,789 – Expenditures \$1,688,367) less the Capital fund budget of \$240,850 less a project added during 2021-2022 – Art Center Seawall for \$150,000.

Key Variances to Budget

FY 2021/22

	Original Budget	Final Budget	Actual	Variance to Final Budget
Revenues	\$1,947,473	\$1,947,473	\$1,944,789	(\$2,684)
Expenses	\$1,706,623	\$1,706,623	\$1,688,367	\$18,256
Revenues less Expenses	\$240,850	\$240,850	\$256,422	\$15,572
Key Variances to Final Budget				
Property Tax Revenue				(\$29,129)
All other Revenues				\$26,445
Total Revenues vs Budget				(\$2,684)
Expenses				
General Gov't Support				(\$29,509)
Culture and Recreation				\$22,032
Public Safety				\$17,728
Debt Service				\$4,890
All other Expenses				\$3,115
Total Expense vs Budget				\$18,256

- The (\$2,654) negative revenue variance reflects lower property taxes collected versus the budget, offset by rentals and sales of beach permits in 2022 versus the budget.
- The \$18,256 favorable variance in expenses reflects the fact that the district spent less than budgeted for on Culture and Recreation, Public Safety, and Debt Service, offset by spending more on General Government support.

Sixth Taxing District Commissioners

*Motion to accept major
variances to 2021/2022 budget*

Financial Review Topics

- Fiscal Year 2021-22 Audited Results
- **Fiscal Year 2022-23 YTD and Forecast**
- Fiscal Year 2023-24 Proposed Budget

FY 2022/23

2022/23 Budget and YTD Results

<u>Revenues</u>	<u>Budget</u>	<u>Thru 1/31/23</u>	<u>YTD % FY</u>
Property Taxes	\$1,870,413	\$1,064,583	57%
All Other	<u>82,000</u>	<u>50,138</u>	61%
Total Revenue	\$1,952,413	\$1,114,721	57%
<u>Expenses</u>			
Home & Community	\$434,313	\$254,463	59%
Culture & Recreation	380,928	189,793	50%
Employee Pay and Benefits	472,857	304,813	64%
General Gov't Support	180,784	153,040	85%
Debt Service	150,761	182,233	121%
Community Grants	41,100	41,100	100%
Public Safety & Parking	<u>109,100</u>	<u>68,190</u>	63%
Total Expenses	\$1,769,843	\$1,193,632	67%
Revenues Higher/(Lower) than Expenses	\$183,070	(\$78,911)	-43%

- 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.

2022/23 Capital Account

<u>Equity and Capital Funds</u>	<u>Balance as of 1/31/23</u>
Amber Lot Improvements	\$473,999
Fire Department Radio System Upgrade	\$200,000
Art Center Interior Wall	\$20,000
Pinkney Park Porches	7,655
Art Center Seawall	101,650
New Truck	30,000
Community Center Parking Lot	50,000
Reserves and all other	<u>138,000</u>
	\$1,021,304

- The District currently has \$1,021,304 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, and the Ambler Municipal Parking Lot.

Financial Review Topics

- Fiscal Year 2021-22 Audited Results
- Fiscal Year 2022-23 YTD and Forecast
- **Fiscal Year 2023-24 Proposed Budget**

FY 2023/24

2023/24 Proposed Budget Overview

- 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.
- We provide the CFO of The City of Norwalk a proposed dollar amount of our budgeted property tax collection. From that number the CFO takes the grand list and divides by the proposed dollar amount for taxes in order to calculate the Sixth Taxing District Mill Rate.

2032/24 Proposed Budget Overview

- 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 capital fund items in the budget are \$30,000 for exterior painting of Pinkney Park, \$30,000 for a new ventilation hood for the shanty at Bayley Beach, \$40,000 towards a new truck, and \$40,000 to add to the District's reserve.

2023/24 Revenues

<u>Revenues</u>	<u>2023/24</u>	<u>2022/23</u>	<u>Yr/Yr Change</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
Property Tax	\$1,926,525	\$1,870,413	\$56,112	3.0%
Other Income				
Rentals	\$40,000	\$20,000	\$20,000	100.0%
Beach Permits, Resident	45,000	40,000	5,000	12.5%
Beach Fees: Non Resident	15,500	12,000	3,500	29.2%
Interest	15,000	0	15,000	New
Firefighter Rebate Provision	4,000	5,500	(1,500)	-27.3%
All Other Income	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$0</u>	0.0%
Total Revenue	\$2,051,025	\$1,952,913	\$98,112	5.0%

- The 6TD portion of our property taxes, which account for 95% of total District revenues, are proposed at a 3% increase from last year.

2023/24 Expenditures

<u>Expense Category</u>	<u>2023/24</u>	<u>2022/23</u>	<u>Yr/Yr Change</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>Percent</u>
Home & Community	\$541,000	\$434,313	\$106,687	24.6%
Culture & Recreation	377,877	380,928	(\$3,051)	-0.8%
Employee Pay and Benefits	435,091	472,857	(\$37,766)	-8.0%
General Gov't Support	186,962	180,784	\$6,178	3.4%
Debt Service	184,517	150,761	\$33,756	22.4%
Community Grants	20,000	41,100	(\$21,100)	-51.3%
Public Safety & Parking	105,150	109,100	(\$3,950)	-3.6%
Valuation Reserve	<u>0</u>	<u>0</u>	<u>0</u>	NA
Total Operating Expenses	\$1,850,597	\$1,769,843	\$80,754	4.6%
Transfer to Capital	<u>\$200,429</u>	<u>\$180,000</u>	<u>\$20,429</u>	11.3%
Total Expenditures	\$2,051,026	\$1,949,843	\$101,183	5.2%

- Total District operating expenses are up 4.6% driven by several items:
 - \$106,000 higher Home and Community expense to pay for a significant increase in the new refuse collection contract.
 - A \$21,100 reduction in Grants helps offset the refuse collection increase, as does a \$37,766 reduction in Employee Pay and Benefits.
 - The \$33,756 increase in Debt Service is due to a timing issue in allocation during creation of last year's budget. Without the Debt Service increase noted above the Total Operating Expense Increase this year would be \$46,988 (not \$80,754).

2023/24 Community Grants

	2023/24 Budget	2022/23 Budget	Change	% Change
Library	\$243,577	\$231,978	\$11,599	5.0%
<u>Other Community Grants</u>				
RCA - Fireworks, Etc.	10,000	10,000	0	0.0%
Shakespeare on the Sound	10,000	10,000	0	0.0%
Little League	0	3,000	(3,000)	-100.0%
Norwalk Tree Alliance	0	2,500	(2,500)	-100.0%
Rowayton Arts Center	0	10,000	(10,000)	-100.0%
Rowayton Gardeners	0	2,000	(2,000)	-100.0%
Historic Rowayton	0	3,600	(3,600)	-100.0%
Total	\$20,000	\$41,100	(\$21,100)	-51.3%

- The Library grant is up 5%.
- Other Community grants are down 51.3%. Note that the following have received in-kind grants – Norwalk Tree Alliance, Rowayton Arts Center, Rowayton Gardeners, and Historic Rowayton.

2023/24 Capital Project Budget

FY 2023/24

	Balance 1/31/23	New Funds 23-	7/1/2023
Reserve for Future Projects	110,000	40,000	150,000
Ambler Parking Lot	473,999	-	473,999
Art Center Seawall	101,650	-	101,650
Art Center Interior Wall	20,000	10,000	30,000
New Truck	30,000	40,000	70,000
Fire Department Radio	200,000	-	200,000
Community Center Lot	50,000	-	50,000
Kitchen Ventilation Hood-BB	-	30,000	30,000
Exterior Painting-PP	-	30,000	30,000
Other	35,655	50,429	86,084
	<u>1,021,304</u>	<u>200,429</u>	<u>1,221,733</u>

Sixth Taxing District Commissioners

Motion to adopt the proposed budget for Fiscal Year 2023/24.