

EXECUTIVE SUMMARY

The Board of Finance's Fiscal Year 2021 Approved Budget includes appropriations for the following funds:

- General Fund
- Reserve for Capital & Non-Recurring Expenditures (RFCNRE) Fund
- Sewer Operations Fund
- Sewer Capital Fund
- Parking Operations Fund
- Parking Capital fund

The Town of Darien uses funds to control and manage financial activities for particular purposes. While all Town funds are subject to appropriation, only the funds listed above are appropriated during the annual budget process. The budget does contain a list of other non-budgeted funds and their fund balance as of the most recent audit.

The following table shows the purpose and major revenue sources for each budgeted fund.

Summary of Budgeted Funds		
Fund	Purpose	Revenue Sources
General Fund	Provide general Town services, including Education	<ul style="list-style-type: none"> • Property taxes • License & permit fees • Charges for services
Reserve for Capital & Non-Recurring Expenditures (RFCNRE)	General capital purchases and improvements and significant one-time expenditures	<ul style="list-style-type: none"> • Transfer from General Fund • Town Aid Road (State grant) • LoCIP (State grant)
Sewer Operations	Operate and maintain the Town's sewer system	<ul style="list-style-type: none"> • Sewer service charges
Sewer Capital	Capital improvements to the sewer system	<ul style="list-style-type: none"> • Transfer from Sewer Operations Fund
Parking Operations	Operate and maintain parking facilities	<ul style="list-style-type: none"> • Parking permits and fees
Parking Capital	Capital improvements to parking facilities	<ul style="list-style-type: none"> • Transfer from Parking Operations Fund

Budget Process

The budget process for the Town of Darien is guided by Chapter XI, Section 39 of the Town Charter. All annual budgets are recommended by the Board of Selectmen (BOS) and the Board of Education (BOE) to the Board of Finance (BOF). Following careful review, the BOF recommends final budgets for approval by the Representative Town Meeting (RTM). The Charter requires adoption of the budget by the RTM at the Annual Budget Meeting held the second Monday of May. Per Section 39(d) of the Town Charter, the RTM, at the Annual Budget Meeting, may only approve or decrease the appropriations or mill rate submitted by the Board of Finance.

The Board of Selectmen's budget deliberation process begins when the Department requests are submitted to the Town Administrator in December. A public health emergency was declared after the BOF public hearing, but before the Board began budget deliberations. The budget process was delayed 30 days as allowed under Executive Order C. The major milestones in the budget process, with original and revised dates for the FY 2021 budget, are as follows:

Milestone	Original Date	Revised Date
Department requests submitted to Town Administrator	December 15, 2019	
Town Administrator's Proposed Budget submitted to the BOS	January 27, 2020	
BOS and BOE recommendations presented to the BOF (First Tuesday of March)	March 3, 2020	
BOF Public Hearing (Second Tuesday of March)	March 10, 2020	
BOF budget vote	April 14, 2020	May 14, 2020
RTM vote at the Annual Budget Meeting (Second Monday in May)	May 11, 2020	June 8, 2020

The Board of Finance, by charter, has the right to establish a transfer approval process and to transfer unexpended balances between accounts throughout the year. The BOE, per State law, has authority to transfer within the approved Education budget. Additional, or "special", appropriations must be recommended by the Board of Finance for RTM approval.

Priorities and Issues

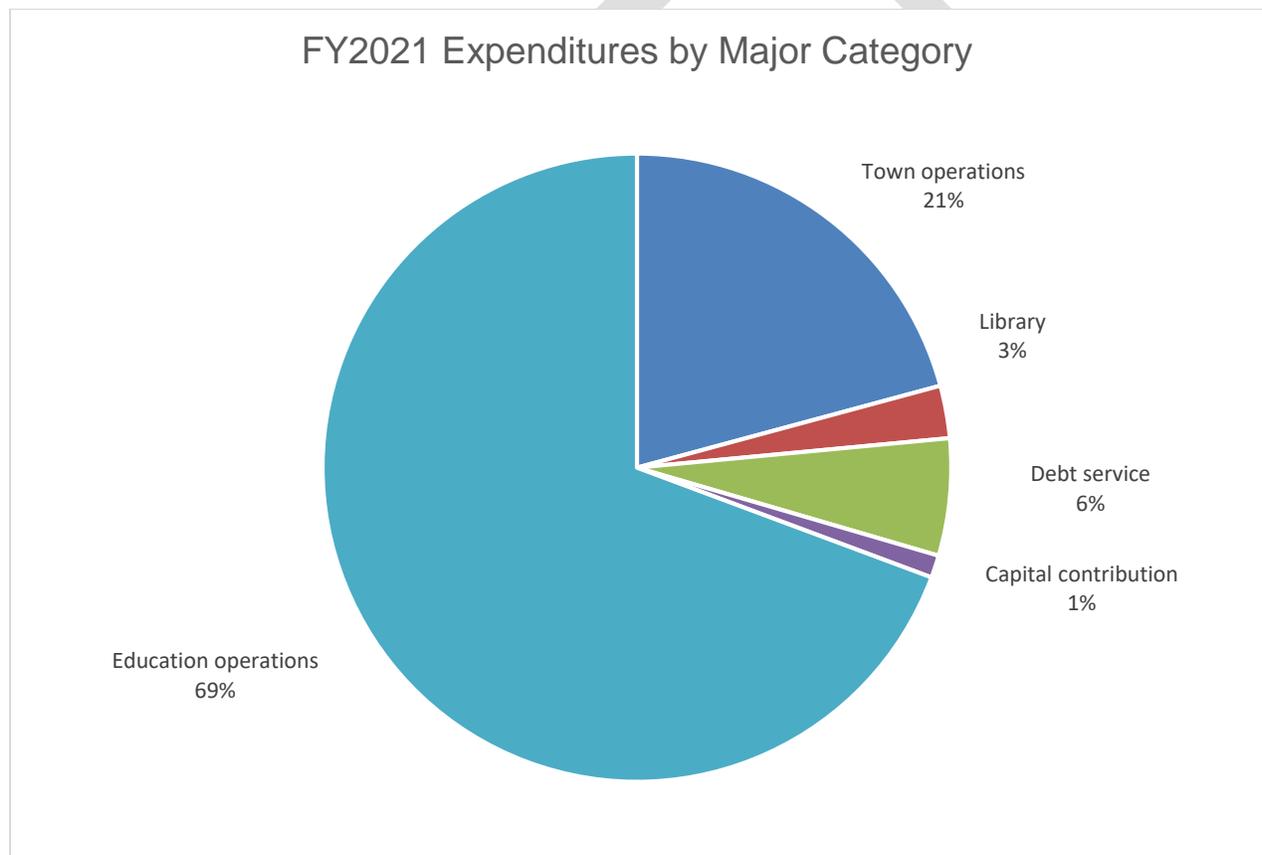
The Board of Finance's approved budget was prepared with an acknowledgement that Covid-19 has put significant pressure on Darien residents and businesses. The Board received input from both the BOS and BOE on possible reductions that could be made

to achieve either a flat mill rate or a flat tax budget while not unduly impairing town services or assets. The Board made some reductions in addition to those identified by the BOS and BOE. The BOF Approved Budget achieves a flat tax budget with a slight mill rate decrease.

General Fund

Expenditures

The General Fund is the main operating fund for the Town. The \$147.9 million BOF Approved Budget can be divided among major spending categories. The Board of Education budget accounts for \$102.5 million, the Town operations budget accounts for \$30.8 million, the debt service budget accounts for \$8.9 million, the contribution to the Library accounts for \$4.0 million, and the capital contribution accounts for \$1.7 million.



The FY 2021 BOF Approved Budget of \$147,862,069 is an increase of \$2,972 from the FY 2020 Adopted budget. The budget by major category is as follows.

Summary of Proposed Expenditures

	FY 2020 Adopted	FY 2021 BOF Approved	\$ Change	% Change
Town operations	30,113,787	30,752,339	638,552	2.12%
Library	3,820,120	3,996,594	176,474	4.62%
Education operations	100,118,409	102,496,378	2,377,969	2.38%
Debt service	10,676,549	8,907,545	(1,769,004)	-16.57%
Capital contribution	3,130,232	1,709,213	(1,421,019)	-45.40%
	<u>147,859,097</u>	<u>147,862,069</u>	<u>2,972</u>	<u>0.00%</u>

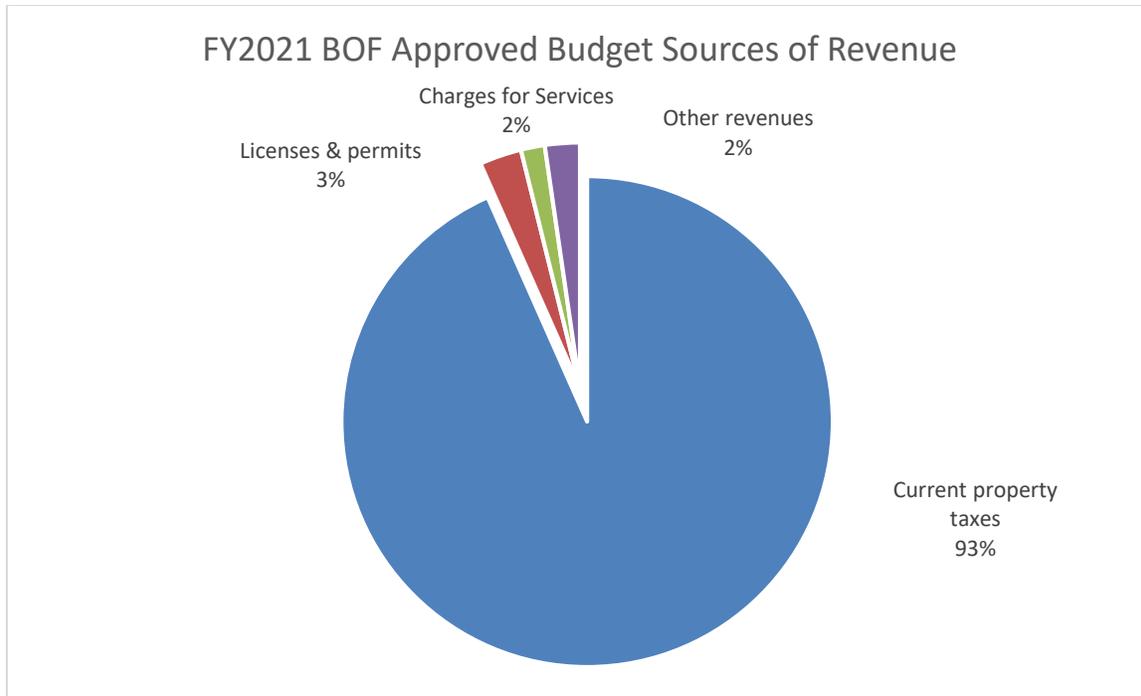
Significant adjustments to the BOS and BOE proposed expenditure budgets are.

- Town operations reduction of \$427,969 from reductions identified by the BOS (\$117,894) and the delay of funding the final three civilian dispatchers (\$310,075).
- Education operations reduction of \$1,025,156 from reductions identified by the BOE (\$468,101) and an additional general operating reduction (\$557,055).
- Debt Service reduction of \$292,447 resulting from the April 2020 refunding and the size and structure of the April 2020 new issue.
- Capital contribution reduction of \$2,729,679 resulting from:
 - Funding certain projects through bonding (\$1,510,368)
 - Use of capital reserve funds (\$400,000)
 - Deferral of BOS projects (\$595,561)
 - Deferral of BOE projects (\$223,750)

Revenues:

Property taxes are the primary funding source for the General Fund. Other funding sources include intergovernmental aid, collection of supplemental and back taxes, and non-tax revenues such as the sale of permits and licenses, charges for services, investment income, and other miscellaneous revenues.

In the FY2021 BOF Approved Budget, property taxes account for \$138.0 million, license & permit fees account for \$4.1 million, charges for services account for \$2.3 million, other tax revenues account for \$1.4 million, and other miscellaneous revenues account for \$3.4 million.



In the FY 2021 BOF Approved Budget, other revenues increase by \$2,974, 0.03%, as compared to the FY 2020 Adopted Budget. Proposed revenues were reviewed and adjusted based on estimated impacts of Covid-19 on real estate transactions, building projects and program participation. The most significant variance is in investment income. In February, the Board of Selectmen proposed a budget of \$725,001. The BOF reduced the proposed budget by \$600,000 based on recent reductions in the Fed Funds Rate. The increase in other tax revenues is a result of an increase in the budget for supplemental motor vehicle taxes.

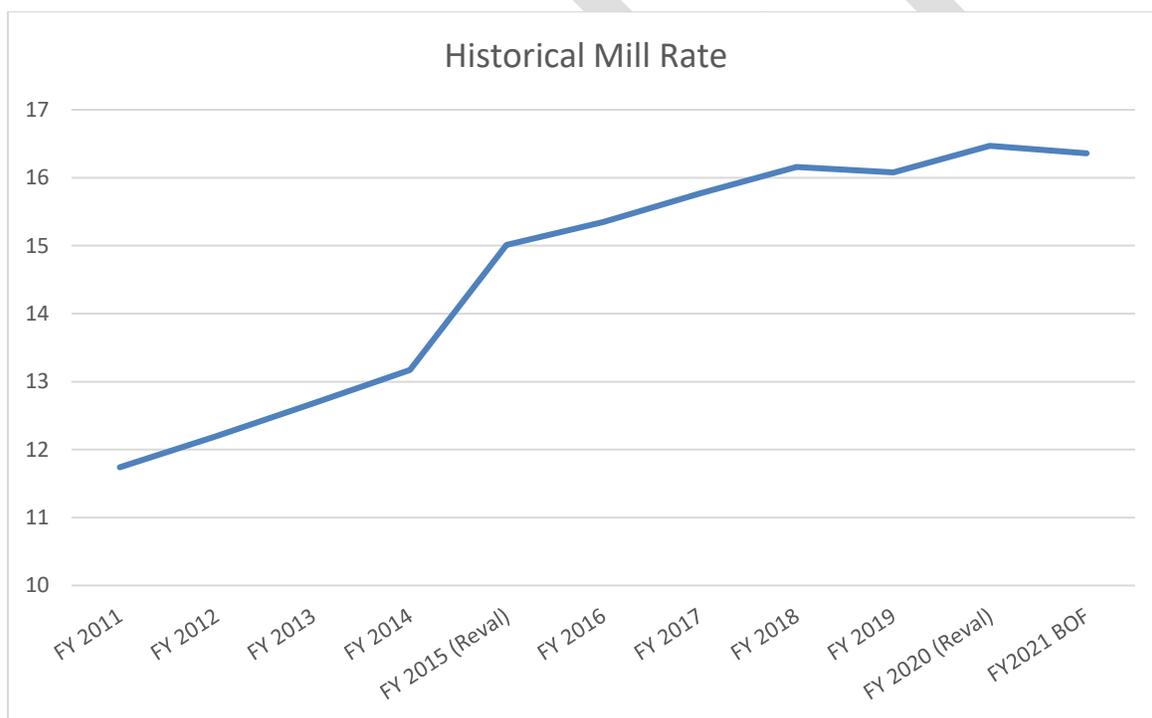
Revenues by major category are as follows:

Summary of Proposed Non-Current Tax Revenues

	FY 2020 Adopted	FY 2021 Proposed	\$ Change	% Change
Other tax revenues	1,336,500	1,409,000	72,500	5.42%
Licenses & permits	4,185,311	4,097,476	(87,835)	-2.10%
Intergovernmental aid	484,176	494,946	10,770	2.22%
Charges for services	2,349,599	2,322,872	(26,727)	-1.14%
Fines & forfeits	45,600	40,500	(5,100)	-11.18%
Investment income	300,000	125,001	(174,999)	-58.33%
Miscellaneous revenues	449,361	453,876	4,515	1.00%
Transfers in	663,807	873,657	209,850	31.61%
Total	\$9,814,354	\$9,817,328	\$2,874	0.03%

The remainder of the BOF Approved Budget is funded by property taxes. In recent years the BOF has set the assumed tax collection rate based on a rolling five year average collections, less 25 basis points. Covid-19 is expected to impact tax collections, but the extent of the impact is unknown. The BOF reviewed collection rates from the last recession to determine the lowest collection rate during that time. The FY 2021 assumed collection rate of 98.911% is that lowest collection rate, less 25 basis points.

The FY 2021 approved mill rate is 16.36. This is a decrease of 0.11 mills from the current year. The mill rate is the amount of taxes that will be paid per one thousand dollars of assessed value. The Town is required to conduct a revaluation of all property every five years. Revaluation can cause a significant change in the mill rate. The table below shows historical mill rates.



Capital Projects

Both the BOS and BOE identify capital needs for the next six (6) fiscal years. This allows the Town the ability to plan and budget for our needs proactively. To be considered a capital asset, an item must meet certain thresholds. The cost must exceed \$5,000 and the item must have a useful life of more than 2 years. Capital items may be funded through the Reserve for Capital & Non-Recurring Expenditures

(RFCNRE), bonding, transfer from the RFCNRE BOF Reserve, or special appropriation of fund balance.

The Reserve for Capital & Non-Recurring Expenditures - the Capital Fund - is the means by which the Town accounts for the majority of its long term capital program. The primary revenue source for this fund is an operating transfer from the General Fund. Therefore, any changes made to this fund do have an impact on the mill rate. Other sources of revenue for this fund include investment earnings, state grants, rental income and sale of fixed assets. The Capital Fund is a multi-year fund, where appropriations do not lapse at the end of the fiscal year. The Capital Fund is primarily used for the acquisition of capital assets, but it may also be used for major expenditures, such as Revaluation, which occurs every five years.

The total Capital Fund budget for FY 2021 is \$2,291,845. Some items in the Capital Fund are funded as reserves in order to accomplish some of the ongoing projects or purchases, while maintaining a steady mill rate. Projects of note that are proposed for funding include: Vehicle and equipment replacement for Police, Public Works and Parks & Recreation; paving; various software upgrades; camera upgrades at MMS and enhancements to the school Lockout/Lockdown system.

The BOF approved bonding for the following projects:

- Sidewalk rehabilitation
- Installation of new sidewalks
- Town Hall heating upgrades
- NFD conversion to natural gas
- Town Hall gymnasium upgrades
- Replacement of DHS tennis courts

The BOF also approved funding \$400,000 of the annual paving appropriation through a transfer from the RFCNRE BOF reserve.

Sewer Funds

The Sewer Operations and Sewer Capital funds are used to account for activities related to the operation, maintenance and improvement of the Town's sewer system. These funds are self-sustaining and do not impact the mill rate.

The Sewer Operations fund is supported by sewer service charges that are set annually. Appropriations in the Sewer Operating Fund are used to maintain, repair and operate the 81 miles of sewer mains and 14 pump stations. All treatment of sewage takes place at the Stamford Water Pollution Control Facility.

The FY 2021 BOF Approved Budget provides for operation and essential maintenance of the sewer infrastructure and funds a contribution to the Sewer Capital Fund. The fees paid to Stamford are the largest single item in this budget. The FY 2021 budget assumes that there will be no increase in fees paid to Stamford. Overall this budget is showing a slight reduction from FY 2020, a result of the decreased employer cost for benefits and a decreased contribution to the Sewer Capital Fund.

The Sewer Capital Fund budget proposes to continue the funding for replacement of pumps in the sewer pump houses.

Parking Funds

The Parking Operations and Parking Capital funds are used to account for activities related to the operation, maintenance and improvement of the parking facilities located on State property at the Darien and Noroton Heights Railroad Stations and the Mechanic Street Parking Area. These funds are self-sustaining and do not impact the mill rate.

The Parking Operations fund is supported by parking permits, daily parking fees and other parking related revenues. All operating and capital expenses the Town incurs to support these services are charged to these funds.

The FY 2021 BOF Approved Budget provides for operation and essential maintenance of the parking facilities and funds a contribution to the Parking Capital fund. The FY 2021 Parking Operating budget shows a reduction of \$495,480. This is due to a reduction in the funding proposed for the Parking Capital Fund.

The proposed Parking Capital Fund budget includes funding for construction of a sidewalk in the Noroton Heights lot on the outbound (I-95/Post 53) side of the station.

