



# State of the Town Address

**Darien Board of Finance**

**Jon Zagrodzky, Chairman**

*December 7, 2020*

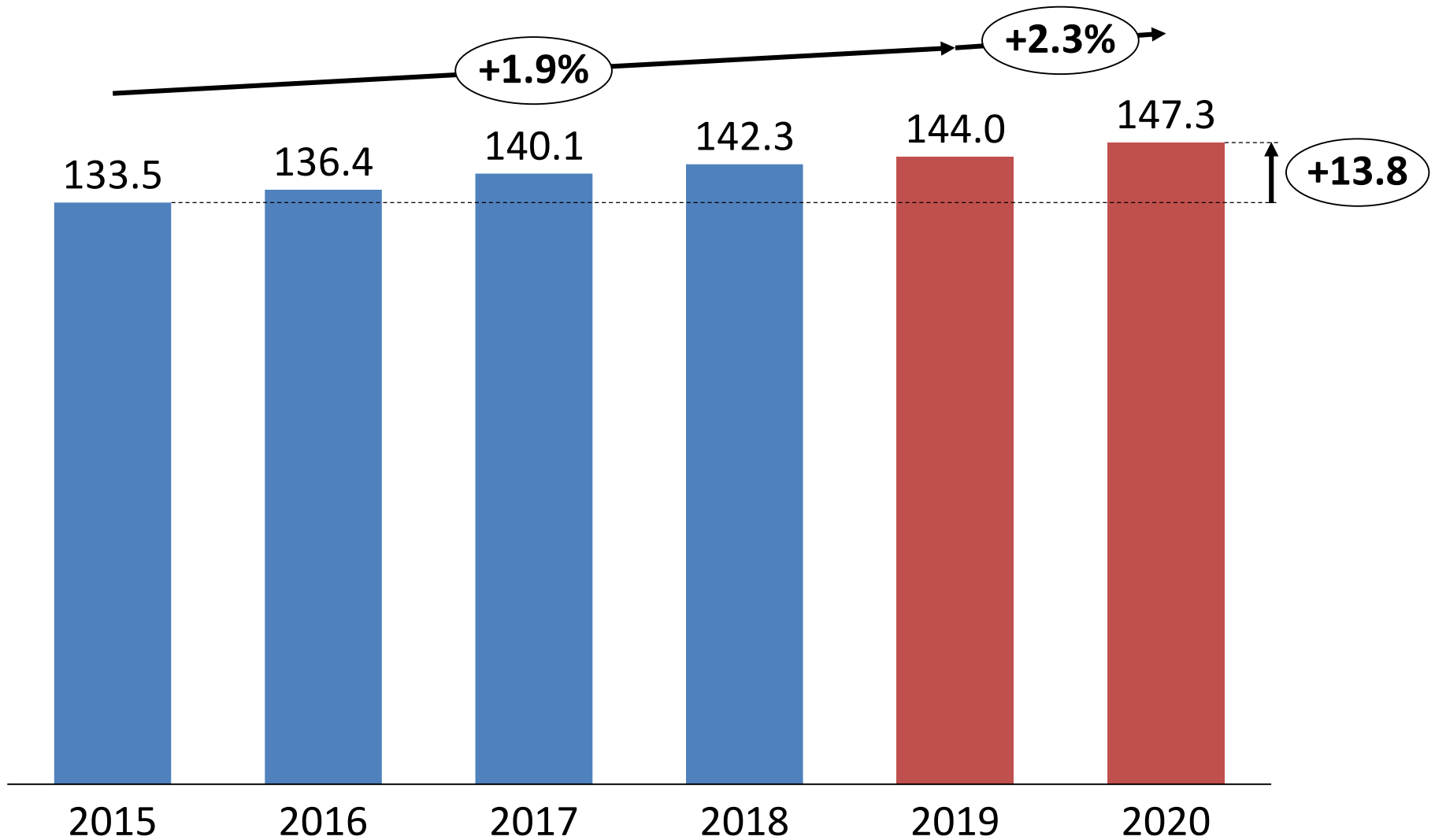
# Topics

- Trends

- Recent performance
- Five-year forecast
- 2021-22 budget guidance
- Concluding thoughts

# Expenditure growth ticking up

\$ millions; compound annual growth %

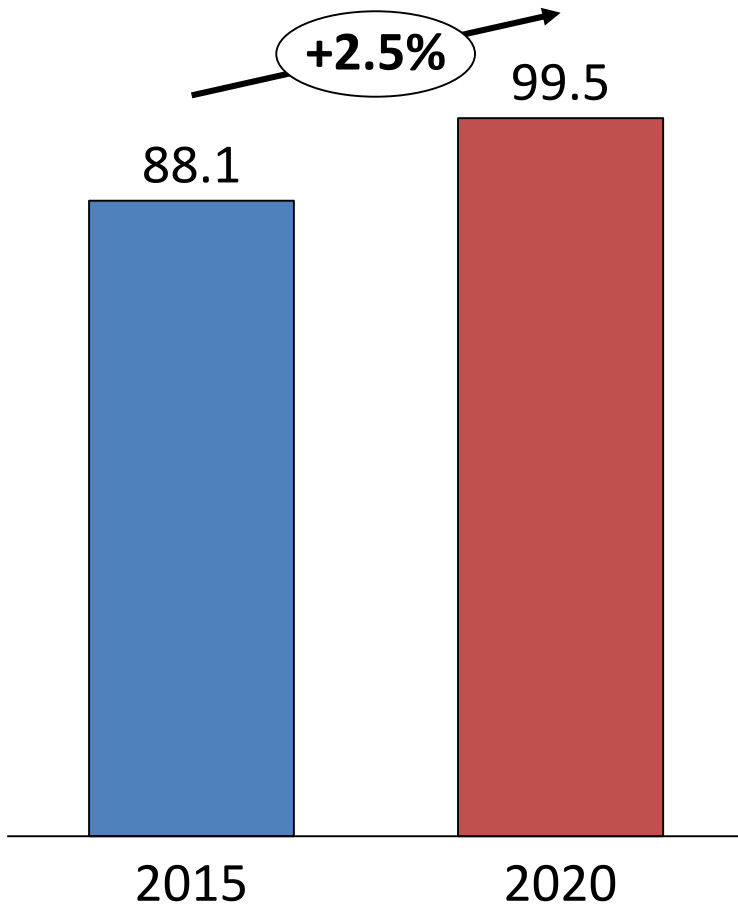


# BOE spending growing faster overall...

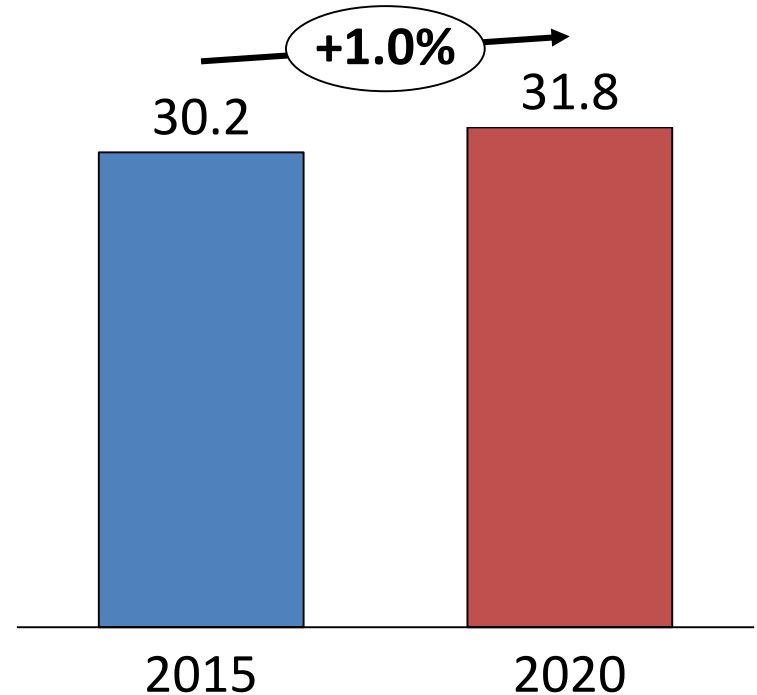
Not scaled

\$ millions; compound annual growth %

## Board of Education

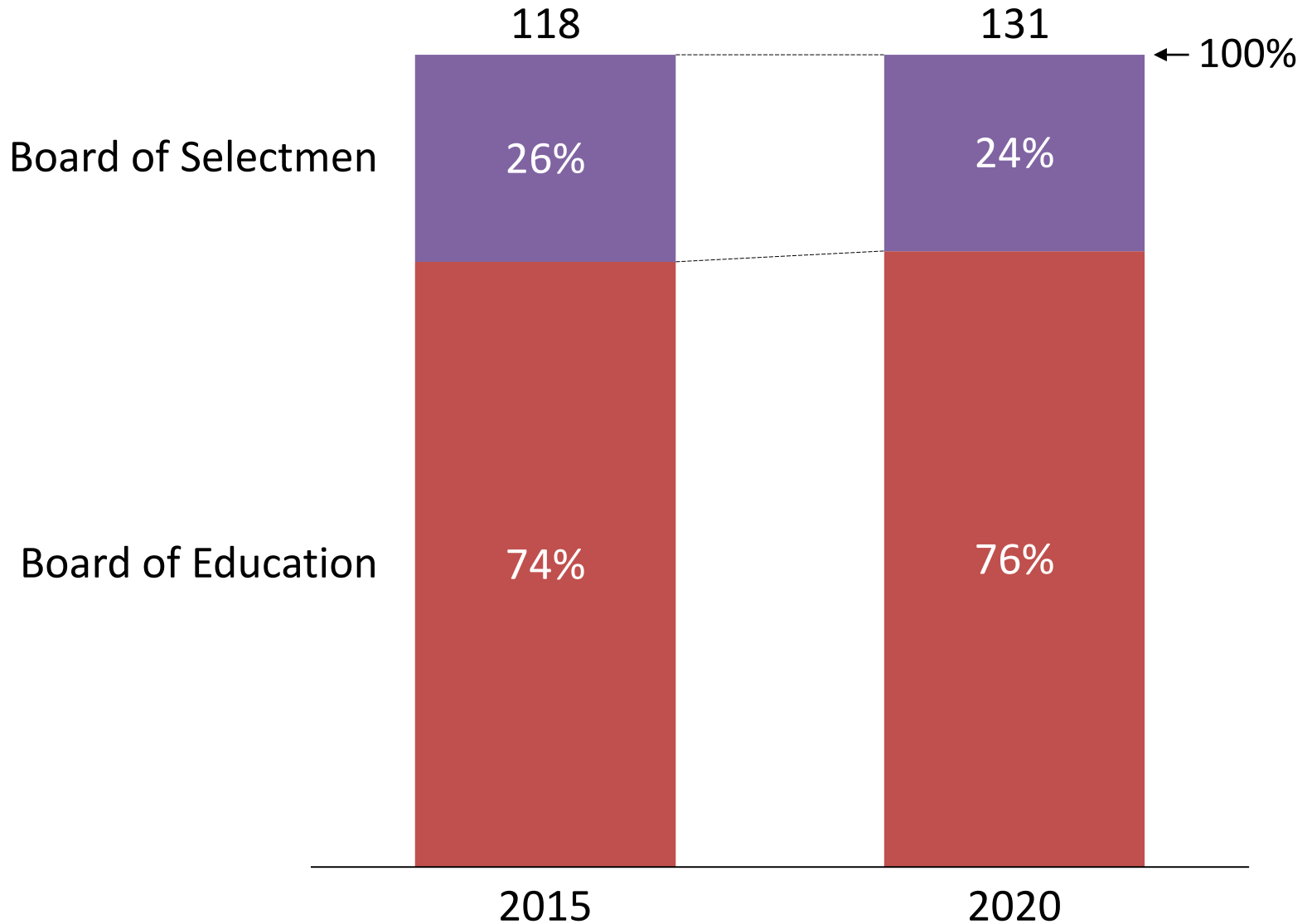


## Board of Selectmen



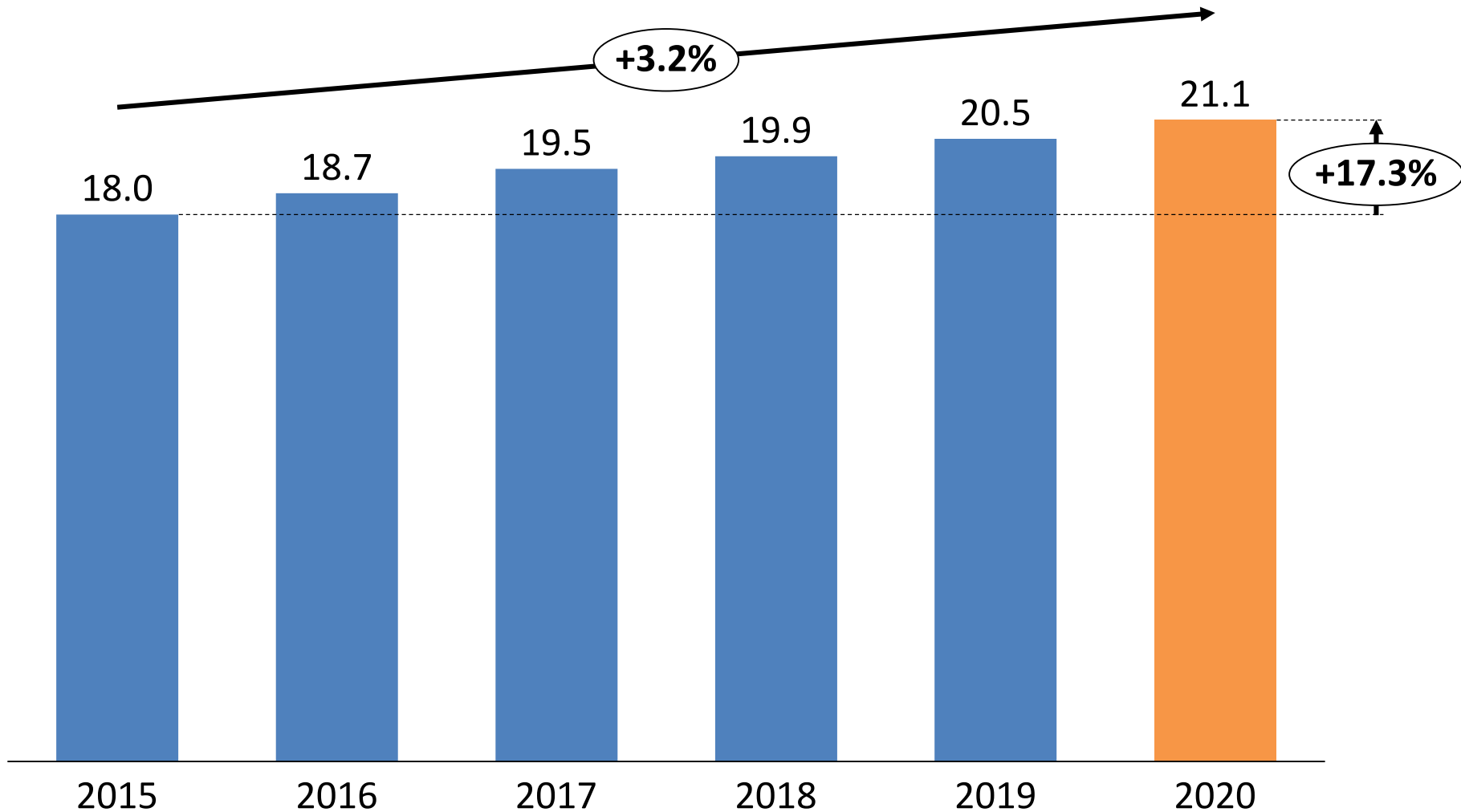
# ...and as a share of the total

\$ millions (BOS and BOE only; excludes debt service and expensed capital)



# BOE expenditures per student also rising

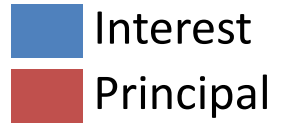
\$ thousands



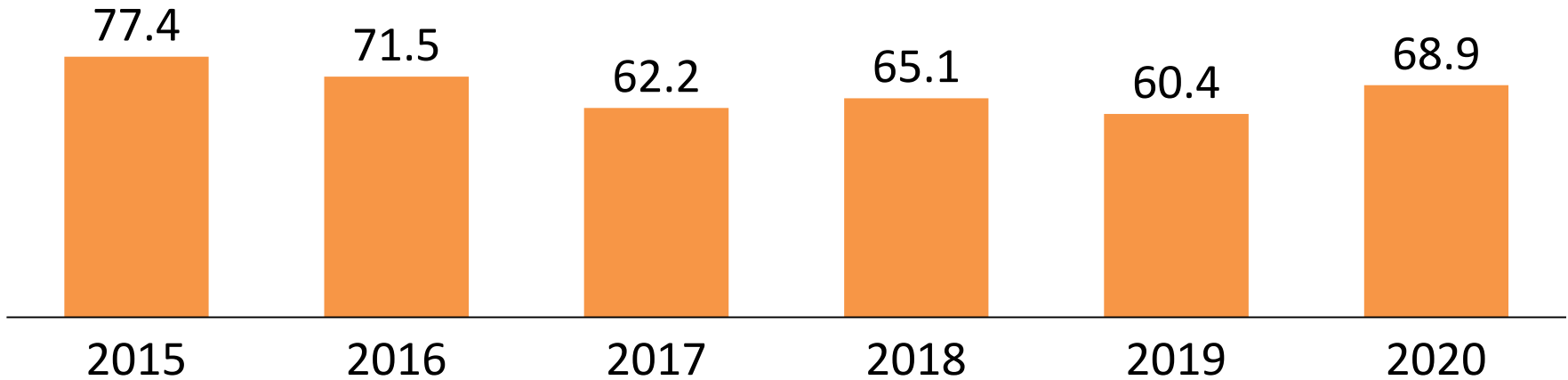
# Debt and debt service

\$ millions

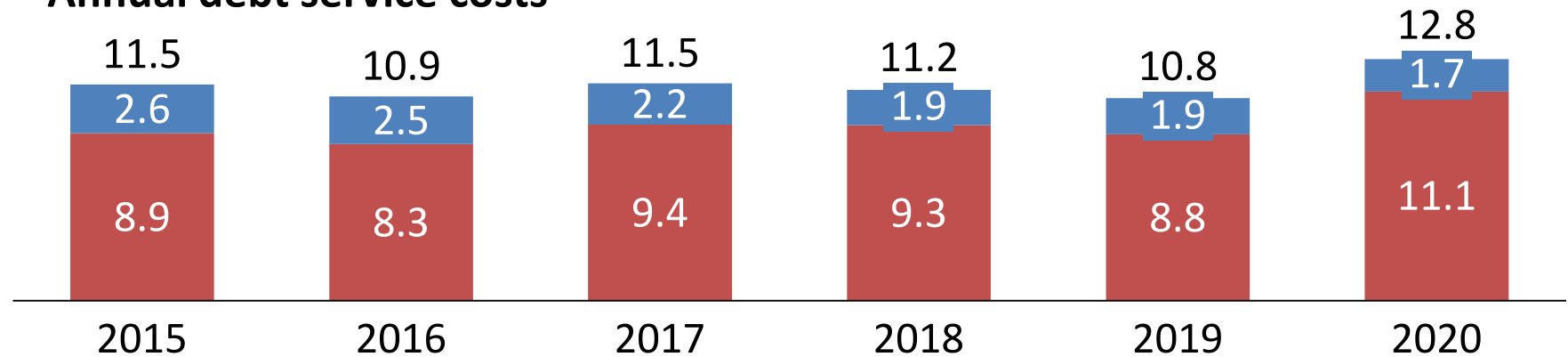
*Not to scale*



## Outstanding debt

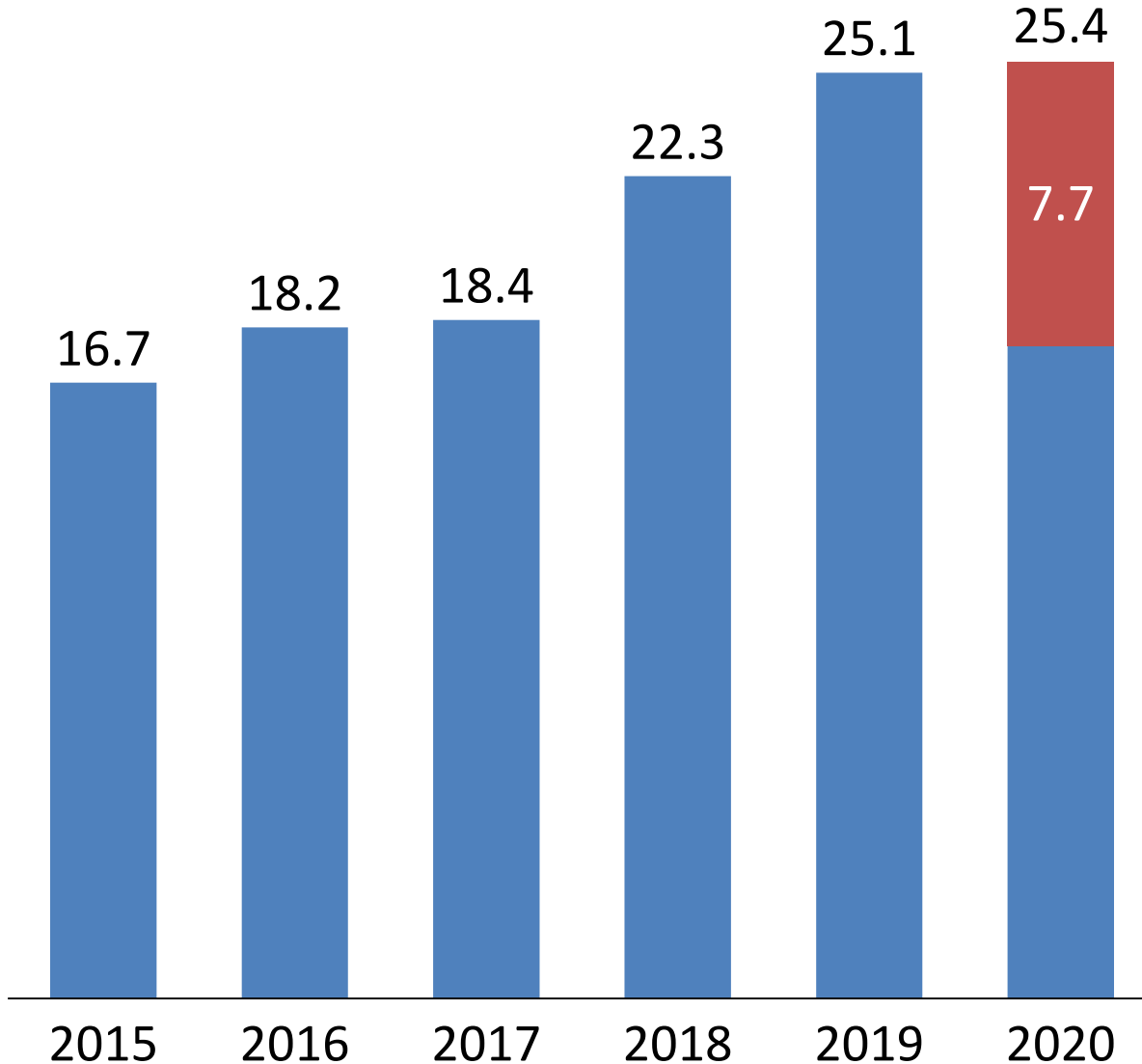


## Annual debt service costs



# Fund balance

\$ millions



2018 updated Fund Balance policy minimum: **12%** of budgetary revenue

Current balance is \$7.7 million higher than this minimum (too much?)



# Recent history – observations

Financial picture remains stable, but expenses are rising

Debt levels reasonable; capacity for additional debt is substantial

Fund balance more than adequate for the current COVID-19 crisis

**The town and the schools remain well-managed from a financial standpoint**

# Topics

- Trends

- **Recent performance**

- Five-year forecast

- 2021-22 budget guidance

- Concluding thoughts

# 2019-20 – final outcome

\$ millions

	Budget	Actual
<b>Revenues</b>		
Property taxes	138.7	139.2
Other revenues	8.6	7.7
State grants	0.5	0.6
Fund balance draw	0.0	0.0
<b>Total revenue</b>	<b>147.8</b>	<b>147.5</b>
<b>Expenditures</b>		
Town	33.9	31.8
BOE	100.1	99.5
Debt service	10.7	12.8
Capex	3.1	3.1
<b>Total expenditures</b>	<b>147.8</b>	<b>147.2</b>

**Contribution to fund balance**

**0.3**

## Sources of variance

- Revenues: redevelopment project timing
- Town: unused contingency, insurance savings, reduced overtime, COVID-related program savings
- BOE: surplus used to mitigate 2020-21 cuts
- Accelerated debt repayment

# 2020-21 – current budget

\$ millions

	Adopted budget	Projection
<b>Revenues</b>		
Property taxes	138.5	139.2
Other revenues	8.5	9.0
State grants	0.5	0.3
<b>Total revenue</b>	<b>147.5</b>	<b>148.5</b>
<b>Expenditures</b>		
Town	34.6	34.1
BOE	102.5	104.5
Debt service	8.9	8.9
Capex	1.5	1.5
<b>Total expenditures</b>	<b>147.5</b>	<b>149.0</b>
<b>Contribution to / (draw from) fund balance</b>	<b>0.0</b>	<b>(0.5)</b>

## Comments

- Revenue higher due to lower projected collection rate
- Building permit fees starting (finally) to run higher
- BOE will require additional appropriation

# COVID – so far

\$ thousands

		2019-20	Projected 2020-21
<b>Town</b>	• Legal consultation	63.2	8.2
	• Personal protective equipment	17.0	0.0
	• Overtime	16.1	0.0
	• Disinfecting	14.0	27.0
	• Building modifications	11.1	0.7
	• Beach security	9.8	30.1
	• Other	42.0	24.6
	<b>Total</b>	<b>173.2</b>	<b>90.6</b>

Two-year total  
to this point:

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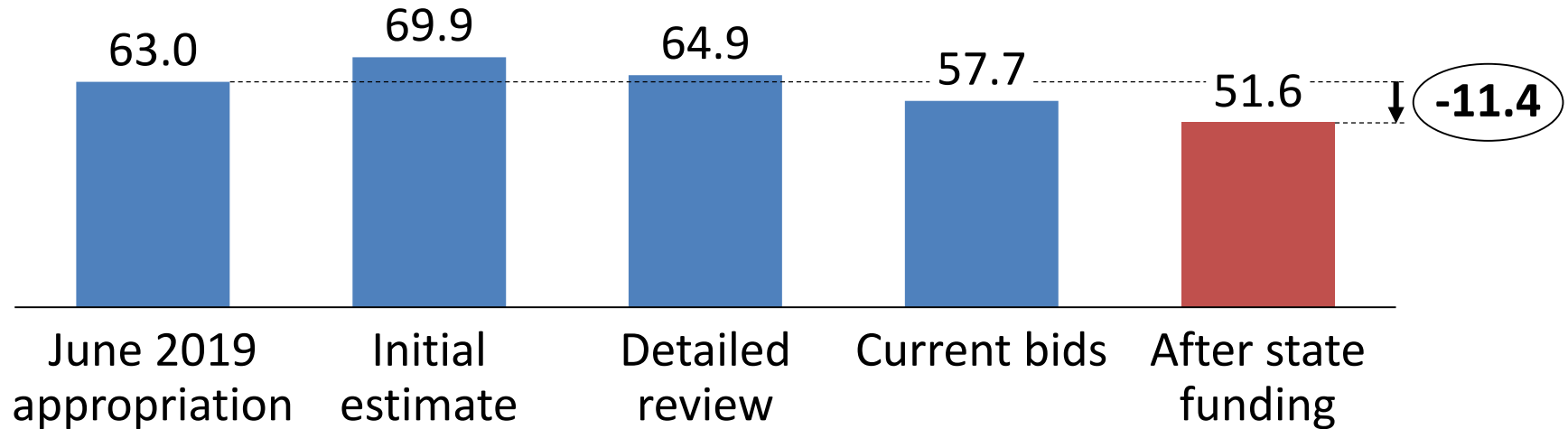
<b>BOE</b>	• Staffing	18.3	1,560.4
	• Facilities	71.2	1,220.3
	• Technology	67.6	280.7
	• Food service	311.0	0.0
	• Lost revenue	90.8	0.0
	• Athletics	0.0	154.7
	• Transportation	0.0	8.8
	• Other	18.9	69.6
	<b>Total</b>	<b>577.8</b>	<b>3,294.5</b>

**\$4.1 million**

# Ox Ridge Elementary

\$ millions

current estimates



- A superb Building Committee – town leaders and construction experts
- Connecticut state funding of \$6.1 million approved, which will further reduce our costs (but it is complicated)
- Budget includes 7% contingency (\$3.8 million)
- December 2020 – construction underway
- April 2023 – target completion

I have high confidence we will end up with a great school, delivered on time and under budget

# Current situation – observations

2019-20 surplus despite COVID onset

2020-21 – a challenging budget process

COVID – impact on individuals, business and Town finances

Fund balance likely more than adequate to absorb COVID-related costs

Ox Ridge – great job so far!

**Tough circumstances but we are managing well**

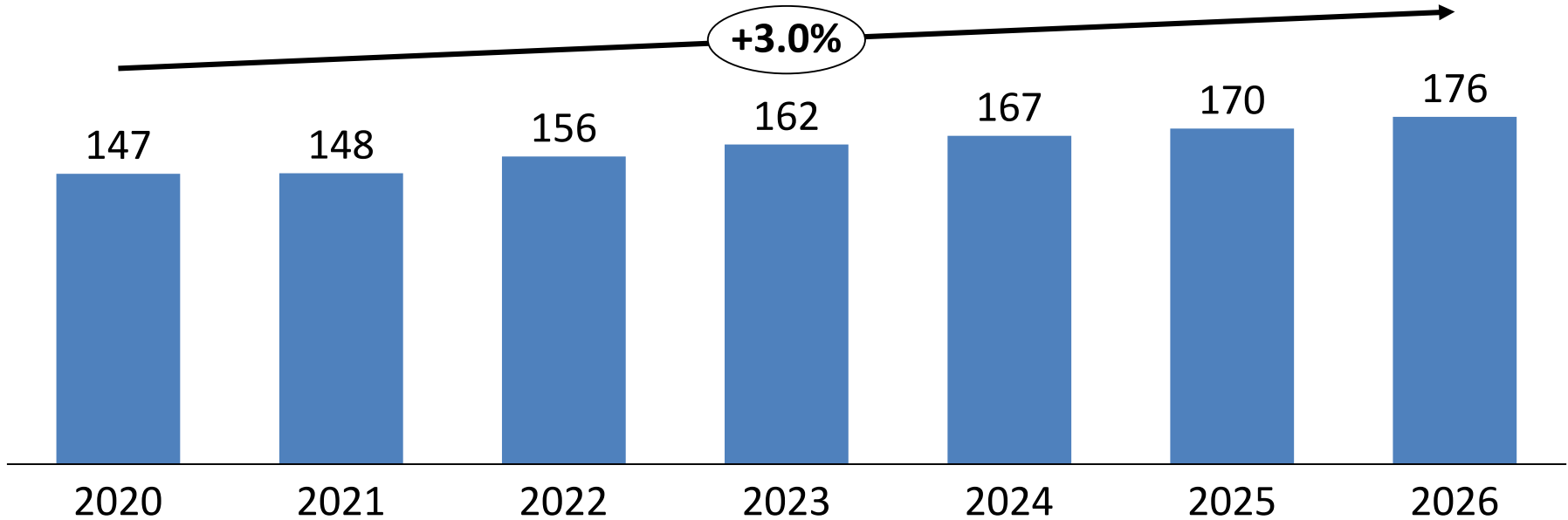
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- Recent performance
- **Five-year forecast**
- 2021-22 budget guidance
- Concluding thoughts

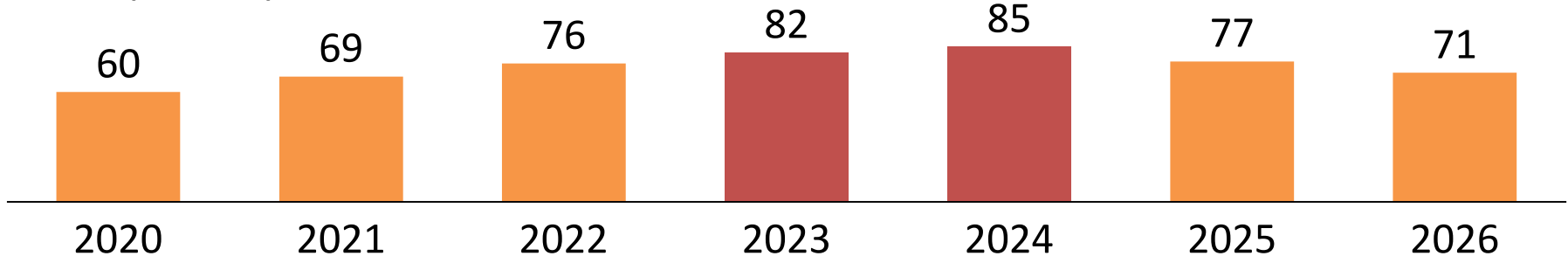


# Baseline forecast

## Expenditures (\$MM)



## Debt (\$MM)



# Some crystal ball comments

*Back by popular demand*

I stand by my assertion last year that we should anticipate more students longer-term than projected (housing developments, families escaping NYC). Stay tuned.

I have warned (as have others) about the potential for expensive state-mandated changes. Still on the list:

- Sharing in state teacher pension costs
- Taxation through regional government
- Consolidation of municipal services
- Sharing of property tax revenue
- Overriding of local zoning decisions

I think we are largely done with COVID expenditures. A lot of the heavy lifting is behind us, and I suspect the vaccines coming online will quickly resolve this crisis.



# Topics

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- **2021-22 budget guidance**
- **Concluding thoughts**

# 2021-22 budget guidance

## Core

- Existing personnel
- Current operations
- Initiatives in place

**2.5% increase,  
flat headcount**

## New

- Additional headcount
- Added capital investments
- Benefit changes

**Make a clear and  
compelling case**

## COVID

- Do what is required
- Budget separately
- Beware permanent commitments
- Benchmark: what are other towns doing?

**Keep stakeholders  
informed: Public, BOF,  
RTM**

**Overall target  
excluding COVID  
3.0%**

# Concluding thoughts

- Key 2021-22 budget process goals: collaboration, inclusion and civility. But not serenity. Such processes are inevitably messy, but we always get to a good solution.
- A thank you and shout-out to those who have carefully managed the costs associated with COVID – I think it could have been much worse
- Some Board personnel updates – renewal is good!

**Thank you!**

