

## EXECUTIVE SUMMARY

The Board of Selectmen's Fiscal Year 2022 Proposed 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.

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

## 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 budget deliberation process begins when the Department requests are submitted to the Town Administrator in December. The major milestones in the budget process, with dates for the FY 2022 budget, are as follows:

Department requests submitted to Town Administrator	December 11, 2020
Town Administrator's Proposed Budget submitted to the BOS	January 25, 2021
BOS and BOE recommendations presented to the BOF (First Tuesday of March)	March 2, 2021
BOF Public Hearing (Second Tuesday of March)	March 9, 2021
BOF budget vote	April 6, 2021
RTM vote at the Annual Budget Meeting (Second Monday in May)	May 10, 2021

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.

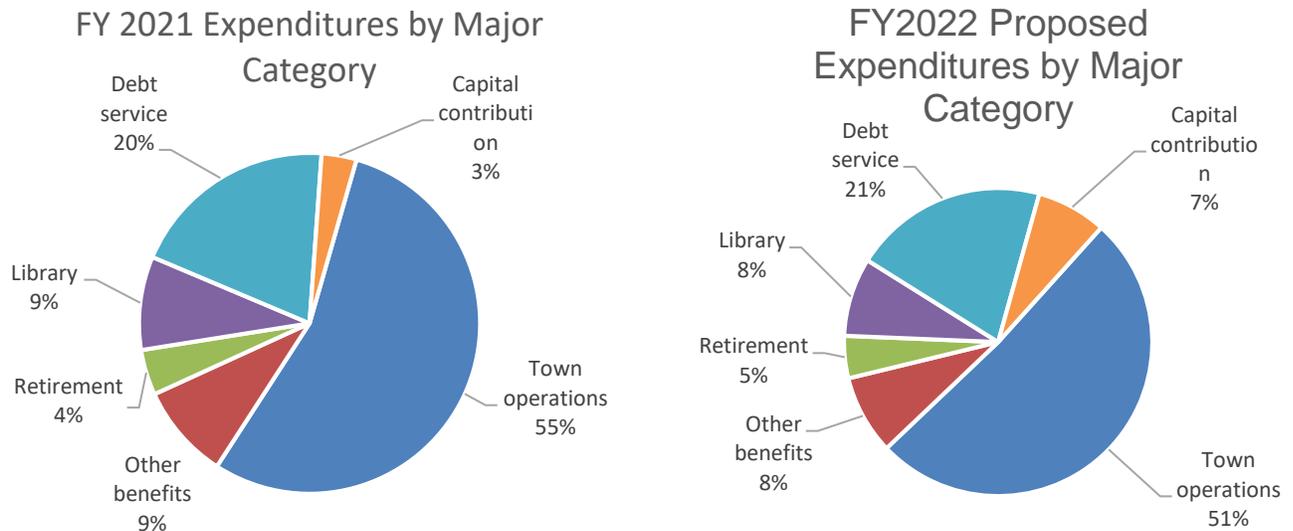
## Priorities and Issues

The priority for the FY 2022 budget is to not just maintain the current level of services provided to our taxpayers, but to modestly improve and expand those services, to provide them more efficiently and with more convenience for the taxpayer, all while recognizing the impacts of COVID-19 and while attempting to minimize the impact on the tax rate. The guidance provided to department heads this year was to strive for a zero increase, but to include any requests for improvement of service, particularly online service offerings, they felt important for the Town to consider.

**General Fund**

*Expenditures*

The General Fund is the main operating fund for the Town. The \$49.8 million Proposed Budget, which does not include education expenses, can be divided among major spending categories. The Town operations budgets account for \$25.5 million, the debt service budget accounts for \$10.2 million, the contribution to the Library accounts for \$4.1 million, and the capital contribution accounts for \$3.7 million. Employee benefits total \$6.4 million, of which \$2.2 million is for Pension & OPEB contributions and \$4.2 million is for other benefits.

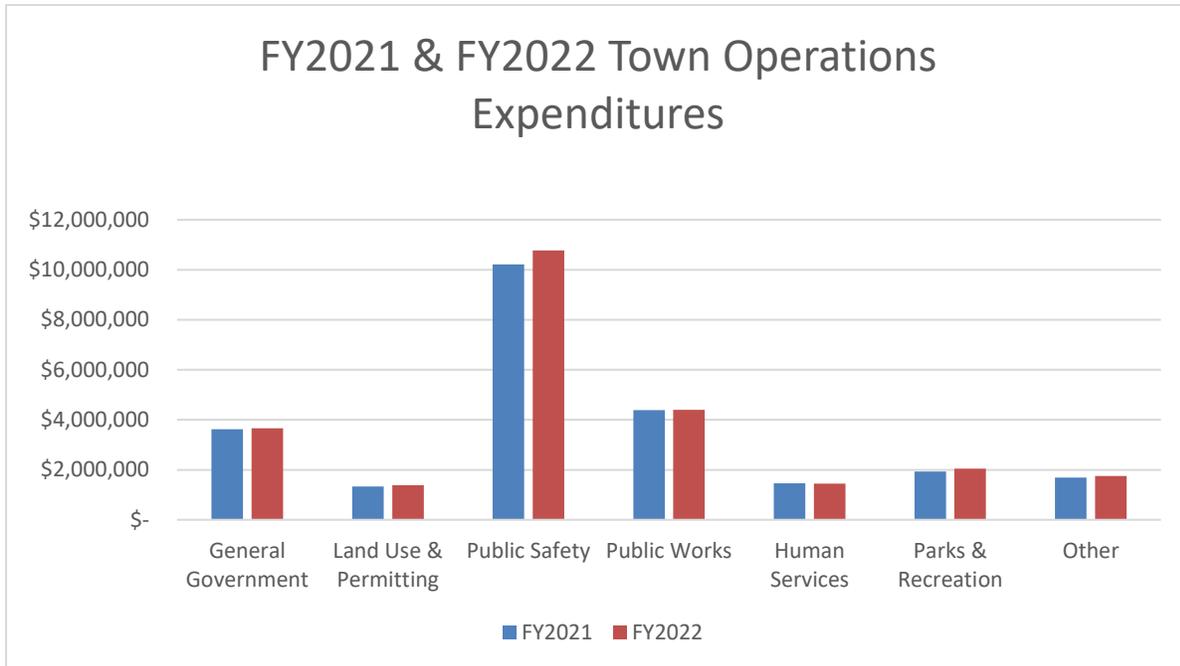


The FY 2022 Proposed Budget of \$49,772,218 is an increase of \$4,724,527, 10.49%, over the FY 2021 Adopted budget. The budget by major category is as follows.

**Summary of Proposed Expenditures**

	<b>FY 2021 Adopted</b>	<b>FY 2022 Proposed</b>	<b>\$ Change</b>	<b>% Change</b>
Town operations	24,638,524	25,465,594	827,070	3.36%
Other benefits	4,069,989	4,171,279	101,290	2.49%
Retirement (Pension, OPEB & DC)	1,943,826	2,210,897	267,071	13.74%
Library	3,996,594	4,103,111	106,517	2.67%
Debt service	8,907,545	10,163,300	1,255,755	14.10%
Capital contribution	1,491,213	3,658,037	2,166,824	145.31%
	<b>45,047,691</b>	<b>49,772,218</b>	<b>4,724,527</b>	<b>10.49%</b>

The Town operations request can be further divided among the various units. Public Safety, which contains the Police and Fire Departments, among others, accounts for 42.31% of the total proposed budget for operating departments. Public Works accounts for 17.30% of the adopted budget for Town operating departments.



The General Fund budget was impacted by significant increases and decreases in several key areas. Some of these changes are the results of policy decisions, some programmatic improvements and others result from positive experience. Only one item is outside the primary control of the Town Administration.

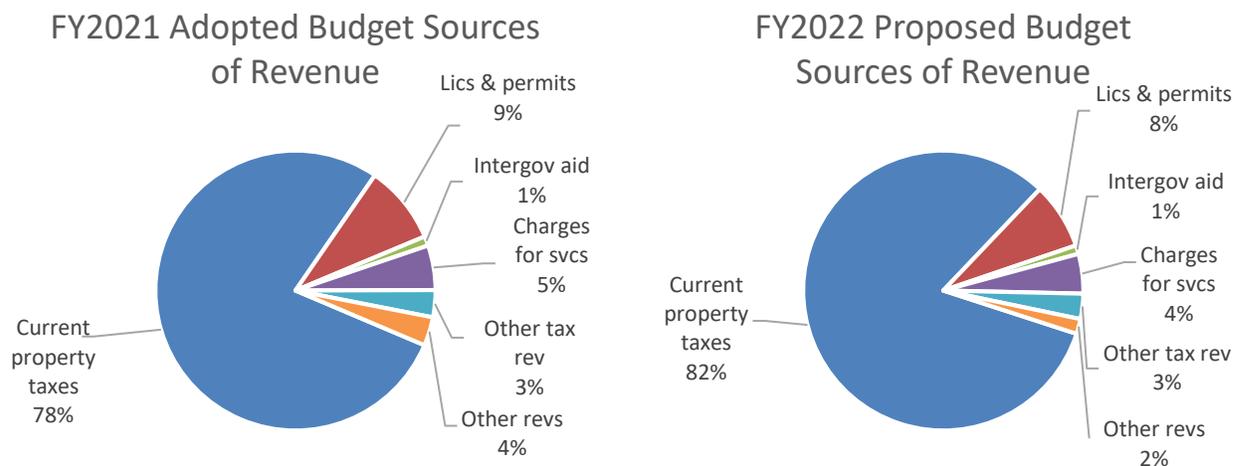
- Approximately \$160,000 for 6 months of salary and benefits for three new dispatcher positions. This is the final step to fully civilianize emergency dispatch, allowing for 2 professional dispatchers on a 24 hour/7 day per week basis, beginning in January 2022.
- An increase of \$265,959 in the Actuarially Determined Contributions (ADC) for the Town and Police Pension and Post-retirement (OPEB) medical benefit plans. The increase is a result of the actual rate of return on investments being lower than the actuarial assumption. There is also a minor increase in the Town’s new Defined Contribution plan. There is an additional minor increase in the Town’s contribution to the Defined Benefit plan.

- An increase of \$2,166,824 in the contribution from the General Fund to fund capital project requests. In FY 20-21, some projects were funded through bonding and the Capital Fund fund balance.
- An increase of \$73,000 in the Board of Selectmen department budget for the addition of a part-time Public Information Officer (\$28,000) and a consultant to review the provision of emergency services (\$45,000).
- An increase of \$30,000 in the Emergency Medical Services budget due to a contractual increase in the Town's contract with Stamford Emergency Medical Services and a reduction in the normal offset of fees as a result of decreased call volume that has occurred since the start of the pandemic.
- An increase of \$133,462 in the Contingency Employee Salary Set Aside account to provide funds for the settlement of two union contracts. Typically these increases would be spread out among the various departments. Because the contracts are unsettled, assumptions have been made as to the cost of wage increases for union employees. This amount has been added to the pool of funds for increases to non-union employees, thus inflating the account.
- An increase of \$1,255,755 in Debt service. In FY 2020, the Board of Finance approved the early redemption of certain outstanding bonds. As a result, the debt service budget for FY 2021 was lower than it otherwise would have been. The FY 2022 debt service budget assumes interest payments on a new issue to be sold in the fall. This issue will fund several projects, including the Ox Ridge Elementary School Building.
- There are reductions in cost reflected in this budget as well. The Elections budget is reduced by \$20,970, a reflection of moving from multiple elections during the fiscal year to the one general fall election. The Youth Services budgets shows a decrease of \$28,730, which is a result of limited program offerings due to the pandemic.
- While the budget for medical insurance provided as a benefit to employees currently shows a modest increase, this is primarily due to proposed increases in headcount. The current projected premium increase is 0.00%.

*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 FY 2022 Proposed Budget, license & permit fees account for \$3.8 million, charges for services account for \$2.3 million, other tax revenues account for \$1.4 million, other miscellaneous revenues account for \$0.9 million, and intergovernmental aid accounts for \$0.5 million.

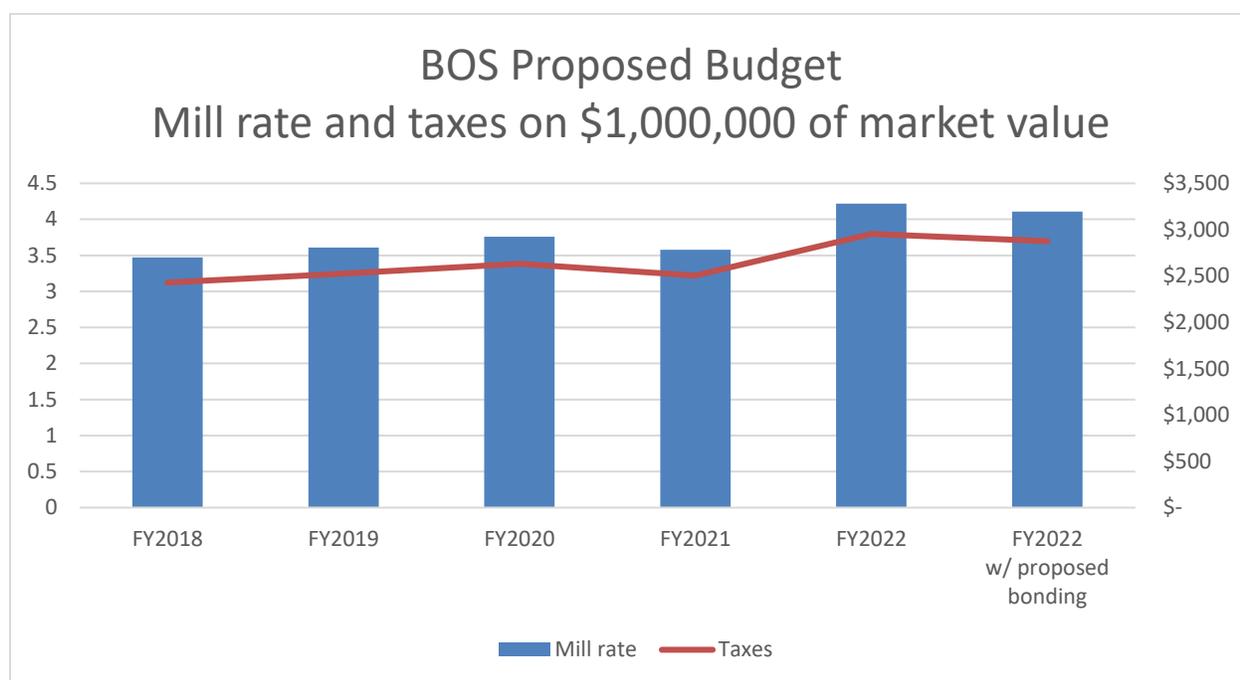


In the FY 2022 Proposed Budget, other revenues decrease by \$911,220, 9.28%, as compared to the FY 2021 Adopted Budget. The most significant variance is Transfers In. There is a reduction of \$352,592 in the transfers from the sewer operating and sewer assessment funds. Significant sewer debt has been retired and the sewer funds are now supporting lower debt service. Additionally, the FY 2021 Adopted Budget included a \$216,756 one-time transfer of bond premium to capitalize the first interest payment on the bonds for Ox Ridge School. The decrease in License and Permit revenue is primarily due to expected lower building permit revenues. The reduction in Charges for Services is primarily due to a decrease in Youth Services programming fees due to Covid related programming changes. Revenues by major category are as follows:

### Summary of Proposed Non-Current Tax Revenues

	<b>FY 2021 Adopted</b>	<b>FY 2022 Proposed</b>	<b>\$ Change</b>	<b>% Change</b>
Other tax revenues	1,409,000	1,449,000	40,000	2.84%
Licenses & permits	4,097,476	3,820,304	(277,172)	-6.76%
Intergovernmental aid	494,946	494,946	-	0.00%
Charges for services	2,322,872	2,280,691	(42,181)	-1.82%
Fines & forfeits	40,500	23,250	(17,250)	-42.59%
Investment income	125,001	125,000	(1)	0.00%
Miscellaneous	453,876	408,608	(45,268)	-9.97%
Transfers in	873,657	304,309	(569,348)	-65.17%
<b>Total</b>	<b>9,817,328</b>	<b>8,906,108</b>	<b>(911,220)</b>	<b>-9.28%</b>

The remainder of the Proposed Budget is funded by property taxes. Absent any changes by the BOF or alternative funding of capital projects, the FY2022 BOS Proposed budget would result in a mill rate of 4.22, an increase of 17.88% over the prior year adopted budget. This mill rate would result in taxes of \$2,954 for every \$1 million of market value, \$700,000 of assessed value, of a taxable property. The mill rate needed to support the BOS budget was very stable for FY 2017-18 through FY 2020-21. The following graph shows the historical and proposed mill rate and associated taxes on \$1 million of market value for the BOS portion of the budget. The BOS recommends that the BOF consider bonding a few of the proposed capital projects/purchases. Bonding these items would reduce the mill rate to 4.11.



The Board of Finance will set the budgeted collection rate and recommend a mill rate to fund the combined Town and Board of Education budgets.

### **Reserve for Capital & Non-Recurring Expenditures (RFCNRE)**

The Reserve for Capital & Non-Recurring Expenditures - the Capital Fund - is the means by which the Town accounts for 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.

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.

As part of the budget process, when requesting funding for the acquisition of a capital asset, department heads must provide certain information supporting the request. Included in this is a priority ranking system. Only projects requested to be funded in FY 2022 are required to have a priority.

When looking at capital, we do not just look at the upcoming year. Department heads are tasked with looking at capital needs for the next six (6) fiscal years. This allows the Town the ability to plan and budget for our needs proactively.

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, the Town will reserve for certain purchases that exceed \$100,000. This allows the Town to avoid wild swings in the mill rate. In prior years, the Town has reserved for fire apparatus. The FY 2022 Proposed Budget does not include a contribution to the Fire Apparatus Replacement Reserve. The BOS fully supports the purchase of required fire apparatus, but would like the BOF to consider funding each purchase in the year it occurs through the issuance of bonds.

The total Capital Fund Budget request for FY 2022 is \$4,151,430. Projects of note that are proposed for funding include: Apparatus Replacement for Police, Public Works and Parks & Recreation; paving; sidewalk replacement, replacement of the traffic pre-emption system for the fire departments; replacement of the Police Department servers.

The Board of Selectmen recommends that the Board of Finance consider bonding the following purchases/projects:

- Sidewalk rehabilitation
- Cherry Lawn tennis court resurfacing
- Fire apparatus

### **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

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 2022 Proposed 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 2022 budget assumes that there will be a 4% increase in fees paid to Stamford resulting a slight increase in the overall this budget is showing a slight increase over FY 2021, primarily due to the increased fees to be paid to Stamford.

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.

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 2022 Proposed Budget provides for operation and essential maintenance of the parking facilities and funds a contribution to the Parking Capital fund. The FY 2022 Parking Operating budget shows a reduction of \$272,955. This reduction is due to reduced expenses resulting from the pandemic's impact on commuter parking needs.

The proposed Parking Capital Fund budget includes funding for equipment needed to maintain the commuter parking lots.