

## Official Statement Dated April 15, 2020

**REFUNDING / NEW MONEY ISSUE**

**MOODY'S RATING: Aaa**  
(See "Ratings" herein)

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds (as hereinafter defined) is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "Tax Matters" herein.)*

## **TOWN OF DARIEN, CONNECTICUT**

### **\$34,685,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020, SERIES A (the "Bonds") BOOK-ENTRY-ONLY**

**Dated: Date of Delivery**

**Due: August 1, as shown herein**

The General Obligation Bonds, Issue of 2020, Series A (the "Bonds") will be general obligations of the Town of Darien, Connecticut (the "Town"), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein).

The Bonds will bear interest payable on February 1 and August 1 in each year until maturity, commencing August 1, 2020. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

**The Bonds are subject to redemption prior to maturity as described herein. (See "Optional Redemption" herein).**

This Official Statement is in a form "deemed final" by the Town for the purpose of Securities and Exchange Commission Rule 15c2-12, but it is subject to amendment or revision.

The Certifying, Registrar, Transfer, Paying and Escrow Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut.

**PIPER | SANDLER**

*The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut, Bond Counsel. It is expected that delivery of the Bonds in book-entry form will be made on or about May 4, 2020.*

# TOWN OF DARIEN, CONNECTICUT

## \$34,685,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020, SERIES A BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: August 1, as shown herein

### MATURITY SCHEDULE AND AMOUNTS

| <u>Maturity</u> | <u>Amount</u> | <u>Coupon</u> | <u>Yield</u> | <u>CUSIP (1)</u> | <u>Maturity</u> | <u>Amount</u> | <u>Coupon</u> | <u>Yield</u> | <u>CUSIP (1)</u> |
|-----------------|---------------|---------------|--------------|------------------|-----------------|---------------|---------------|--------------|------------------|
| 2020            | \$ 90,000     | 3.000%        | 0.900%       | 237217L28        | 2030            | \$ 1,135,000  | 5.000%        | 1.180%*      | 237217M43        |
| 2021            | 3,895,000     | 5.000         | 0.900        | 237217L36        | 2031            | 1,190,000     | 4.000         | 1.380*       | 237217M50        |
| 2022            | 4,405,000     | 5.000         | 0.900        | 237217L44        | 2032            | 1,235,000     | 4.000         | 1.520*       | 237217M68        |
| 2023            | 2,740,000     | 5.000         | 0.900        | 237217L51        | 2033            | 1,290,000     | 4.000         | 1.680*       | 237217M76        |
| 2024            | 1,995,000     | 5.000         | 0.910        | 237217L69        | 2034            | 1,340,000     | 4.000         | 1.760*       | 237217M84        |
| 2025            | 2,050,000     | 5.000         | 0.930        | 237217L77        | 2035            | 1,395,000     | 4.000         | 1.840*       | 237217M92        |
| 2026            | 1,795,000     | 5.000         | 0.940        | 237217L85        | 2036            | 1,450,000     | 4.000         | 1.900*       | 237217N26        |
| 2027            | 1,850,000     | 5.000         | 0.950        | 237217L93        | 2037            | 1,510,000     | 4.000         | 1.960*       | 237217N34        |
| 2028            | 1,030,000     | 5.000         | 1.000        | 237217M27        | 2038            | 1,575,000     | 4.000         | 1.980*       | 237217N42        |
| 2029            | 1,080,000     | 5.000         | 1.100*       | 237217M35        | 2039            | 1,635,000     | 4.000         | 2.000*       | 237217N59        |

\* - Priced assuming redemption on August 1, 2028; however any such redemption is at the election of the Town. (See "Optional Redemption" herein).

- (1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the registered owners of the applicable Bonds. The Town is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to the correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Town of Darien, Connecticut (the "Town") to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

Other than as to matters expressly set forth in Appendix A – "Audited Financial Statements" herein, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same. The independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The independent auditor also has not performed any procedures relating to this Official Statement.

The Municipal Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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## THE BOND ISSUE SUMMARY

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*The information in this Bond Issue Summary, the front cover page and inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

|  |   |
|--|---|
| <b>Issuer:</b>   | Town of Darien, Connecticut (the "Town").   |
| <b>Issue:</b>  | \$34,685,000 General Obligation Bonds, Issue of 2020, Series A (the "Bonds").   |
| <b>Dated Date:</b>   | Date of Delivery, May 4, 2020.  |
| <b>Interest Due:</b>   | August 1, 2020 and semiannually thereafter on February 1 and August 1 in each year until maturity.  |
| <b>Principal Due:</b>  | Serially, August 1, 2021 through 2039, as detailed in this Official Statement.  |
| <b>Purpose and Authority:</b>  | A portion of the Bonds will be used to refund at or prior to maturity all or a portion of certain outstanding bonds of the Town. See "Plan of Refunding" herein. A portion of the Bonds are being issued to finance capital projects undertaken by the Town pursuant to certain bond resolutions authorized by the Representative Town Meeting. See "Authorization and Purpose" herein.   |
| <b>Redemption:</b>   | The Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.  |
| <b>Security:</b>   | The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.   |
| <b>Credit Rating:</b>  | The Bonds have been rated "Aaa" by Moody's Investors Service, Inc. ("Moody's"). The rating on the Town's outstanding general obligation bonds has recently been affirmed as "Aaa" by Moody's. See "Ratings" herein.   |
| <b>Tax Exemption:</b>  | See Appendix B – "Form of Legal Opinion of Bond Counsel" herein.  |
| <b>Bank Qualification:</b>   | The Bonds shall <b>not</b> be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense incurred to carry the Bonds.   |
| <b>Continuing Disclosure:</b>  | In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) notices of certain events within ten (10) business days of occurrence of such events and (iii) timely notice of a failure to provide the required financial information by the date specified pursuant to a Continuing Disclosure Agreement to be executed by the Town in substantially the form attached as Appendix C to this Official Statement. |
| <b>Registrar, Transfer Agent, Certifying Agent, Paying Agent and Escrow Agent:</b> | U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 <sup>rd</sup> Floor, Hartford, Connecticut.   |
| <b>Legal Opinion:</b>  | Pullman & Comley, LLC, of Hartford and Bridgeport, Connecticut will act as Bond Counsel.  |
| <b>Delivery and Payment:</b>   | It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about May 4, 2020 against payment in <b>Federal Funds</b> .  |
| <b>Issuer Official:</b>  | Questions regarding the Town and this Official Statement should be directed to Jennifer A. Charneski, Finance Director, 2 Renshaw Road, Darien, Connecticut 06820 – Telephone (203) 656-7334.   |
| <b>Municipal Advisor:</b>  | Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Mr. Mark N. Chapman, Managing Director, Telephone: (860) 290-3001.  |

## I. SECURITIES OFFERED

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### INTRODUCTION

This Official Statement, including the cover page, inside cover page and appendices, has been prepared by the Town of Darien, Connecticut (the "Town") with assistance from its Municipal Advisor in connection with the sale of the Town's \$34,685,000 General Obligation Bonds, Issue of 2020, Series A (the "Bonds").

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth in its opinion) and it makes no representation that it has independently verified the same.

Hilltop Securities Inc. ("HilltopSecurities") is engaged as Municipal Advisor to the Town in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal and state income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

### DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on August 1 in each of the years and in the principal amounts set forth on the inside cover of this Official Statement. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable February 1 and August 1 in year until maturity, commencing August 1, 2020 and will be payable to the registered owner of the Bonds as of the close of business on the fifteenth day of January and July in each year, or the preceding day if such fifteenth day is not a business day.

A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Certifying, Registrar, Transfer, Paying and Escrow Agent will be U.S. Bank National Association, in Hartford, Connecticut, 06103. The legal opinion on the Bonds will be rendered by Pullman & Comley, LLC, of Hartford and Bridgeport, Connecticut. (See "Appendix B" herein). The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended for purposes of the deduction by financial institutions for interest expense allocable to the Bonds. **The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein).**

### OPTIONAL REDEMPTION

The Bonds maturing on or before August 1, 2028 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2028, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus accrued interest to the redemption date:

| <u>Redemption Dates</u>       | <u>Redemption Price</u> |
|-------------------------------|-------------------------|
| August 1, 2028 and thereafter | 100%                    |

**NOTICE OF REDEMPTION**

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

**AUTHORIZATION AND PURPOSE**

A portion of the Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town of Darien, and certain bond resolutions adopted by the Representative Town Meeting, the proceeds of which will be used to finance the following projects (the “Capital Projects Bonds”):

| <b>Projects</b>                                 | <b>Amount of<br/>Total<br/>Authorization</b> | <b>Previously<br/>Bonded</b> | <b>Notes<br/>Outstanding</b> | <b>Additions /<br/>(Reductions)</b> | <b>The Capital<br/>Projects Bonds<br/>(This Issue)</b> |
|---|--|------------------------------|------------------------------|-------------------------------------|--|
| Town Hall Generator.....                        | \$ 325,000                                   | \$ 264,639                   | \$ -                         | \$ 60,361                           | \$ 60,361  |
| Highland Farms Improvements.....                | 609,000                                      | 5,346                        | -                            | 598,654                             | 598,654  |
| Hindley Elementary School Roof Replacement..... | 558,250                                      | -                            | -                            | 400,000                             | 400,000  |
| Ox Ridge Elementary School Project.....         | 63,000,000                                   | 56,925                       | -                            | 20,000,985                          | 20,000,985   |
| Total.....                                      | <u>\$ 64,492,250</u>                         | <u>\$ 326,910</u>            | <u>\$ -</u>                  | <u>\$ 21,060,000</u>                | <u>\$ 21,060,000</u>                                   |

**PLAN OF REFUNDING**

A portion of the Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, and a resolution adopted by the Representative Town Meeting on May 13, 2019, authorizing the issuance of refunding bonds in an amount not to exceed \$30,000,000 (the “Refunding Bonds”, together with the Capital Projects Bonds shall be collectively referred to as the “Bonds”).

The Refunding Bonds are being issued to refund in whole or in part the outstanding principal of and interest on the Town's General Obligation Refunding Bonds, Issue of 2012, Series B dated as of September 4, 2012 and General Obligation Bonds, Issue of 2015, dated as of August 4, 2015 (collectively, the "Refunded Bonds") and the payment of costs of issuance of the Bonds.

The list of Refunded Bonds to be refunded may be changed by the Town in its sole discretion due to market factors or other factors considered relevant by the Town at the time of pricing of the Bonds and no assurance can be given that any particular Refunded Bonds listed or that any particular maturity thereof will be refunded. The refunding is contingent upon delivery of the Bonds.

| <u>Issue</u> | <u>Dated Date</u> | <u>Maturity Date</u> | <u>Amount Outstanding</u> | <u>Interest Rate</u> | <u>Redemption Date</u> | <u>Redemption Price</u> | <u>CUSIP</u> |
|--------------|-------------------|----------------------|---------------------------|----------------------|------------------------|-------------------------|--------------|
| 2012-B       | 9/4/2012          | 8/1/2021             | \$ 3,935,000              | 2.250%               | 8/1/2020               | 100.00%                 | 237217ZQ0    |
| 2012-B       | 9/4/2012          | 8/1/2022             | 3,585,000                 | 2.000                | 8/1/2020               | 100.00                  | 237217ZR8    |
| 2012-B       | 9/4/2012          | 8/1/2023             | 1,000,000                 | 2.000                | 8/1/2020               | 100.00                  | 237217ZS6    |
| 2012-B       | 9/4/2012          | 8/1/2023             | 805,000                   | 2.250                | 8/1/2020               | 100.00                  | 237217ZT4    |
| 2012-B       | 9/4/2012          | 8/1/2024             | 200,000                   | 2.250                | 8/1/2020               | 100.00                  | 237217ZU1    |
| 2012-B       | 9/4/2012          | 8/1/2024             | 780,000                   | 2.500                | 8/1/2020               | 100.00                  | 237217ZV9    |
| 2012-B       | 9/4/2012          | 8/1/2025             | 965,000                   | 3.000                | 8/1/2020               | 100.00                  | 237217ZW7    |
| 2012-B       | 9/4/2012          | 8/1/2026             | 955,000                   | 3.000                | 8/1/2020               | 100.00                  | 237217ZX5    |
| 2012-B       | 9/4/2012          | 8/1/2027             | 945,000                   | 3.000                | 8/1/2020               | 100.00                  | 237217ZY3    |
|              |                   |                      | <u>13,170,000</u>         |                      |                        |                         |              |
| 2015         | 8/4/2015          | 8/1/2020             | \$ 315,000                | 3.000                |                        |                         | 237217D68    |
| 2015         | 8/4/2015          | 8/1/2021             | 315,000                   | 2.000                | 8/1/2020               | 100.00%                 | 237217D76    |
| 2015         | 8/4/2015          | 8/1/2022             | 315,000                   | 2.000                | 8/1/2020               | 100.00                  | 237217D84    |
| 2015         | 8/4/2015          | 8/1/2023             | 310,000                   | 2.000                | 8/1/2020               | 100.00                  | 237217D92    |
| 2015         | 8/4/2015          | 8/1/2024             | 310,000                   | 2.000                | 8/1/2020               | 100.00                  | 237217E26    |
| 2015         | 8/4/2015          | 8/1/2025             | 310,000                   | 2.250                | 8/1/2020               | 100.00                  | 237217E34    |
|              |                   |                      | <u>1,875,000</u>          |                      |                        |                         |              |
|              |                   |                      | <u>\$ 15,045,000</u>      |                      |                        |                         |              |

Upon delivery of the Refunding Bonds, a portion of the proceeds will be deposited in an irrevocable escrow fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent"), under an Escrow Agreement (the "Escrow Agreement") dated as of May 4, 2020 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by the government of the United States of America, including United States Treasury State and Local Government Series ("SLGS") securities, Federal National Mortgage Association ("FNMA") securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes (collectively, the "Escrow Securities") all of which shall not be callable or prepayable at the option of the issuer thereof. The principal of and interest on the Escrow Securities, when due, will provide amounts sufficient to pay the principal, interest and redemption premium, if any, on the Refunded Bonds to the redemption dates (the "Escrow Requirements"). All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Refunding Bonds will be used to pay costs of issuance and the Underwriter's discount.

The Connecticut General Statutes provide that upon placement in escrow of proceeds of refunding bonds sufficient to provide for the payment of the principal of and interest on the bonds to be refunded by such refunding bonds, such refunded bonds are no longer counted in computing the Town's debt for statutory debt limitation purposes.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Ritz & Associates PA (formerly known as Barthe & Wahrman, a Professional Association) will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Refunding Bonds relating to the computations that the anticipated receipts from the Escrow Securities and cash deposits set forth in the Underwriter's schedules, will be sufficient to pay, when due, the principal, interest and applicable call premium, if any, of the Refunded Bonds. Ritz & Associates PA, will express no opinion on the assumptions provided to them.

**ESTIMATED SOURCES AND USES OF BOND PROCEEDS**

|   |                         |
|---|-------------------------|
| <b>Sources:</b>                               |                         |
| Par Amount.....                               | \$ 34,685,000.00        |
| Net Original Issue Premium.....               | 5,798,286.55            |
| <b>Total Sources</b> .....                    | <u>\$ 40,483,286.55</u> |
| <br>  |                         |
| <b>Uses:</b>                                  |                         |
| Deposit to Refunding Escrow Deposit Fund..... | \$ 15,214,668.67        |
| Capital Projects Fund Deposit.....            | 25,050,334.22           |
| Underwriter's Discount.....                   | 104,055.00              |
| Costs of Issuance.....                        | 114,228.66              |
| <b>Total Uses</b> .....                       | <u>\$ 40,483,286.55</u> |

**RATINGS**

The Bonds have been rated "Aaa" by Moody's Investors Service, Inc. ("Moody's"). The rating on the Town's outstanding general obligation bonds has recently been affirmed as "Aaa" by Moody's. Such rating reflects only the views of such organization and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town's bonds or notes, including the Bonds.

**TAX MATTERS**

**Federal Taxes.** In the opinion of Bond Counsel, under existing law, (i) interest the Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel’s opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Bonds, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Bonds proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

**Original Issue Discount.** The initial public offering prices of certain maturities of the Bonds may be less than the stated principal amount (the “OID Bonds”). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner’s basis. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts payable at maturity (the “OIP Bonds”). In general, an owner who purchases an OIP Bonds must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the OIP Bonds for federal income tax purposes. Prospective purchasers of OIP Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

**Changes in Federal and State Tax Law.** Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel’s opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel’s opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

## **SECURITY AND REMEDIES**

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from the general property tax revenues of the Town. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town. Under existing statutes the State of Connecticut is obligated to pay to the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. A court of competent jurisdiction also has the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefore or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

## **BOOK-ENTRY TRANSFER SYSTEM**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

*[The remainder of this page intentionally left blank]*

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes. DTC's records reflect only the identity of the Direct Participants to whose accounts such the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Town or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Town or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

## **REPLACEMENT BONDS**

The Town will provide for the issuance of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or the nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

## **DTC PRACTICES**

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

## **COVID-19 DISCLOSURE**

### **The COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory virus caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

There can be no assurances that the ongoing impact of COVID-19 will not materially affect State, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town. Many states and municipalities have begun and continue to take measures that are having negative effects on global and local economies. In addition, businesses and people appear to have altered behaviors in manners that are negatively affecting the economy. The financial, stock and bond markets in the United States and globally have seen significant volatility attributed to COVID-19.

### **State and Local Efforts to Mitigate the Ongoing Impact of COVID-19**

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut as a result of the COVID-19 outbreak. State agencies have been directed to use all resources necessary to prepare for and respond to the outbreak. To date, the Governor has cancelled all public-school classes for all students until April 20, 2020, unless extended beyond that date, restricted social and recreational gatherings to no more than 5 people, suspended activity at the State Capitol and legislative office building, suspended non-exigent operations of the judicial branch, limited restaurants to take-out and delivery only, required all businesses and not-for-profit entities in the State to employ, to the maximum extent possible, any telecommuting or work from home procedures that they can safely employ and required closure of all non-essential businesses and not-for-profit entities.

Similarly, while the potential long-term impact on the Town cannot be predicted at this time, the continued spread of the outbreak and any prolonged effects on the national and State economy could have a materially adverse effect on the Town's finances and economy. On March 14, 2020, the Town declared a local state of emergency. The Town has closed Town Hall to the public and will operate Town offices with limited staff performing essential services. In addition, the Town has taken multiple measures to limit the congregation of groups and enhance social distancing. While a potential risk, the Town does not anticipate the outbreak to have a materially adverse financial effect on the Town for Fiscal Year 2020. The Town's finances and financial plans remain stable. Over 97.5% of the Town's annual revenues have already been received as of March 1, 2020, including the collection of over 99.75% of budgeted property taxes to date.

### **COVID-19 Outbreak - Municipal Tax Relief Programs**

On the evening of April 1, 2020, in response to the COVID-19 emergency, Governor Ned Lamont issued Executive Order No. 7S ("Order 7S") which creates two short-term tax relief programs and requires all towns, cities, and boroughs as well as their water pollution control authorities to adopt either or both of them by a vote of the legislative body, or, in any town in which the legislative body is a town meeting, by a vote of the board of selectmen. One program defers payments by 90 days for taxpayers based on a showing of need, while the other reduces the interest chargeable for all taxpayers in the municipality for 90 days.

The "Deferment Program" delays by 90 days payments due on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges if taxpayers, businesses, nonprofits and residents demonstrate significant economic impact caused by COVID-19 and/or demonstrate that they are assisting people who are experiencing significant economic impact caused by COVID-19. This program applies to charges which would otherwise be due from March 10 to July 1, 2020. Financial institutions and mortgage servicers that hold property tax payments in escrow are required to continue to remit property taxes to the Town according to the regular timetable, so long as the borrower remains current on its mortgage or is in a mortgage forbearance or deferment program. Municipalities have the option to expand eligibility for the program to other categories of taxpayers, businesses, nonprofits and residents. Landlords, or any taxpayer that rents or leases to any commercial, residential, or institutional tenant or lessee, in order to be eligible for the "Deferment Program" must provide documentation to the Town that the parcel has or will suffer a significant income decline or that commensurate forbearance was offered to their tenants or lessees.

The "Low Interest Rate Program" lowers the interest rate to 3% per annum (0.25% monthly) on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges that are due between March 10, 2020 and July 1, 2020 and are not paid on time and also those which were already delinquent before March 10, 2020. After the 90-day period which begins on the original due date, the regular rate of interest is restored on all remaining balances. Financial institutions and mortgage servicers that hold property tax payments in escrow are required to continue to remit property taxes to the Town according to the regular timetable, so long as the borrower remains current on its mortgage or is in a mortgage forbearance or deferment program. Landlords, or any taxpayer that rents or leases to any commercial, residential, or institutional tenant or lessee, in order to be eligible for the "Low Interest Rate Program" must provide documentation to the Town that commensurate forbearance was offered to their tenants or lessees, upon their request.

All municipalities must notify the Secretary of the Office of Policy and Management ("OPM") no later than April 25, 2020 which program or programs it is electing. At this time, the Town has not yet determined which program or programs it will adopt.

Order 7S also suspends all non-judicial tax sales effective immediately and postpones them until a date the tax collector selects that is at least 30 days after the Governor declares the COVID-19 emergency to have ended. In addition, Order 7S extends all redemption periods for tax sales conducted in the prior six months by the duration of the emergency and reduces the interest rate for doing so to 3% per annum (0.25% monthly).

### **Government Response to COVID-19's Impact on the Economy**

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion will be appropriated to states and other units of government for activities that are directly related to COVID-19; the amount paid to each state will be based on population with a minimum payment of \$1.25 billion. In addition, the CARES Act will provide \$454 billion to the Federal Reserve to purchase business, state or municipal securities in order to provide a level of liquidity to the municipal market. Other financial relief affecting states and local governments includes \$30.9 billion for education, \$10 billion for airports, \$25 billion for transit providers, and \$17 billion for housing, including \$5 billion for Community Development Block Grants for COVID-19 related services.

On March 28, 2020, President Trump approved Governor Lamont's request for a disaster declaration for the State of Connecticut. Under the declaration, it is expected that federal funding will be made available to state, tribal and eligible local governments and certain private nonprofit organizations for emergency protective measures, including direct federal assistance, for all areas of Connecticut impacted by COVID-19. The impacted agencies and towns will be reimbursed for 75 percent of the costs associated with their response and emergency protective measures.

## **QUALIFICATION FOR FINANCIAL INSTITUTIONS**

The Bonds shall NOT be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## **AVAILABILITY OF CONTINUING DISCLOSURE INFORMATION**

The Town of Darien prepares, in accordance with State law, annual independent audited financial statements and files such annual reports with the State Office of Policy and Management on an annual basis. The Town provides, and will continue to provide Moody's Investors Service ongoing disclosure information in the form of annual financial reports, adopted budgets and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In accordance with the Securities and Exchange Commission's interpretive letter dated June 23, 1995 to the National Association of Bond Lawyers regarding Rule 15c2-12 and the Town's previous continuing disclosure agreements, as to the filing for the fiscal year ending June 30, 2015, since audited financial statements were not available by eight months after the close of the fiscal year, February 29, 2016, the Town filed unaudited financial statements as required and certain operating data on February 29, 2016. The Town filed such audited financial statements when they became available, on March 10, 2016. In the past five (5) years, the Town has not failed to comply, in all material respects, with any of its undertakings under such agreements.

## **UNDERWRITING**

Piper Sandler & Co. (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the Town at a net aggregate purchase price of \$40,379,231.55 consisting of the principal amount of \$34,685,000.00 plus original issue premium of \$5,798,286.55 less underwriter's discount of \$104,055.00). The Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter has entered into a distribution agreement (the "CS & Co. Distribution Agreement") with Charles Schwab & Co., Inc. for the retail distribution of certain securities offerings including the Bonds, at the original issue prices. Pursuant to the CS & Co. Distribution Agreement, CS & Co. will purchase the Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS & Co. sells.

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## II. THE ISSUER



### DESCRIPTION OF THE TOWN

The Town, first settled as the parish of Middlesex, was incorporated and separated from Stamford in May 1820 as Connecticut's 122<sup>nd</sup> town. Covering an area of 14.9 square miles, Darien is located in lower Fairfield County on Long Island Sound. It is located between Stamford and Norwalk and bordered to the north by New Canaan.

The Town is less than one hour from New York City by highway or rail transportation. It is served by the Connecticut Turnpike, I-95, and U.S. Route 1, the Boston Post Road. State Routes 106, 124 and 136 also traverse Darien and the Merritt Parkway, Route 15, is easily accessible to the north. Darien is on the main line of the Metro North Commuter Railroad, which provides convenient and fast commuter service to New York City from two high-level platform stations, one in Darien and one in Noroton Heights.

The Town, located in one of the highest per capita income areas of the United States, is a high quality suburban residential community with modern commercial and executive research office buildings. According to the 2014-2018 American Community Survey, the median family income was in excess of \$250,000 and the per capita income was \$112,096. A great number of the Town's residents are executives, professional, technical and managerial people employed in New York City and at the industrial and corporate headquarters of nationally known firms located in surrounding Fairfield County communities.

Despite its proximity to the larger retail centers of New York City, Stamford and Norwalk, Darien continues to be an active retail community. Its major retail areas are the many attractive and unique specialty shops along the Boston Post Road, easily accessible to I-95, the Goodwives Shopping Plaza and the shopping center of Noroton Heights. Banking institutions located in Darien include Citibank, HSBC, Bank of America, TD Bank, Laurel Road Bank, People's United Bank and Webster Bank.

Life Study Fellowship Foundation, Inc. and Zotos International have corporate and executive headquarters located in Darien.

The Town established the Planning and Zoning Commission in 1926, which has placed great importance on sound town planning. Its first Town Plan of Development (the “Town Plan”) was adopted in 1954 and was subsequently updated in 1967, 1984, 1996, 2006 and most recently in 2016. In recent years, Darien has witnessed significant changes in the use of its land, the composition of its population, and the economic function of the southwestern Connecticut/Fairfield County region. The Planning and Zoning Commission is using the 2016 Town Plan to implement the policies over the next ten-year period. A Vision Statement, prepared by the Board of Selectmen, notes that the Town Plan must balance growth and development with preservation and protection of the existing ecosystem. It goes on to state that the Town must adopt and implement high quality public policies promoting long-term growth, development and infrastructure improvements.

It is expected that population growth in Darien will continue to be gradual due to the limited amount of vacant land available for development. Over the next few years, much of the commercial and residential grand list growth will be a result of mixed-use redevelopment in downtown Darien and in the Noroton Heights commercial area and will be implemented by private developers. Much of the new development in the single-family residential areas of the community will continue to consist of teardowns of existing single-family residences and the construction of new, replacement single-family residences in their place. The values of such new replacement single-family residences exceed a million dollars in nearly every instance, with waterfront properties generally continuing to be some of the highest-valued properties in Town.

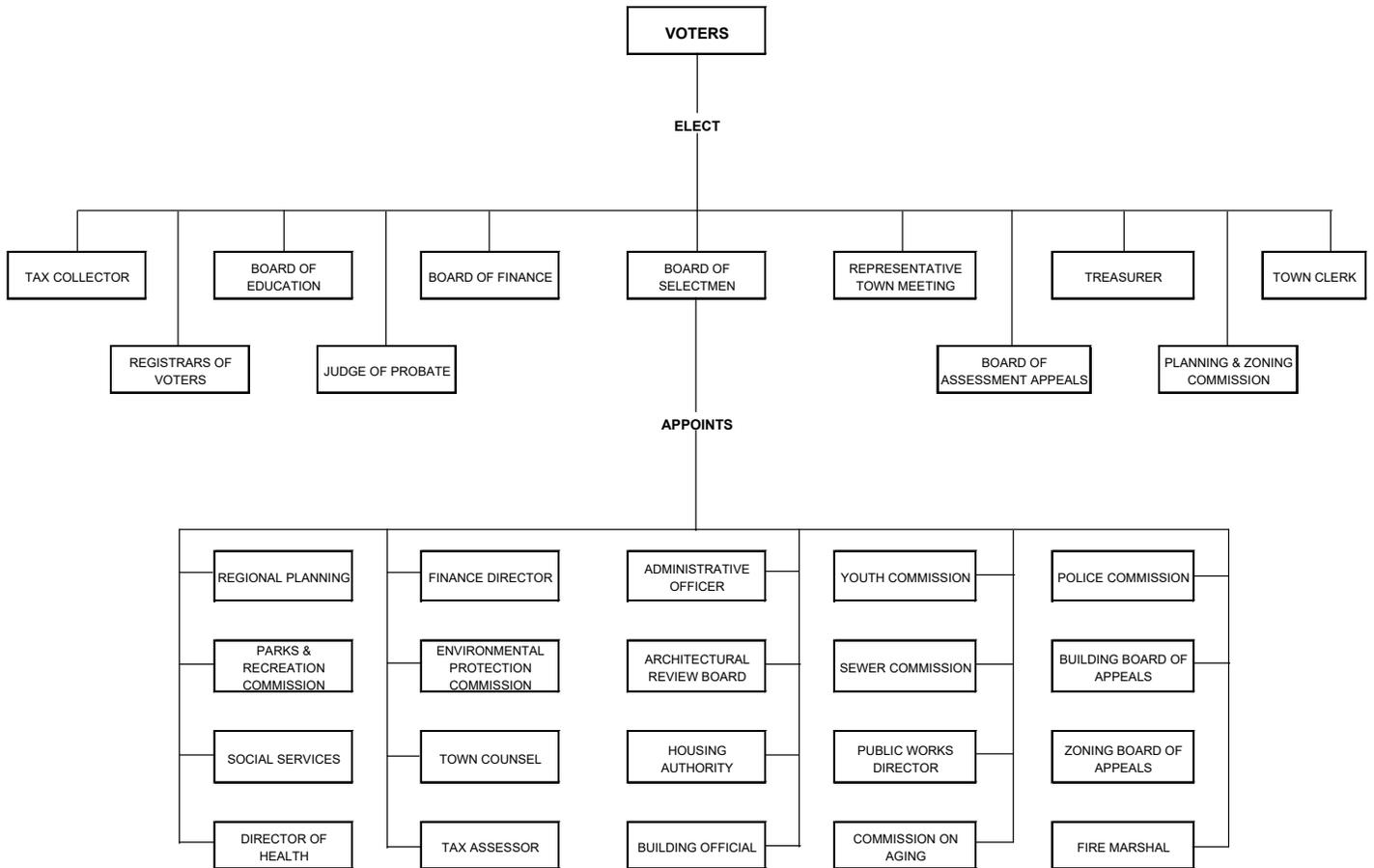
The Town is located in one of the most attractive suburban regions of the country. Its natural beauty, attractive Long Island Sound setting, water recreational opportunities, and closeness to the New York metropolitan center have made this regional location most desirable to thousands of people over the years.

Darien has 16 miles of shoreline and a number of public parks, open space, and recreation facilities consisting of approximately 546 acres. The Town is also known for its private recreation facilities such as the Country Club of Darien, Wee Burn Country Club, Woodway Country Club, The Ox Ridge Hunt Club, Darien Boat Club and Noroton Yacht Club.

There are five taxing districts located within the Town of Darien jurisdiction - Delafield Island, Tokeneke, Crooked Mile Road, Allwood, and Ridge Acres. These districts are street associations created for the purpose of making street improvements within their respective jurisdictions.

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## ORGANIZATIONAL CHART



### FORM OF GOVERNMENT

The Town has a Representative Town Meeting (“RTM”) form of government with a Board of Selectmen and Board of Finance. The current Charter was adopted by the RTM on June 15, 1959 and became effective thirty days later. Subsequent amendments to the Charter have occurred periodically, most recently in 2016.

The legislative power of the Town is vested in the RTM which presently has a 100-member limit. Minority representation is guaranteed on all boards and commissions. In addition to all power and privileges in the Charter, the inhabitants have the power and privileges conferred and granted to towns and cities under the Constitution and General Statutes of Connecticut.

The First Selectman is the Chief Executive Officer of the Town. She presides over the five-member Board of Selectmen and has full voting privileges on the Board. The Board of Selectmen appoints numerous officials as indicated on the Town's organizational chart (See "Organizational Chart" herein). A professional Town Administrator and Finance Director are employed on a full-time basis.

The seven members of the Board of Finance are elected to serve four-year overlapping terms. As policy maker of Darien's financial affairs, the Board meets monthly. Subject to action by the RTM, it passes on all budgets and recommends the tax rate.

## MUNICIPAL OFFICIALS

|   | <u>Term of Office</u> | <u>Years of Service</u> |
|---|-----------------------|-------------------------|
| Jayne J. Stevenson, First Selectman.....        | Elected 2 years       | 8.0                     |
| Jon Zagrodzky, Chairman, Board of Finance.....  | Elected 4 years       | 11.0                    |
| Kathleen C. Buch, Town Administrator (1).....   | Appointed Indefinite  | 19.0                    |
| Jennifer A. Charneski, Finance Director.....    | Appointed Indefinite  | 4.0                     |
| Joan D. Hendrickson, Treasurer.....             | Elected 2 years       | 14.0                    |
| Caryn Diller, Town Clerk.....                   | Elected 2 years       | 0.0                     |
| Kathleen M. Larkins, Tax Collector.....         | Elected 2 years       | 6.0                     |
| Dr. Alan Addley, Superintendent of Schools..... | Appointed Indefinite  | 0.8                     |

(1) Kathleen C. Buch was appointed Administrative Officer after serving 15 years as the Director of Finance.

### SUMMARY OF MUNICIPAL SERVICES

**Police Protection:** The Police Department is managed and controlled by a three-member Police Commission appointed to overlapping terms by the Board of Selectmen. The department includes 51 full-time officers, 13 full-time civilian employees, 2 part-time civilian employees and several traffic agents, including 8 school crossing guards. Department rolling stock/equipment consists of 30 vehicles, including one mobile command post, one boat and two trailers.

**Fire Protection:** Fire protection services are provided by three volunteer fire companies staffed by approximately 100 volunteer fire personnel and officers. A Board of Fire Commissioners, comprised of three members from each fire company, coordinates fire protection services. The fire companies receive appropriations from the Town for operational support, supplies, equipment and repairs. The respective companies own the station houses while the Town owns the majority of the fire apparatus.

**Sewers:** The Darien sanitary sewer system consists of 81 miles of mains, 14 pump stations and six pipeline crossings of the Noroton River and/or its outlet for delivery of wastewater to the City of Stamford treatment facility. The system is available to approximately 70% of properties in Town. All operational, maintenance and repair costs, and user fees paid to the City of Stamford, are paid solely from benefiting owners through user fees. No new municipally funded sewer extension projects are being considered at this time.

**Solid Waste:** The Town has contracted City Carting Inc. of Stamford, Connecticut for disposal of solid waste and recycling. The Agreement with City Carting provides for hauling and disposal of acceptable solid waste, operation of the Town transfer station and recycling operations. There are no "put or pay" provisions in the Agreement. The current tipping fee is \$95.51 per ton and escalates annually at the rate of 2%.

**Utilities:** Electricity and natural gas for the Town is provided by Eversource, a subsidiary of Northeast Utilities. Water for the Town is provided by Aquarion Water.

**Human Services:** A seven-member Board of Commissioners oversees the operation of the Human Services Department that provides a wide variety of services and support to Darien residents in need. These include but are not limited to: short term financial support, counseling, information and referral, elderly outreach and the implementation of mandated state and federal programs. There is also a seven-member Youth Commission offering numerous youth social and recreational programs and a 10-member Commission on Aging offering various programs and services to Darien's elderly at the Mather Center.

**Public Works:** Is responsible for the maintenance of over 81 miles of town roads.

**Parks and Recreation:** The Department manages and cares for a variety of recreation facilities and offers varied programs for pre-school to adults. The department is governed by a nine-member board appointed by the Board of Selectmen, called the Parks and Recreation Commission. Department facilities include 13 parks consisting of approximately 210 acres; 2 Town beaches with bathhouse facilities, public boat launch ramp, 10 tennis courts, 5 paddle tennis courts with operations building, basketball court, 9 athletic fields, several nature preserves with trails, 2 skating ponds (winter), 5 picnic areas, 2 gazebos, 4 children's play equipment areas, and general open space. Youth and adult recreation programs consist of: tennis and paddle lessons, basketball and baseball clinics and programs, golf lessons, piano, guitar and drum lessons, indoor and outdoor soccer clinics, summer sports camps, youth education activities, horseback riding lessons, school vacation camps, adult drop-in volleyball and basketball, and community gardens. The department co-sponsors events and programs such as: Darien Junior Sailing Team, movies on the beach, and special events throughout the parks.

**Education:** The School system is governed by a local nine-member Board of Education elected to three-year staggered terms. The primary function of the Board is to establish policy. Some areas for which such policies are set include curriculum, budget request submissions, ensuring funds for education as appropriated by the Town are properly expended, implementation of both state and federal laws, and planning for facilities needed by the system, including construction and renovation. The Town's school system consists of seven schools located strategically in Town. The schools consist of five schools for pupils in grades K through 5, one middle school for pupils in grades 6-8, and one high school for pupils in grades 9-12.

**EDUCATIONAL FACILITIES**

| <u>Schools</u>               | <u>Grades</u> | <u>Date Occupied</u> | <u>Additions/<br/>Renovations</u> | <u>Enrollment<br/>10/01/19</u> | <u>Capacity (1)</u> |
|------------------------------|---------------|----------------------|-----------------------------------|--------------------------------|---------------------|
| <u>Elementary</u>            |               |                      |                                   |                                |                     |
| Hindley School.....          | K-5           | 1947                 | 1976, 1995, 1996                  | 458                            | 550                 |
| Holmes School.....           | K-5           | 1931                 | 1995, 1996                        | 448                            | 525                 |
| OxRidge School.....          | K-5           | 1966                 | 1976, 1995, 1996                  | 421                            | 625                 |
| Royle School.....            | Pre K-5       | 1948                 | 1958, 1976, 1995, 1996            | 401                            | 550                 |
| Tokeneke School.....         | Pre K-5       | 2008                 |                                   | 446                            | 550                 |
| <u>Middle School</u>         |               |                      |                                   |                                |                     |
| Middlesex Middle School..... | 6-8           | 1937                 | 1952, 2000                        | 1,158                          | 1,200               |
| <u>High School</u>           |               |                      |                                   |                                |                     |
| Darien High School.....      | 9-12          | 2005                 |                                   | 1,407                          | 1,300               |
| Total .....                  |               |                      |                                   | <u>4,739</u>                   | <u>5,300</u>        |

(1) Internal changes have altered this figure from original design capacities.

Source: Office of the Superintendent of Schools.

**SCHOOL ENROLLMENT HISTORY AND PROJECTIONS**

| <u>As of<br/>October 1</u> | <u>Actual</u>    |              |               |  | <u>Total</u> |
|----------------------------|------------------|--------------|---------------|--|--------------|
|                            | <u>K-5</u>       | <u>6 - 8</u> | <u>9 - 12</u> |  |              |
| 2010                       | 2,348            | 1,158        | 1,335         |  | 4,841        |
| 2011                       | 2,336            | 1,155        | 1,326         |  | 4,817        |
| 2012                       | 2,381            | 1,135        | 1,330         |  | 4,846        |
| 2013                       | 2,409            | 1,129        | 1,357         |  | 4,895        |
| 2014                       | 2,404            | 1,124        | 1,371         |  | 4,899        |
| 2015                       | 2,322            | 1,167        | 1,358         |  | 4,847        |
| 2016                       | 2,303            | 1,133        | 1,356         |  | 4,792        |
| 2017                       | 2,293            | 1,123        | 1,378         |  | 4,794        |
| 2018                       | 2,203            | 1,101        | 1,422         |  | 4,726        |
| 2019                       | 2,174            | 1,158        | 1,407         |  | 4,739        |
|                            | <u>Projected</u> |              |               |  |              |
| 2020                       | 2,083            | 1,144        | 1,395         |  | 4,622        |
| 2021                       | 2,063            | 1,102        | 1,440         |  | 4,605        |
| 2022                       | 2,059            | 1,080        | 1,447         |  | 4,586        |
| 2023                       | 2,063            | 1,074        | 1,447         |  | 4,584        |
| 2024                       | 2,110            | 1,057        | 1,440         |  | 4,607        |

Source: Office of the Superintendent of Schools.

**MUNICIPAL EMPLOYMENT**

| <u>Fiscal Year</u>      | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| General Government..... | 148         | 144         | 143         | 138         | 141         |
| Board of Education..... | 807         | 808         | 802         | 797         | 799         |
| Total.....              | <u>955</u>  | <u>952</u>  | <u>945</u>  | <u>935</u>  | <u>940</u>  |

Source: Town Officials

**MUNICIPAL EMPLOYMENT BY CATEGORY**

| <u>Department</u>                   | <u>Employees</u> |
|-------------------------------------|------------------|
| <u>General Government</u>           |                  |
| Public Works .....                  | 28               |
| Town Hall and Human Services.....   | 40               |
| Sewer Authority.....                | 6                |
| Police Personnel.....               | 63               |
| Parks and Recreation Department.... | 11               |
| Subtotal.....                       | 148              |
| <u>Board of Education</u>           |                  |
| Certified Staff.....                | 520              |
| Non-Certified Employees.....        | 287              |
| Subtotal.....                       | 807              |
| Total Town Employees.....           | 955              |

Source: Town Officials

**MUNICIPAL EMPLOYEES BARGAINING UNITS**

| <u>Employees Represented</u>     | <u>Union Representation</u>                                       | <u>Contract Expiration</u> |
|----------------------------------|---|----------------------------|
| <b><u>GENERAL GOVERNMENT</u></b> |   |                            |
| 32                               | AFSCME, Council # 4, Local 1303-292 Public Works.....             | 6/30/20 (1)                |
| 48                               | Darien Police Association, Inc. Police Department.....            | 6/30/22                    |
| 37                               | UPSEU Support Personnel.....                                      | 6/30/21                    |
| 32                               | Non-Bargaining General Government Employees.....                  |                            |
| <b><u>BOARD OF EDUCATION</u></b> |   |                            |
| 33                               | Darien Administrators' Association Administrators.....            | 6/30/21                    |
| 488                              | Darien Education Association Teachers.....                        | 6/30/23                    |
| 16                               | Darien Registered Nurses' Association Nurses.....                 | 6/30/20                    |
| 34                               | UPSEU Secretaries.....  | 6/30/20                    |
| 144                              | UPSEU Paraprofessionals.....                                      | 6/30/20                    |
| 30                               | AFSCME, Council #4, Local 1303 Custodians.....                    | 6/30/22                    |
| 13                               | Darien School Maintenance Association.....                        | 6/30/22                    |
| 19                               | Darien School Cafeteria Association Council #4 Local 1303-357.... | 6/30/19 (1)                |
| 34                               | Non-Bargaining Board of Education Employees.....                  |                            |

(1) In negotiations.

Source: Town Officials

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### POPULATION TRENDS

| <u>Year</u> | <u>Town of Darien</u> | <u>Fairfield County</u> | <u>State of Connecticut</u> |
|-------------|-----------------------|-------------------------|-----------------------------|
| 1970        | 20,336                | 792,814                 | 3,032,217                   |
| 1980        | 18,892                | 807,143                 | 3,107,564                   |
| 1990        | 18,196                | 857,270                 | 3,287,116                   |
| 2000        | 19,607                | 882,567                 | 3,405,565                   |
| 2018        | 21,759                | 944,348                 | 3,581,504                   |

Source: U.S. Department of Commerce, Bureau of Census and 2014-2018 American Community Survey.

#### AGE CHARACTERISTICS OF POPULATION

| <u>Age</u>       | <u>Town of Darien</u> |                | <u>Fairfield County</u> |                | <u>State of Connecticut</u> |                |
|------------------|-----------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
|                  | <u>Number</u>         | <u>Percent</u> | <u>Number</u>           | <u>Percent</u> | <u>Number</u>               | <u>Percent</u> |
| Under 5.....     | 1,477                 | 6.8            | 52,574                  | 5.6            | 184,983                     | 5.2            |
| 5 - 9.....       | 1,953                 | 9.0            | 59,389                  | 6.3            | 201,006                     | 5.6            |
| 10 - 14.....     | 2,177                 | 10.0           | 64,482                  | 6.8            | 224,135                     | 6.3            |
| 15 - 19.....     | 2,080                 | 9.6            | 66,790                  | 7.1            | 247,182                     | 6.9            |
| 20 - 24.....     | 940                   | 4.3            | 59,323                  | 6.3            | 245,490                     | 6.9            |
| 25 - 34.....     | 1,141                 | 5.2            | 107,787                 | 11.4           | 439,848                     | 12.3           |
| 35 - 44.....     | 2,998                 | 13.8           | 119,081                 | 12.6           | 427,023                     | 11.9           |
| 45 - 54.....     | 3,783                 | 17.4           | 143,949                 | 15.2           | 522,138                     | 14.6           |
| 55 - 59.....     | 1,511                 | 6.9            | 69,263                  | 7.3            | 266,170                     | 7.4            |
| 60 - 64.....     | 1,081                 | 5.0            | 58,291                  | 6.2            | 235,949                     | 6.6            |
| 65 - 74.....     | 1,417                 | 6.5            | 78,299                  | 8.3            | 327,414                     | 9.1            |
| 75 - 84.....     | 763                   | 3.5            | 43,213                  | 4.6            | 170,979                     | 4.8            |
| 85 and over..... | 438                   | 2.0            | 21,907                  | 2.3            | 89,187                      | 2.5            |
| Total.....       | <u>21,759</u>         | <u>100.0</u>   | <u>944,348</u>          | <u>100.0</u>   | <u>3,581,504</u>            | <u>100.0</u>   |

Source: U.S. Department of Commerce, 2014-2018 American Community Survey.

#### INCOME DISTRIBUTION

|                            | <u>Town of Darien</u> |                | <u>Fairfield County</u> |                | <u>State of Connecticut</u> |                |
|----------------------------|-----------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
|                            | <u>Families</u>       | <u>Percent</u> | <u>Families</u>         | <u>Percent</u> | <u>Families</u>             | <u>Percent</u> |
| Less than \$10,000 .....   | 48                    | 0.8            | 6,002                   | 2.5            | 26,021                      | 2.9            |
| \$ 10,000 to 14,999 .....  | 17                    | 0.3            | 4,106                   | 1.7            | 16,472                      | 1.8            |
| \$ 15,000 to 24,999 .....  | 53                    | 0.9            | 8,994                   | 3.8            | 38,804                      | 4.3            |
| \$ 25,000 to 34,999 .....  | 126                   | 2.2            | 12,055                  | 5.1            | 50,215                      | 5.6            |
| \$ 35,000 to 49,999 .....  | 81                    | 1.4            | 19,394                  | 8.2            | 80,042                      | 9.0            |
| \$ 50,000 to 74,999 .....  | 259                   | 4.6            | 28,558                  | 12.0           | 127,676                     | 14.3           |
| \$ 75,000 to 99,999 .....  | 336                   | 5.9            | 25,013                  | 10.5           | 118,848                     | 13.3           |
| \$100,000 to 149,999 ..... | 747                   | 13.2           | 42,794                  | 18.0           | 186,154                     | 20.8           |
| \$150,000 to 199,999 ..... | 603                   | 10.7           | 27,687                  | 11.7           | 105,285                     | 11.8           |
| \$200,000 or more .....    | 3,388                 | 59.9           | 62,612                  | 26.4           | 143,423                     | 16.1           |
| Total .....                | <u>5,658</u>          | <u>100.0</u>   | <u>237,215</u>          | <u>100.0</u>   | <u>892,940</u>              | <u>100.0</u>   |

Source: U.S. Department of Commerce, 2014-2018 American Community Survey.

## SELECTED WEALTH AND INCOME INDICATORS

|                       | <u>Median Family Income</u> |               | <u>Per Capita Income</u> |               |
|-----------------------|-----------------------------|---------------|--------------------------|---------------|
|                       | <u>(2000)</u>               | <u>(2018)</u> | <u>(2000)</u>            | <u>(2018)</u> |
| Town of Darien.....   | \$173,777                   | \$250,000+    | \$77,519                 | \$112,096     |
| Fairfield County..... | 77,690                      | 114,461       | 38,350                   | 55,613        |
| Connecticut.....      | 65,521                      | 97,310        | 28,766                   | 43,056        |
| United States.....    | 49,600                      | 73,965        | 21,690                   | 32,621        |

Source: U.S. Department of Commerce, Bureau of Census, Census 2000 and 2014-2018 American Community Survey.

## EDUCATIONAL ATTAINMENT

Years of School Completed, Age 25 & Over

| <u>Educational Attainment Group</u>            | <u>Town of Darien</u> |                | <u>Fairfield County</u> |                | <u>State of Connecticut</u> |                |
|--|-----------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
|  | <u>Number</u>         | <u>Percent</u> | <u>Number</u>           | <u>Percent</u> | <u>Number</u>               | <u>Percent</u> |
| Less than 9th grade.....                       | 120                   | 0.9            | 34,004                  | 5.3            | 101,068                     | 4.1            |
| 9th to 12th grade.....                         | 225                   | 1.7            | 30,886                  | 4.8            | 134,758                     | 5.4            |
| High School graduate.....                      | 873                   | 6.6            | 139,001                 | 21.7           | 670,519                     | 27.1           |
| Some college - no degree.....                  | 872                   | 6.6            | 94,360                  | 14.7           | 416,267                     | 16.8           |
| Associates degree.....                         | 367                   | 2.8            | 39,621                  | 6.2            | 190,869                     | 7.7            |
| Bachelor's degree.....                         | 6,250                 | 47.6           | 169,677                 | 26.4           | 538,924                     | 21.7           |
| Graduate or professional degree.....           | 4,425                 | 33.7           | 134,241                 | 20.9           | 426,303                     | 17.2           |
| Total.....                                     | <u>13,132</u>         | <u>100.0</u>   | <u>641,790</u>          | <u>100.0</u>   | <u>2,478,708</u>            | <u>100.0</u>   |
| Percentage of High School Graduates.....       |                       | 97.4%          |                         | 89.9%          |                             | 90.5%          |
| Percentage of College Graduates or Higher..... |                       | 81.3%          |                         | 47.4%          |                             | 38.9%          |

Source: U.S. Department of Commerce, 2014-2018 American Community Survey.

## MAJOR EMPLOYERS

| <u>Name of Employer</u>     | <u>Nature of Entity</u>                | <u>Estimated Number of Employees</u> |
|-----------------------------|--|--------------------------------------|
| Town of Darien.....         | Municipality.....                      | 955                                  |
| Zotos International.....    | Hair Care Products - Corporate HQ..... | 240                                  |
| Woodway Country Club.....   | Country Club.....                      | 185                                  |
| Stop & Shop.....            | Grocery Store.....                     | 151                                  |
| Wee burn Country Club.....  | Country Club.....                      | 150                                  |
| Rings' End, Inc.....        | Building Supplies.....                 | 124                                  |
| BMW of Darien.....          | Automotive Sales and Service.....      | 108                                  |
| Land Rover of Darien.....   | Automotive Sales and Service.....      | 75                                   |
| Country Club of Darien..... | Country Club.....                      | 70                                   |
| Atria.....                  | Assisted Living Center.....            | 68                                   |

Source: Town Officials

## EMPLOYMENT BY INDUSTRY

| <b>Employment Sector</b>                              | <b>Town of Darien</b> |                | <b>Fairfield County</b> |                | <b>State of Connecticut</b> |                |
|---|-----------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
|   | <b>Number</b>         | <b>Percent</b> | <b>Number</b>           | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Agriculture, Forestry, Fishing, Hunting & Mining..... | 12                    | 0.1            | 1,328                   | 0.3            | 7,195                       | 0.4            |
| Construction.....                                     | 315                   | 3.5            | 31,378                  | 6.6            | 107,331                     | 5.9            |
| Manufacturing.....                                    | 464                   | 5.1            | 37,834                  | 8.0            | 190,995                     | 10.5           |
| Wholesale Trade.....                                  | 230                   | 2.5            | 12,011                  | 2.5            | 44,714                      | 2.5            |
| Retail Trade.....                                     | 738                   | 8.1            | 48,231                  | 10.1           | 191,939                     | 10.6           |
| Transportation, Warehousing & Utilities.....          | 145                   | 1.6            | 16,784                  | 3.5            | 72,806                      | 4.0            |
| Information.....                                      | 329                   | 3.6            | 13,347                  | 2.8            | 41,839                      | 2.3            |
| Finance, Insurance & Real Estate.....                 | 3,078                 | 33.8           | 56,801                  | 11.9           | 164,607                     | 9.1            |
| Professional, Scientific & Management.....            | 1,333                 | 14.6           | 73,725                  | 15.5           | 207,632                     | 11.5           |
| Educational Services & Health Care.....               | 1,639                 | 18.0           | 109,129                 | 22.9           | 479,677                     | 26.5           |
| Arts, Entertainment, Recreation & Food Services.....  | 472                   | 5.2            | 39,472                  | 8.3            | 150,852                     | 8.3            |
| Other Service (including nonprofit).....              | 239                   | 2.6            | 23,870                  | 5.0            | 83,686                      | 4.6            |
| Public Administration.....                            | 107                   | 1.2            | 11,603                  | 2.4            | 67,172                      | 3.7            |
| <b>Total.....</b>                                     | <b>9,101</b>          | <b>100.0</b>   | <b>475,513</b>          | <b>100.0</b>   | <b>1,810,445</b>            | <b>100.0</b>   |

Source: U.S. Department of Commerce, 2014-2018 American Community Survey.

## UNEMPLOYMENT RATE STATISTICS

| <b>Annual Average</b>      | <b>Town of Darien %</b> | <b>Bridgeport-Labor Market %</b> | <b>State of Connecticut %</b> | <b>United States %</b> |
|----------------------------|-------------------------|----------------------------------|-------------------------------|------------------------|
| 2010                       | 6.1                     | 8.4                              | 9.0                           | 9.6                    |
| 2011                       | 5.7                     | 8.2                              | 8.8                           | 9.0                    |
| 2012                       | 6.1                     | 7.8                              | 8.3                           | 8.1                    |
| 2013                       | 5.4                     | 7.3                              | 7.9                           | 7.4                    |
| 2014                       | 5.1                     | 6.4                              | 6.6                           | 6.2                    |
| 2015                       | 4.3                     | 5.5                              | 5.6                           | 5.3                    |
| 2016                       | 4.1                     | 5.1                              | 5.0                           | 4.7                    |
| 2017                       | 3.6                     | 4.7                              | 4.7                           | 4.4                    |
| 2018                       | 3.5                     | 4.2                              | 4.2                           | 3.9                    |
| 2019                       | 3.2                     | 3.7                              | 3.7                           | 3.7                    |
| <b><u>2020 Monthly</u></b> |                         |                                  |                               |                        |
| January                    | 3.5                     | 4.5                              | 4.4                           | 4.0                    |

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

## NUMBER OF DWELLING UNITS

| <b>2018</b> | <b>2000</b> | <b>1990</b> | <b>1980</b> | <b>% Increase<br/>2000-2018</b> | <b>% Increase<br/>1990-2018</b> | <b>% Increase<br/>1980-2018</b> |
|-------------|-------------|-------------|-------------|---------------------------------|---------------------------------|---------------------------------|
| 7,195       | 6,792       | 6,653       | 6,340       | 5.9%                            | 8.1%                            | 13.5%                           |

Source: U. S. Department of Commerce, Bureau of Census and 2014-2018 American Community Survey.

## CHARACTERISTICS OF HOUSING UNITS

| Value of Owner Occupied Units | Town of Darien |              | Fairfield County |              | State of Connecticut |              |
|-------------------------------|----------------|--------------|------------------|--------------|----------------------|--------------|
|                               | Number         | Percent      | Number           | Percent      | Number               | Percent      |
| Less than \$50,000 .....      | 119            | 2.0          | 4,667            | 2.0          | 21,254               | 2.3          |
| \$ 50,000 to \$ 99,999 .....  | 10             | 0.2          | 4,269            | 1.9          | 29,211               | 3.2          |
| \$ 100,000 to \$149,999 ..... | 29             | 0.5          | 7,458            | 3.3          | 81,446               | 9.0          |
| \$ 150,000 to \$199,999 ..... | 0              | 0.0          | 14,247           | 6.2          | 139,715              | 15.4         |
| \$ 200,000 to \$299,999 ..... | 58             | 1.0          | 35,628           | 15.5         | 245,801              | 27.1         |
| \$ 300,000 to \$499,999 ..... | 151            | 2.6          | 70,033           | 30.6         | 240,706              | 26.5         |
| \$ 500,000 to \$999,999 ..... | 1,476          | 25.2         | 58,959           | 25.7         | 106,993              | 11.8         |
| \$1,000,000 and over .....    | 4,005          | 68.5         | 33,908           | 14.8         | 42,008               | 4.6          |
| Total .....                   | <u>5,848</u>   | <u>100.0</u> | <u>229,169</u>   | <u>100.0</u> | <u>907,134</u>       | <u>100.0</u> |
| Median Value.....             | \$1,461,100    |              | \$422,300        |              | \$272,700            |              |

Source: U.S. Department of Commerce, 2014-2018 American Community Survey.

## AGE CHARACTERISTICS OF HOUSING

| Year Structure Built | Town of Darien |              | Fairfield County |              | State of Connecticut |              |
|----------------------|----------------|--------------|------------------|--------------|----------------------|--------------|
|                      | Number         | Percent      | Number           | Percent      | Number               | Percent      |
| 1939 or earlier..... | 1,909          | 26.5         | 4,071            | 1.1          | 337,795              | 22.3         |
| 1940 to 1949.....    | 677            | 9.4          | 7,425            | 2.0          | 104,394              | 6.9          |
| 1950 to 1959.....    | 1,501          | 20.9         | 25,477           | 6.9          | 222,628              | 14.7         |
| 1960 to 1969.....    | 687            | 9.5          | 25,778           | 6.9          | 206,299              | 13.6         |
| 1970 to 1979.....    | 529            | 7.4          | 41,146           | 11.1         | 201,360              | 13.3         |
| 1980 to 1989.....    | 424            | 5.9          | 47,877           | 12.9         | 191,306              | 12.6         |
| 1990 to 1999.....    | 488            | 6.8          | 55,175           | 14.9         | 115,459              | 7.6          |
| 2000 to 2009.....    | 588            | 8.2          | 57,427           | 15.5         | 103,632              | 6.9          |
| 2010 to 2013.....    | 254            | 3.5          | 28,198           | 7.6          | 19,181               | 1.3          |
| 2014 or later.....   | 138            | 1.9          | 78,425           | 21.1         | 10,251               | 0.7          |
| Total.....           | <u>7,195</u>   | <u>100.0</u> | <u>370,999</u>   | <u>100.0</u> | <u>1,512,305</u>     | <u>100.0</u> |

Source: U.S. Department of Commerce, 2014-2018 American Community Survey.

## NUMBER AND VALUE OF BUILDING PERMITS

| Fiscal Year | Residential       |               | Industrial/Commercial |               | Other Construction |              | Total             |                |
|-------------|-------------------|---------------|-----------------------|---------------|--------------------|--------------|-------------------|----------------|
|             | Number of Permits | Value         | Number of Permits     | Value         | Number of Permits  | Value        | Number of Permits | Value          |
| 2020 (1)    | 168               | \$ 38,230,000 | 28                    | \$ 12,926,000 | 138                | \$ 4,858,000 | 334               | \$ 56,014,000  |
| 2019        | 371               | 90,915,000    | 99                    | 21,849,000    | 264                | 11,608,600   | 734               | \$ 124,372,600 |
| 2018        | 392               | 81,874,000    | 62                    | 18,889,000    | 276                | 11,650,000   | 730               | 112,413,000    |
| 2017        | 414               | 83,123,000    | 41                    | 39,769,500    | 359                | 12,939,000   | 814               | 135,831,500    |
| 2016        | 467               | 103,882,000   | 57                    | 14,839,000    | 300                | 6,704,000    | 824               | 125,425,000    |
| 2015        | 422               | 101,423,500   | 47                    | 9,508,000     | 264                | 9,906,000    | 733               | 120,837,500    |
| 2014        | 386               | 109,183,500   | 61                    | 7,475,000     | 294                | 28,694,800   | 741               | 145,353,300    |
| 2013        | 422               | 98,940,000    | 65                    | 18,019,000    | 319                | 12,341,000   | 806               | 129,300,000    |
| 2012        | 345               | 53,520,500    | 47                    | 17,410,000    | 264                | 14,153,500   | 656               | 85,084,000     |
| 2011        | 343               | 65,493,000    | 41                    | 10,337,000    | 316                | 5,942,000    | 700               | 81,772,000     |

(1) As of January 1, 2020.

Source: Town Officials; Building Inspector's Office.

## **IV. TAX BASE DATA**

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### **ASSESSMENT PRACTICES**

The Town of Darien last revalued its real property effective October 1, 2018. Under Section 12-62 of the Connecticut General Statutes, the Town must revalue all taxable and exempt real estate every five years. Regulations require a well-defined quality assurance program (which includes and is not limited to the viewing of all real estate) with an aggressive assessment management program which will ultimately satisfy the mandated performance base statistical standards required by the State Office of Policy and Management.

The maintenance of an equitable tax base and the appraisal of all real and personal property within the Town (for inclusion onto the Grand List) are the responsibilities of the Assessor's Office. The Grand List represents the total assessed values for all taxable and exempt real and personal property as well as motor vehicles located within the Town on October 1. Each year taxpayers are allowed to file an appeal on or before February 20<sup>th</sup> to the Board of Assessment Appeals. This board determines whether adjustments to the Assessor's list are warranted. Assessments for real property are computed at 70% of the estimated market value at the time of the last general revaluation.

When a new structure or modification to an existing structure occurs, the Assessor's Office receives a copy of the permit issued by the building official. A physical appraisal and an updated photo are then completed and the structure is then classified and priced from a schedule developed at the time of the last general revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Taxable personal property (furniture, fixtures, equipment, and machinery) is revalued annually. The Assessor is required to mail declarations to all business owners who are then required to file this document with the Assessor on or before November 1<sup>st</sup>. The Assessor will then enter each and every value into its data base which establishes 100% confidence in each assessment. The Assessor will periodically audit a random selection of accounts. Personal property assessments are computed at 70% of present value annually.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with the NADA automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The assessment and tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal of market value.

### **PROPERTY TAX COLLECTION PROCEDURE**

Real estate property taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one-half on July 1 and one-half on January 1. Personal property taxes are payable in one installment on July 1 with motor vehicle supplemental bills payable on January 1. Payments not received by August 1 and February 1, respectively, become delinquent. Motor vehicle property taxes are due in full on July 1 of each year. According to the provisions of Connecticut General Statute 12-145 and applicable to property taxes due on or after said date, delinquent property taxes were subject to interest at the rate of 1.5% per month (18% per annum). In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

### **MOTOR VEHICLE PROPERTY TAX RATE**

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016, and 45.00 mills for the assessment year commencing October 1, 2017, and each assessment year thereafter. The Town's motor vehicle tax rates for the current 2018 assessment year (the fiscal year ending June 30, 2020) is 16.47 mills.

**PROPERTY TAX LEVIES AND COLLECTIONS**

| <b>FY<br/>Ending<br/>6/30</b> | <b>Net Taxable<br/>Grand List</b> | <b>Total<br/>Tax Rate<br/>(In Mills)</b> | <b>Adjusted<br/>Tax Levy</b> | <b>%<br/>Levy<br/>Collected</b> | <b>Uncollected Taxes</b>           |                            |
|-------------------------------|-----------------------------------|--|------------------------------|---------------------------------|------------------------------------|----------------------------|
|                               |                                   |  |                              |                                 | <b>End of Each<br/>Fiscal Year</b> | <b>As of<br/>6/30/2019</b> |
| 2020 (1)                      | \$ 8,073,578,000                  | 16.47                                    | \$ 139,557,790               | In Process                      | In Process                         | In Process                 |
| 2019                          | 8,589,999,000                     | 16.08                                    | 138,221,489                  | 99.7                            | \$ 362,373                         | \$ 362,373                 |
| 2018                          | 8,512,539,479                     | 16.16                                    | 137,616,625                  | 99.8                            | 308,597                            | 168,181                    |
| 2017                          | 8,451,514,000                     | 15.77                                    | 132,510,009                  | 99.7                            | 362,959                            | 93,899                     |
| 2016                          | 8,366,000,000                     | 15.35                                    | 128,188,881                  | 99.6                            | 524,696                            | 50,246                     |
| 2015 (1)                      | 8,285,455,000                     | 15.01                                    | 123,644,319                  | 99.6                            | 508,304                            | 36,439                     |
| 2014                          | 8,896,459,000                     | 13.17                                    | 116,477,451                  | 99.3                            | 814,616                            | 11,726                     |
| 2013                          | 8,856,217,761                     | 12.68                                    | 111,676,352                  | 99.5                            | 562,295                            | 256                        |
| 2012                          | 8,795,402,000                     | 12.20                                    | 105,827,890                  | 99.3                            | 952,435                            | 247                        |
| 2011                          | 8,753,257,000                     | 11.74                                    | 102,097,652                  | 99.4                            | 628,636                            | 237                        |

(1) The Town's last revaluation was effective October 1, 2018. The basis of assessment is 70% of estimated full value as of October 1, 2018 for all property excluding personal property and motor vehicles which are assessed at 100% of full value annually.

Source: Town Officials.

**TAXABLE GRAND LIST (THOUSANDS)**

| <b>Grand List<br/>Dated</b> | <b>Real<br/>Property</b> | <b>Personal<br/>Property</b> | <b>Motor<br/>Property</b> | <b>Gross Taxable<br/>Grand List</b> | <b>Less<br/>Exemptions</b> | <b>Net Taxable<br/>Grand List</b> |
|-----------------------------|--------------------------|------------------------------|---------------------------|-------------------------------------|----------------------------|-----------------------------------|
| 10/01/18 (1)                | \$ 8,073,578             | \$ 173,831                   | \$ 252,603                | \$ 8,500,012                        | \$ 5,662                   | \$ 8,494,350                      |
| 10/01/17                    | 8,170,306                | 175,520                      | 249,623                   | 8,595,449                           | 5,450                      | 8,589,999                         |
| 10/01/16                    | 8,105,632                | 163,768                      | 245,524                   | 8,514,924                           | 2,385                      | 8,512,539                         |
| 10/01/15                    | 8,048,328                | 164,356                      | 241,231                   | 8,453,915                           | 2,401                      | 8,451,514                         |
| 10/01/14                    | 7,962,751                | 168,386                      | 237,378                   | 8,368,515                           | 2,515                      | 8,366,000                         |
| 10/01/13 (1)                | 7,886,940                | 166,688                      | 232,985                   | 8,286,613                           | 1,158                      | 8,285,455                         |
| 10/01/12                    | 8,506,344                | 163,002                      | 228,337                   | 8,897,683                           | 1,224                      | 8,896,459                         |
| 10/01/11                    | 8,464,102                | 160,293                      | 233,014                   | 8,857,409                           | 1,188                      | 8,856,221                         |
| 10/01/10                    | 8,423,807                | 156,415                      | 216,654                   | 8,796,876                           | 1,474                      | 8,795,402                         |
| 10/01/09                    | 8,403,258                | 150,312                      | 201,218                   | 8,754,788                           | 1,531                      | 8,753,257                         |

(1) Indicates years of revaluation.

Source: Town Officials.

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**LARGEST TAXPAYERS**

The following table sets forth the ten largest taxpayers in the Town according to the Grand List dated October 1, 2018 pursuant to the State Office of Policy and Management M-13 filing:

| <u>Name of Taxpayer</u>               | <u>Nature of Property</u> | <u>Grand List<br/>Amount</u> |
|---------------------------------------|---------------------------|------------------------------|
| Eversource.....                       | Utility.....              | \$ 87,028,302                |
| Darien Financing LLC / Avalonbay..... | Apartment Complex.....    | 46,322,290                   |
| Steinkraus.....                       | Real Estate.....          | 35,030,100                   |
| Wee Bum Country Club, Inc.....        | Country Club.....         | 25,376,019                   |
| Country Club of Darien.....           | Country Club.....         | 24,777,518                   |
| U.B. Darien Inc.....                  | Shopping Center.....      | 22,439,620                   |
| Woodway Country Club.....             | Country Club.....         | 21,434,985                   |
| Virtus/LCB Darien LLC.....            | Sr. Living Facility.....  | 20,103,860                   |
| Contentamiento LLC.....               | Real Estate.....          | 18,118,800                   |
| Walsh, Kevin.....                     | Real Estate.....          | 17,255,000                   |
| Total.....                            |                           | <u>\$ 317,886,494</u> (1)    |

(1) Represents 3.74% of the net taxable Grand List of \$8,494,350,000 dated October 1, 2018.

Source: Town Officials.

**EQUALIZED NET GRAND LIST**

| <u>Grand List<br/>of 10/1</u> | <u>Equalized Net<br/>Grand List</u> | <u>%<br/>Growth</u> |
|-------------------------------|-------------------------------------|---------------------|
| 2017                          | \$ 13,174,027,653                   | -1.22%              |
| 2016                          | 13,337,401,713                      | -0.77%              |
| 2015                          | 13,441,534,266                      | -0.87%              |
| 2014                          | 13,560,177,773                      | 15.04%              |
| 2013                          | 11,786,964,074                      | -5.34%              |
| 2012                          | 12,451,401,017                      | 7.86%               |
| 2011                          | 11,544,162,952                      | 0.00%               |
| 2010                          | 11,544,591,566                      | -1.09%              |
| 2009                          | 11,672,335,338                      | 23.76%              |
| 2008                          | 9,431,803,793                       | -24.31%             |

Source: Town Officials.

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## V. FINANCIAL INFORMATION

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### ACCOUNTING POLICIES

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements.

### BASIS OF ACCOUNTING

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements (Appendix A).

### AUDIT

Pursuant to the provisions as delineated in the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The firm of Blum, Shapiro and Company LLP, is the auditor, and is required to conduct an examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, who receive a copy of said audit report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2019, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements and the Notes to the Financial Statements, together with the report of the independent auditor as prepared by Blum, Shapiro and Company LLP, Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. A full report is available from the Finance Director, Town of Darien, upon request. The auditors have not been asked nor have they given their consent to print the Financial Statements in this Official Statement.

**Certificate of Achievement for Excellence in Financial Reporting:** The Town of Darien has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its comprehensive annual financial reports for fiscal years ended June 30, 1990-2018. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP and have been audited in accordance with generally accepted audited standards. The reports also contain a wide variety of information useful in evaluating the financial condition of a government and conform to certain generally accepted terminology and formatting standards established for the Certificate Program.

### BUDGETARY PROCEDURES

The budget calendar requires the Board of Selectmen and Board of Education to file their budgets with the Board of Finance on or before the first Tuesday in March.

A public hearing is held on the second Tuesday in March for taxpayers' comments. The Board of Finance subsequently reviews the requests.

On or before the third Tuesday in April the Board of Finance files its recommended budget and approximate tax rate with the Town Clerk for action by the Representative Town Meeting ("RTM"). The RTM meets on the second Monday in May to act on the budget. The RTM may decrease the budget recommended by the Board of Finance, but it does not have the authority to increase it.

The Board of Finance has the authority to transfer unexpended balances and to establish a transfer process. The Board of Finance has granted the Town Administrator and Finance Director the authority to transfer up to \$5,000 within a department. Transfers between departments, or in excess of \$5,000 require approval by the Board of Finance. Additional appropriations or budget amendments are recommended by the Board of Finance for RTM approval.

**EMPLOYEE PENSION SYSTEMS**

The Town contributes to a single employer, contributory defined benefit pension plan (the "Town Plan") covering substantially all Town employees (except policemen and non-certified Board of Education employees). Employees of the Town regularly employed on a permanent full-time basis (excluding policemen and teachers) are covered by the Town Plan. The Town Plan provides retirement benefits as well as death and disability benefits. All benefits vest after five years of employment.

Police are covered in the Town of Darien Police Pension Fund. The police plan is a single employer, contributory defined benefit plan covering all Town policemen. The Police Plan provides retirement benefits as well as death and disability benefits. Employees who retire with 20 years or more of credited service are vested and entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their average monthly pay, for each year of credited service, up to a maximum of 76% of their average monthly pay. Average monthly pay is the employee's monthly compensation, excluding overtime, for members beginning work after January 1, 1978, averaged over the last 21 months of service with the Town. There is no provision for early retirement.

Overtime pay for members who began work before January 1, 1978 is included and is averaged over the last 36 consecutive months of service with the Town. Police employees are required to contribute 6% of their salary to the Police Plan. If any employee leaves covered employment or dies before being eligible for a retirement, disability, or death benefit, accumulated employee contributions plus 3/4 of related investment earnings are refunded.

Teachers participate in a contributory defined benefit plan established under Chapter 167a of Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. All certified teachers are eligible to participate in the plan and are required to contribute 7% of their annual earnings. Neither the Board of Education nor the Town contributes to the plan. The State of Connecticut is legally responsible for making contributions to the plan.

Teachers are vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service teachers are fully vested and are entitled to a monthly pension benefit which is payable at age of sixty. The State of Connecticut contributes amounts based on actuarial estimates.

The Town has implemented Government Accounting Standards Board's (GASB) Statement No. 67 effective Fiscal Year 2014. Net position is based on fair market value as of June 30, 2019 and the Total Pension Liability is based on the actuarial assumptions as of the Town's most recent actuarial valuation of July 1, 2019.

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town's pension plans as of June 30 were as follows:

|   | <b>Town Pension Plan</b> |                       |                       |                       |                       |
|---|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2019                     | 2018                  | 2017                  | 2016                  | 2015                  |
| Total pension liability.....  | \$ 80,274,861            | \$ 75,578,451         | \$ 69,594,674         | \$ 65,567,886         | \$ 61,851,491         |
| Plan fiduciary net position.....                                      | 83,209,799               | 79,000,754            | 75,753,600            | 67,754,671            | 65,992,512            |
| Net pension liability.....  | <u>\$ (2,934,938)</u>    | <u>\$ (3,422,303)</u> | <u>\$ (6,158,926)</u> | <u>\$ (2,186,785)</u> | <u>\$ (4,141,021)</u> |
| Plan fiduciary net position as a %<br>of total pension liability..... | 103.7%                   | 104.5%                | 108.8%                | 103.3%                | 106.7%                |

|   | <b>Police Pension Plan</b> |                       |                       |                       |                       |
|---|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2019                       | 2018                  | 2017                  | 2016                  | 2015                  |
| Total pension liability.....  | \$ 47,804,724              | \$ 46,253,197         | \$ 43,978,102         | \$ 42,468,356         | \$ 40,688,958         |
| Plan fiduciary net position.....                                      | 52,180,211                 | 51,064,125            | 50,367,794            | 46,266,885            | 45,791,663            |
| Net pension liability.....  | <u>\$ (4,375,487)</u>      | <u>\$ (4,810,928)</u> | <u>\$ (6,389,692)</u> | <u>\$ (3,798,529)</u> | <u>\$ (5,102,705)</u> |
| Plan fiduciary net position as a %<br>of total pension liability..... | 109.2%                     | 110.4%                | 114.5%                | 108.9%                | 112.5%                |

The following represents the net pension liability of the Town's pension plans, calculated using the discount rate of 6.5%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate as of June 30, 2019:

|                                 | <b>1% Decrease<br/>5.50%</b> | <b>Current<br/>Discount Rate<br/>6.50%</b> | <b>1% Increase<br/>7.50%</b> |
|---------------------------------|------------------------------|--|------------------------------|
| Net Position - Town Plan.....   | \$ 6,387,205                 | \$ (2,934,938)                             | \$ (10,519,846)              |
| Net Position - Police Plan..... | 1,455,136                    | (4,375,487)                                | (9,317,371)                  |

The most recent actuarial valuations were performed as of July 1, 2019, calculated using the discount rate of 6.375% from 6.5%.

### Schedule of Funding Progress

#### Town Pension Plan

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value<br/>of Assets<br/>(a)</b> | <b>Actuarial<br/>Accrued<br/>Liability (AAL)<br/>(b)</b> | <b>Under<br/>(Overfunded)<br/>AAL (OAAL)<br/>(a-b)</b> | <b>Funded<br/>Ratio<br/>(a/b)</b> |
|---|--|--|--|-----------------------------------|
| 7/1/2015                                | \$ 63,185,141                                    | \$ 61,851,491  | \$ (1,333,650)   | 102.2%                            |
| 7/1/2016                                | 67,801,305                                       | 65,567,886   | (2,233,419)  | 103.4%                            |
| 7/1/2017                                | 72,954,828                                       | 71,344,317   | (1,610,511)  | 102.3%                            |
| 7/1/2018                                | 78,237,921                                       | 75,578,451   | (2,659,470)  | 103.5%                            |
| 7/1/2019                                | 82,900,671                                       | 83,335,502   | 434,831  | 99.5%                             |

#### Police Pension Plan

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value<br/>of Assets<br/>(a)</b> | <b>Actuarial<br/>Accrued<br/>Liability (AAL)<br/>(b)</b> | <b>Under<br/>(Overfunded)<br/>AAL (OAAL)<br/>(a-b)</b> | <b>Funded<br/>Ratio<br/>(a/b)</b> |
|---|--|--|--|-----------------------------------|
| 7/1/2015                                | \$ 43,800,935                                    | \$ 40,688,958  | \$ (3,111,977)   | 107.6%                            |
| 7/1/2016                                | 46,246,943                                       | 42,468,356   | (3,778,587)  | 108.9%                            |
| 7/1/2017                                | 48,461,302                                       | 44,832,166   | (3,629,136)  | 108.1%                            |
| 7/1/2018                                | 50,545,027                                       | 46,253,197   | (4,291,830)  | 109.3%                            |
| 7/1/2019                                | 51,953,323                                       | 50,476,512   | (1,476,811)  | 102.9%                            |

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## Schedule of Employer Contributions

### Town Pension Plan

| <u>Year Ended<br/>June 30</u> | <u>Actuarial Determined<br/>Contribution</u> | <u>Actual<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> |
|-------------------------------|--|--------------------------------|-----------------------------------|
| 2016                          | \$ 1,628,802                                 | \$ 1,628,802                   | 100.0%                            |
| 2017                          | 1,347,529                                    | 1,347,529                      | 100.0%                            |
| 2018                          | 1,325,367                                    | 1,325,367                      | 100.0%                            |
| 2019                          | 1,738,851                                    | 1,738,851                      | 100.0%                            |
| 2020 (1)                      | 1,679,958                                    | 1,679,958                      | 100.0%                            |

### Police Pension Plan

| <u>Year Ended<br/>June 30</u> | <u>Actuarial Determined<br/>Contribution</u> | <u>Actual<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> |
|-------------------------------|--|--------------------------------|-----------------------------------|
| 2016                          | \$ 588,454                                   | \$ 588,454                     | 100.0%                            |
| 2017                          | 278,285                                      | 278,285                        | 100.0%                            |
| 2018                          | 231,886                                      | 231,886                        | 100.0%                            |
| 2019                          | 256,426                                      | 256,426                        | 100.0%                            |
| 2020 (1)                      | 181,357                                      | 181,357                        | 100.0%                            |

(1) As budgeted for fiscal year 2019-20.

For further information on the Town's Pension Plans, see Appendix A – Note 11, pages A-40 through A-49 and RSIs-4A, 4B, 5A, 5B, 6A, 6B and 7, pages A-67 through A-73.

### OTHER POST-EMPLOYMENT BENEFITS

The Town, in accordance with various collective bargaining agreements and State Statutes, is committed to providing health and other benefits to certain eligible retirees and their spouses. The Town has two postretirement medical programs, the Police Plan and the Non-Police Plan. The Police Plan covers sworn personnel employed as of July 1, 1999 and hired on or before November 20, 2007. The Non-Police Plan covers all other Town and Board of Education employees, including teachers. Under the Police Plan, the Police Union, retirees and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving those benefits. The percentage retirees are required to contribute for these benefits vary and are detailed within the Police Union bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

The Town funding and payment of postemployment benefits are currently accounted for in both the General Fund and in a Special Revenue Fund on a pay-as-you go basis. The Town established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines on September 28, 2009. The Town has funded the Police Plan since its inception in 2000. The Town began funding the Non-Police Plan in 2009, with a contribution of \$1,081,160 to the special revenue fund. The Town plans to continue a funding strategy that provides for normal cost and the amortization of the accrued liability. The Town's funding strategy for postemployment obligations are based upon characteristics of benefits on several distinct groups of employees established within their respective collective bargaining units or required by the state and include the following:

- Eligibility for benefits and the level of benefits range from 5 to 25 years of service at time of retirement determined by collective bargaining unit and date of hire.
- Medical benefits funded by the Town range from 72% cost of coverage for the retiree and dependents up until the employee's death, to retirees paying the full cost of the coverage.
- Some retirees receive a stipend from the State of Connecticut towards the cost of their coverage.

The Town's annual other postemployment benefit ("OPEB") cost is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation of the Police Plan, the aggregate cost method was used. The actuarial assumptions include a 6.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate ranges from 5 to 10%. The UAAL is being amortized as a 30-year level dollar amortization. In the actuarial valuation of the Non-Police Plan, the projected unit credit method was used. The actuarial assumptions include a 6.5% investment rate of return due to the establishment of a trust fund on September 28, 2009. The annual healthcare cost trend rate ranges from 5% to 10%. The UAAL is being amortized as a 30-year level dollar amortization.

For fiscal year 2016-17, the Town implemented Government Accounting Standards Board's ("GASB") Statement No. 74. In accordance with GASB Statement No. 74, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net OPEB liability of the Town as of June 30 were as follows:

|   | <b>Police OPEB Plan</b> |                     |                     |
|---|-------------------------|---------------------|---------------------|
|   | 2019                    | 2018                | 2017                |
| Total OPEB liability.....   | \$ 8,411,498            | \$ 8,062,050        | \$ 6,344,931        |
| Plan fiduciary net position.....                                      | 4,552,831               | 4,217,737           | 4,067,596           |
| Net pension liability.....  | <u>\$ 3,858,667</u>     | <u>\$ 3,844,313</u> | <u>\$ 2,277,335</u> |
| Plan fiduciary net position as a %<br>of total pension liability..... | 54.13%                  | 52.32%              | 64.11%              |

|   | <b>Non-Police OPEB Plan</b> |                     |                     |
|---|-----------------------------|---------------------|---------------------|
|   | 2019                        | 2018                | 2017                |
| Total pension liability.....  | \$ 6,579,975                | \$ 6,327,361        | \$ 5,158,227        |
| Plan fiduciary net position.....                                      | 3,748,352                   | 3,484,716           | 3,200,004           |
| Net pension liability.....  | <u>\$ 2,831,623</u>         | <u>\$ 2,842,645</u> | <u>\$ 1,958,223</u> |
| Plan fiduciary net position as a %<br>of total pension liability..... | 56.97%                      | 55.07%              | 62.04%              |

The following represents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were 1 percentage point lower or 1 percentage point higher than the current discount rate:

|                                       | <b>1% Decrease</b> | <b>Current Rate</b> | <b>1% Increase</b> |
|---------------------------------------|--------------------|---------------------|--------------------|
|                                       | <u>5.50%</u>       | <u>6.50%</u>        | <u>7.50%</u>       |
| Net OPEB Liability - Police Plan..... | \$ 4,501,758       | \$ 3,858,667        | \$ 3,179,827       |
| Net OPEB Liability - Non-Police Plan. | \$ 3,568,294       | \$ 2,831,623        | \$ 2,224,894       |

The most recent actuarial valuations were performed as of July 1, 2019, calculated using the discount rate of 6.375% from 6.5%.

**Schedule of Funding Progress**

| <b>Police Plan</b>              |                                      |  |  |                           |
|---------------------------------|--------------------------------------|--|--|---------------------------|
| <b>Actuarial Valuation Date</b> | <b>Actuarial Value of Assets (a)</b> | <b>Actuarial Accrued Liability (AAL) (b)</b> | <b>Under (Overfunded) AAL (OAAL) (a-b)</b> | <b>Funded Ratio (a/b)</b> |
| 7/1/2013                        | \$ 2,608,118                         | \$ 5,681,545                                 | \$ 3,073,427                               | 45.9%                     |
| 7/1/2015                        | 3,306,148                            | 5,378,051                                    | 2,071,903                                  | 61.5%                     |
| 7/1/2017                        | 4,067,596                            | 7,743,725                                    | 3,676,129                                  | 52.5%                     |
| 7/1/2018                        | 4,267,495                            | 8,062,050                                    | 3,794,555                                  | 52.9%                     |
| 7/1/2019                        | 4,609,235                            | 8,166,867                                    | 3,557,632                                  | 56.4%                     |

| <b>Non-Police Plan</b>          |                                      |  |  |                           |
|---------------------------------|--------------------------------------|--|--|---------------------------|
| <b>Actuarial Valuation Date</b> | <b>Actuarial Value of Assets (a)</b> | <b>Actuarial Accrued Liability (AAL) (b)</b> | <b>Under (Overfunded) AAL (OAAL) (a-b)</b> | <b>Funded Ratio (a/b)</b> |
| 7/1/2013                        | \$ 1,834,852                         | \$ 5,577,342                                 | \$ 3,742,490                               | 32.9%                     |
| 7/1/2015                        | 2,532,435                            | 5,331,179                                    | 2,798,744                                  | 47.5%                     |
| 7/1/2017                        | 3,199,995                            | 6,105,330                                    | 2,905,335                                  | 52.4%                     |
| 7/1/2018                        | 3,501,857                            | 6,327,352                                    | 2,825,495                                  | 55.3%                     |
| 7/1/2019                        | 3,771,587                            | 4,177,683                                    | 406,096                                    | 90.3%                     |

**Schedule of Employer Contributions**

| <b>Police Plan</b>        |  |                            |                               |
|---------------------------|--|----------------------------|-------------------------------|
| <b>Year Ended June 30</b> | <b>Actuarial Determined Contribution</b> | <b>Actual Contribution</b> | <b>Percentage Contributed</b> |
| 2016                      | \$ 733,556                               | \$ 643,556                 | 87.7%                         |
| 2017                      | 488,165                                  | 398,165                    | 81.6%                         |
| 2018                      | 458,670                                  | 458,670                    | 100.0%                        |
| 2019                      | 538,408                                  | 538,408                    | 100.0%                        |
| 2020 (1)                  | 593,615                                  | 593,615                    | 100.0%                        |

| <b>Non-Police Plan</b>    |  |                            |                               |
|---------------------------|--|----------------------------|-------------------------------|
| <b>Year Ended June 30</b> | <b>Actuarial Determined Contribution</b> | <b>Actual Contribution</b> | <b>Percentage Contributed</b> |
| 2016                      | \$ 606,153                               | \$ 606,153                 | 100.0%                        |
| 2017                      | 425,482                                  | 425,482                    | 100.0%                        |
| 2018                      | 446,816                                  | 446,816                    | 100.0%                        |
| 2019                      | 395,120                                  | 395,120                    | 100.0%                        |
| 2020 (1)                  | 428,451                                  | 428,451                    | 100.0%                        |

(1) As budgeted for fiscal year 2019-20.

For further information on the Town's OPEB Plans, see Appendix A – Note 12, pages A-49 through A-59 and RSIs- 8A, 8B, 9A, 9B, 10A, 10B and 11 pages A-74 through A-80.

**INVESTMENT POLICIES AND PROCEDURES**

Under the Town Charter and under Connecticut General Statutes Sections 7-400 and 7-402, the Town may invest in 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Town's investment practices have been to invest only in the following investments: (1) certificates of deposit; (2) overnight repurchase agreements collateralized by U.S. government agency obligations which are priced daily; (3) money market funds; and (4) the State of Connecticut Short-Term Investment Fund ("STIF").

All Town pension funds are invested by pension fund administrators in mutual funds and securities. Board of Education pension funds are invested in a cost sharing, multiple employer public employee's retirement system established by the State of Connecticut and administered by the State of Connecticut Retirement Commission to provide pension benefits for the employees of participating municipalities.

**REVENUES**

The Town derives its revenues from a direct tax levy on property, state and federal aid, various fees and charges, and other miscellaneous sources. Town revenues are summarized for fiscal years ended 2015-2019 in "Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also included.

**PROPERTY TAX REVENUES**

| <u>Fiscal Year</u> | <u>General Fund Revenues</u> | <u>Property Tax Revenues</u> | <u>Property Tax As a % of General Fund Revenues</u> |
|--------------------|------------------------------|------------------------------|---|
| 2020 (1)           | \$ 147,859,097               | \$ 139,381,243               | 94.3  |
| 2019               | 155,615,275                  | 138,403,290                  | 88.9  |
| 2018               | 166,258,840                  | 137,962,249                  | 83.0  |
| 2017               | 158,931,205                  | 132,390,847                  | 83.3  |
| 2016               | 149,248,923                  | 128,492,997                  | 86.1  |
| 2015               | 144,364,868                  | 124,755,330                  | 86.4  |
| 2014               | 137,248,698                  | 116,637,973                  | 85.0  |
| 2013               | 131,359,478                  | 112,058,320                  | 85.3  |
| 2012               | 124,826,191                  | 106,517,751                  | 85.3  |
| 2011               | 118,513,554                  | 102,075,874                  | 86.1  |

(1) Fiscal year 2019-20 adopted budget, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System. All other fiscal years are reported on a GAAP basis of accounting which includes on behalf payments to Connecticut State Teachers' Retirement System.

Source: Town annual audited financial statements fiscal years 2010-11 through 2018-19; Fiscal year 2019-20 Town Budget Documents.

## INTERGOVERNMENTAL REVENUES

| Fiscal Year | General Fund<br>Revenues | Federal &<br>State Aid | Aid As a % of<br>General Fund |
|-------------|--------------------------|------------------------|-------------------------------|
| 2020 (1)    | \$ 147,859,097           | \$ 484,176             | 0.3                           |
| 2019        | 155,615,275              | 10,717,400             | 6.9                           |
| 2018        | 166,258,840              | 22,325,921             | 13.4                          |
| 2017        | 158,931,205              | 20,545,117             | 12.9                          |
| 2016        | 149,248,923              | 14,386,285             | 9.6                           |
| 2015        | 144,364,868              | 13,420,590             | 9.3                           |
| 2014        | 137,248,698              | 14,737,968             | 10.7                          |
| 2013        | 131,359,478              | 13,371,320             | 10.2                          |
| 2012        | 124,826,191              | 13,207,295             | 10.6                          |
| 2011        | 118,513,554              | 11,556,311             | 9.8                           |

(1) Fiscal year 2019-20 adopted budget, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System. All other fiscal years are reported on a GAAP basis of accounting which includes on behalf payments to Connecticut State Teachers' Retirement System.

Source: Town annual audited financial statements fiscal years 2010-11 through 2018-19; Fiscal year 2019-20 Town Budget Documents.

## EXPENDITURES

| Fiscal Year | Education<br>% | Debt Service<br>% | Public Safety<br>% | General Overhead<br>% | Public Works<br>% | General Government<br>% |
|-------------|----------------|-------------------|--------------------|-----------------------|-------------------|-------------------------|
| 2020 (1)    | 69.2           | 7.4               | 7.1                | 5.3                   | 3.0               | 2.5                     |
| 2019        | 72.0           | 7.2               | 8.8                | 0.0                   | 3.4               | 2.9                     |
| 2018        | 73.9           | 7.2               | 7.9                | 0.0                   | 3.2               | 2.6                     |
| 2017        | 73.5           | 7.5               | 5.9                | 3.9                   | 2.6               | 2.1                     |
| 2016        | 71.2           | 8.0               | 6.1                | 4.7                   | 3.3               | 2.2                     |
| 2015        | 70.4           | 8.3               | 6.1                | 4.8                   | 3.4               | 2.3                     |
| 2014        | 70.7           | 7.9               | 6.1                | 4.7                   | 3.5               | 2.2                     |
| 2013        | 70.4           | 8.0               | 6.3                | 4.6                   | 3.5               | 2.3                     |
| 2012        | 70.2           | 8.2               | 6.2                | 4.6                   | 3.4               | 2.5                     |
| 2011        | 69.3           | 8.1               | 6.4                | 4.9                   | 2.7               | 2.6                     |

(1) Fiscal year 2019-20 adopted budget, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System. All other fiscal years are reported on a GAAP basis of accounting which includes on behalf payments to Connecticut State Teachers' Retirement System.

Source: Town annual audited financial statements fiscal years 2010-11 through 2018-19; Fiscal year 2019-20 Town Budget Documents.

## MUNICIPAL BUDGET EXPENDITURES CAP

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. For fiscal year ending June 30, 2020, the Town does not expect to receive a municipal revenue sharing grant.

**COMPARATIVE GENERAL FUND OPERATING STATEMENT**  
**(Budget and Actual – Budgetary Basis)**

|  | <b>Fiscal Year 2018-19</b> |                              |   | <b>2019-20<br/>Adopted<br/>Budget</b> |
|--|----------------------------|------------------------------|---|---------------------------------------|
|  | <b>Final<br/>Budget</b>    | <b>Actual<br/>Operations</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |                                       |
| <b>Revenues</b>  |                            |                              |   |                                       |
| Property taxes.....  | \$ 137,815,510             | \$ 138,403,290               | \$ 587,780                                      | \$ 139,381,243                        |
| Licenses and permits.....  | 4,228,388                  | 3,226,517                    | (1,001,871)                                     | 4,185,311                             |
| Intergovernmental revenue.....   | 97,426                     | 563,964                      | 466,538   | 484,176                               |
| Charges for services.....  | 1,721,775                  | 1,973,028                    | 251,253   | 2,349,599                             |
| Fines and forfeits.....  | 66,100                     | 44,327                       | (21,773)  | 45,600                                |
| Investment income.....   | 175,000                    | 767,461                      | 592,461   | 300,000                               |
| Other revenues.....  | 403,654                    | 548,098                      | 144,444   | 449,361                               |
| <b>Total Revenues.....</b>   | <b>144,507,853</b>         | <b>145,526,685</b>           | <b>1,018,832</b>                                | <b>147,195,290</b>                    |
| <b>Expenditures</b>  |                            |                              |   |                                       |
| Current:   |                            |                              |   |                                       |
| General government.....  | 3,500,064                  | 3,387,738                    | 112,326   | 3,562,004                             |
| Community environment.....   | 837,289                    | 805,675                      | 31,614  | 836,982                               |
| Public safety.....   | 10,114,864                 | 9,736,034                    | 378,830   | 10,325,299                            |
| Public works.....  | 4,295,553                  | 4,094,706                    | 200,847   | 4,340,963                             |
| Health and social services.....  | 1,437,493                  | 1,376,486                    | 61,007  | 1,435,334                             |
| Parks and recreation.....  | 1,369,905                  | 1,310,325                    | 59,580  | 1,910,464                             |
| General overhead and miscellaneous....   | 7,000,252                  | 6,595,870                    | 404,382   | 7,698,162                             |
| Library.....   | 3,732,681                  | 3,732,681                    | -   | 3,820,120                             |
| Board of education -- operations.....  | 98,122,266                 | 97,785,890                   | 336,376   | 100,118,409                           |
| Debt service.....  | 10,813,140                 | 10,761,708                   | 51,432  | 10,676,549                            |
| <b>Total Expenditures.....</b>   | <b>141,223,507</b>         | <b>139,587,113</b>           | <b>1,636,394</b>                                | <b>144,724,286</b>                    |
| Excess (deficiency) of<br>revenues over expenditures.....  | 3,284,346                  | 5,939,572                    | 2,655,226                                       | 2,471,004                             |
| Other financing sources (uses):  |                            |                              |   |                                       |
| Operating transfers in.....  | 663,807                    | 1,142,815                    | 479,008   | 663,807                               |
| Operating transfers out.....   | (4,803,153)                | (4,379,451)                  | 423,702   | (3,134,811)                           |
| Appropriation of fund balance.....   | 855,000                    | -                            | (855,000)                                       | -                                     |
| <b>Total other financing sources (uses).....</b>   | <b>(3,284,346)</b>         | <b>(3,236,636)</b>           | <b>47,710</b>                                   | <b>(2,471,004)</b>                    |
| Excess of Revenues and other<br>financing sources over expenditures<br>and other financing uses..... | \$ -                       | \$ 2,702,936                 | \$ 2,702,936                                    | \$ -                                  |

Source: Annual audited financial statements, fiscal year 2019-20 adopted budget; Town Officials.

**COMPARATIVE GENERAL FUND BALANCE SHEETS**  
Summary of Assets and Liabilities  
(GAAP Basis)

| Fiscal Year Ended:   | <u>2015</u>          | <u>2016</u>          | <u>2017</u>          | <u>2018</u>          | <u>2019</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |                      |                      |                      |
| Cash and cash equivalents.....   | \$ 17,319,051        | \$ 15,391,790        | \$ 15,691,981        | \$ 17,489,274        | \$ 19,355,838        |
| Investments.....   | 7,430,040            | 7,535,066            | 852,009              | 9,360,013            | 9,682,016            |
| Receivables:   |                      |                      |                      |                      |                      |
| Net taxes and assessments receivable.....                                      | 1,995,683            | 1,927,527            | 1,577,262            | 1,218,979            | 1,975,432            |
| Due from other funds.....  | 1,513,415            | 1,102,757            | 7,937,279            | 517,568              | 53,802               |
| Other receivables.....   | 31,872               | 42,482               | 50,537               | 208,966              | 11,793               |
| <b>Total Assets.....</b>   | <u>\$ 28,290,061</u> | <u>\$ 25,999,622</u> | <u>\$ 26,109,068</u> | <u>\$ 28,794,800</u> | <u>\$ 31,078,881</u> |
| <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>            |                      |                      |                      |                      |                      |
| <b>Liabilities</b>   |                      |                      |                      |                      |                      |
| Accounts and other payables.....   | \$ 4,181,927         | \$ 4,585,500         | \$ 5,580,728         | \$ 4,812,912         | \$ 4,294,975         |
| Due to other funds.....  | 3,898,315            | 155,809              | -                    | -                    | -                    |
| Deferred revenue.....  | 33,362               | 172,024              | 82,867               | 217,951              | 337,361              |
| <b>Total Liabilities.....</b>  | <u>8,113,604</u>     | <u>4,913,333</u>     | <u>5,663,595</u>     | <u>5,030,863</u>     | <u>4,632,336</u>     |
| <b>Deferred Inflows of Resources</b>   |                      |                      |                      |                      |                      |
| Unavailable revenue.....   | 1,124,461            | 800,481              | 435,773              | 574,706              | 718,363              |
| <b>Total Deferred Inflows of Resources.....</b>                                | <u>1,124,461</u>     | <u>800,481</u>       | <u>435,773</u>       | <u>574,706</u>       | <u>718,363</u>       |
| <b>Fund Balances</b>   |                      |                      |                      |                      |                      |
| Nonspendable.....  | 31,872               | 42,482               | 50,537               | 208,966              | 11,793               |
| Committed.....   | 355,973              | 354,394              | 333,554              | 333,560              | 139,044              |
| Assigned.....  | 1,970,677            | 1,645,899            | 1,198,642            | 212,833              | 324,714              |
| Unassigned.....  | 16,693,474           | 18,243,033           | 18,426,967           | 22,433,872           | 25,252,631           |
| <b>Total Fund Balances.....</b>  | <u>19,051,996</u>    | <u>20,285,808</u>    | <u>20,009,700</u>    | <u>23,189,231</u>    | <u>25,728,182</u>    |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances.....</b> | <u>\$ 28,290,061</u> | <u>\$ 25,999,622</u> | <u>\$ 26,109,068</u> | <u>\$ 28,794,800</u> | <u>\$ 31,078,881</u> |

Source: Town annual audited financial statements.

**ANALYSIS OF GENERAL FUND EQUITY**  
(GAAP BASIS)

|                                     | <u>Actual</u><br><u>2014-15</u> | <u>Actual</u><br><u>2015-16</u> | <u>Actual</u><br><u>2016-17</u> | <u>Actual</u><br><u>2017-18</u> | <u>Actual</u><br><u>2018-19</u> |
|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Nonspendable.....                   | \$ 31,872                       | \$ 42,482                       | \$ 50,537                       | \$ 208,966                      | \$ 11,793                       |
| Committed.....                      | 355,973                         | 354,394                         | 333,554                         | 333,560                         | 139,044                         |
| Assigned.....                       | 1,970,677                       | 1,645,899                       | 1,198,642                       | 212,833                         | 324,714                         |
| Unassigned.....                     | 16,693,474                      | 18,243,033                      | 18,426,967                      | 22,433,872                      | 25,252,631                      |
| <b>Total Fund Balance.....</b>      | <u>\$ 19,051,996</u>            | <u>\$ 20,285,808</u>            | <u>\$ 20,009,700</u>            | <u>\$ 23,189,231</u>            | <u>\$ 25,728,182</u>            |
| Unassigned Fund Balance as % of     |                                 |                                 |                                 |                                 |                                 |
| Total Expenditures & Transfers..... | <u>13.18%</u>                   | <u>13.63%</u>                   | <u>12.52%</u>                   | <u>14.13%</u>                   | <u>16.69%</u>                   |

Source: Annual audited financial statements.

**COMPARATIVE GENERAL FUND REVENUES AND EXPENDITURES**  
**Summary of Audited Revenues and Expenditures**  
**(GAAP Basis)**

| <b>Fiscal Year Ended:</b>                              | <b>2015</b>          | <b>2016</b>          | <b>2017</b>          | <b>2018</b>          | <b>2019</b>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Revenues</b>  |                      |                      |                      |                      |                      |
| Property taxes.....                                    | \$ 124,755,330       | \$ 128,492,997       | \$ 132,390,847       | \$ 137,962,249       | \$ 138,403,290       |
| Intergovernmental.....                                 | 13,420,590           | 14,386,285           | 20,545,117           | 22,325,921           | 10,717,400           |
| Charges for services.....                              | 5,351,400            | 5,635,806            | 5,327,011            | 5,091,942            | 5,243,872            |
| Interest on investments.....                           | 134,872              | 155,366              | 192,997              | 295,501              | 767,497              |
| Miscellaneous.....                                     | 702,676              | 578,469              | 475,233              | 583,227              | 483,216              |
| <b>Total Revenues.....</b>                             | <b>144,364,868</b>   | <b>149,248,923</b>   | <b>158,931,205</b>   | <b>166,258,840</b>   | <b>155,615,275</b>   |
| <b>Expenditures</b>                                    |                      |                      |                      |                      |                      |
| General government.....                                | 3,284,865            | 3,151,526            | 3,300,418            | 4,088,481            | 4,297,475            |
| Community environment.....                             | 644,535              | 691,869              | 771,258              | 1,084,599            | 1,112,092            |
| Public safety.....                                     | 8,583,729            | 8,712,569            | 9,032,312            | 12,419,151           | 13,220,328           |
| Health and social services.....                        | 1,268,113            | 1,275,987            | 1,337,334            | 1,805,504            | 1,840,564            |
| Library.....   | 3,479,389            | 3,502,928            | 3,583,457            | 3,685,375            | 3,732,681            |
| Parks and recreation.....                              | 1,333,748            | 1,285,618            | 1,262,470            | 1,658,064            | 1,761,600            |
| Public works.....                                      | 4,739,795            | 4,718,654            | 3,923,274            | 5,083,089            | 5,061,603            |
| Board of Education.....                                | 99,103,639           | 102,402,057          | 113,007,360          | 116,740,217          | 107,897,036          |
| General overhead.....                                  | 6,763,733            | 6,714,398            | 6,039,923            | -                    | -                    |
| Debt service.....                                      | 11,640,656           | 11,460,700           | 11,545,372           | 11,441,822           | 10,831,528           |
| <b>Total Expenditures.....</b>                         | <b>140,842,202</b>   | <b>143,916,306</b>   | <b>153,803,178</b>   | <b>158,006,302</b>   | <b>149,754,907</b>   |
| Excess (deficiency) of revenues over expenditures..... | 3,522,666            | 5,332,617            | 5,128,027            | 8,252,538            | 5,860,368            |
| <b>Other financing sources (uses)</b>                  |                      |                      |                      |                      |                      |
| Operating transfers in.....                            | 647,595              | 654,567              | 662,822              | 674,344              | 937,661              |
| Operating transfers out.....                           | (3,741,955)          | (4,960,910)          | (6,066,957)          | (6,094,752)          | (4,375,315)          |
| Issuance of refunding bonds.....                       | 16,310,000           | 7,530,000            | -                    | -                    | -                    |
| Payment to escrow agent.....                           | (17,861,972)         | (8,088,223)          | -                    | -                    | -                    |
| Bond premium.....                                      | 1,709,975            | 765,763              | -                    | 347,401              | 116,236              |
| <b>Total other financing sources (uses).....</b>       | <b>(2,936,357)</b>   | <b>(4,098,803)</b>   | <b>(5,404,135)</b>   | <b>(5,073,007)</b>   | <b>(3,321,418)</b>   |
| Net change in fund balances.....                       | 586,309              | 1,233,814            | (276,108)            | 3,179,531            | 2,538,950            |
| Fund Balance - July 1.....                             | 18,465,687           | 19,051,996           | 20,285,810           | 20,009,702           | 23,189,233           |
| Fund Balance - June 30.....                            | <b>\$ 19,051,996</b> | <b>\$ 20,285,810</b> | <b>\$ 20,009,702</b> | <b>\$ 23,189,233</b> | <b>\$ 25,728,183</b> |

Source: Town annual audited financial statements.

**VI. DEBT SUMMARY**

**PRINCIPAL AMOUNT OF INDEBTEDNESS**  
As of May 4, 2020 (Pro Forma)

| <b>Long-Term Debt: Bonds</b>  |                                    |               | <b>Original</b>       | <b>Principal</b>        | <b>Date of</b>     |
|-------------------------------|------------------------------------|---------------|-----------------------|-------------------------|--------------------|
| <b>Date of Issue</b>          | <b>Purpose</b>                     | <b>Rate %</b> | <b>Issue Amount</b>   | <b>Outstanding</b>      | <b>Fiscal Year</b> |
|                               |                                    |               |                       | <b>as of 5/4/20 (1)</b> | <b>Maturity</b>    |
| <b><u>General Purpose</u></b> |                                    |               |                       |                         |                    |
| 9/4/2012                      | Refunding - General Purpose .....  | 2.25 - 4.00   | \$ 406,000            | 46,000                  | 2021               |
| 8/6/2013                      | General Purpose .....              | 2.00          | 5,500,000             | -                       | 2020               |
| 8/26/2014                     | Refunding - General Purpose .....  | 3.00 - 4.00   | 12,830,000            | 6,840,000               | 2024               |
| 8/4/2015                      | General Purpose .....              | 2.00 - 3.00   | 2,725,000             | -                       | 2020               |
| 4/14/2016                     | Refunding - General Purpose .....  | 2.00 - 4.00   | 6,443,000             | 6,390,000               | 2027               |
| 9/14/2017                     | General Purpose .....              | 2.00 - 5.00   | 11,960,000            | 11,470,000              | 2037               |
| 4/2/2019                      | General Purpose .....              | 2.00 - 5.00   | 727,818               | 727,818                 | 2039               |
| 5/4/2020                      | General Purpose .....              | 3.00 - 5.00   | 659,015               | 659,015                 | 2040               |
| 5/4/2020                      | Refunding - General Purpose .....  | 3.00 - 5.00   | 1,521,000             | 1,756,000               | 2028               |
|                               |                                    |               | <b>\$ 42,771,833</b>  | <b>\$ 27,888,833</b>    |                    |
| <b><u>Schools</u></b>         |                                    |               |                       |                         |                    |
| 2/23/2010                     | Refunding - Schools .....          | 4.00          | 9,104,000             | -                       | 2020               |
| 9/4/2012                      | Refunding - Schools .....          | 2.25 - 4.00   | 32,310,000            | 3,822,000               | 2021               |
| 8/26/2014                     | Refunding - Schools .....          | 3.00 - 4.00   | 2,340,000             | -                       | 2020               |
| 8/4/2015                      | Schools .....                      | 2.00 - 3.00   | 410,000               | -                       | 2020               |
| 4/14/2016                     | Refunding - Schools .....          | 2.00 - 4.00   | 860,000               | -                       | 2020               |
| 9/14/2017                     | Schools .....                      | 2.00 - 5.00   | 500,000               | 480,000                 | 2037               |
| 4/2/2019                      | Schools .....                      | 2.00 - 5.00   | 3,046,359             | 3,046,359               | 2039               |
| 5/4/2020                      | Schools .....                      | 3.00 - 5.00   | 20,400,985            | 20,400,985              | 2040               |
| 5/4/2020                      | Refunding - Schools .....          | 3.00 - 5.00   | 11,774,000            | 11,661,000              | 2028               |
|                               |                                    |               | <b>\$ 80,745,344</b>  | <b>\$ 39,410,344</b>    |                    |
| <b><u>Sewers</u></b>          |                                    |               |                       |                         |                    |
| 2/28/2002                     | Clean Water Fund Loan #407-C ..... | 2.00          | 894,671               | 31,179                  | 2021               |
| 2/23/2010                     | Refunding - Sewers .....           | 4.00          | 2,035,000             | -                       | 2020               |
| 9/4/2012                      | Refunding - Sewers .....           | 2.25 - 4.00   | 894,000               | 107,000                 | 2021               |
| 8/26/2014                     | Refunding - Sewers .....           | 3.00 - 4.00   | 1,140,000             | 630,000                 | 2024               |
| 4/14/2016                     | Refunding - Sewers .....           | 2.00 - 4.00   | 227,000               | 225,000                 | 2027               |
| 4/2/2019                      | Sewers .....                       | 2.00 - 5.00   | 410,823               | 410,823                 | 2039               |
| 5/4/2020                      | Refunding - Sewers .....           | 3.00 - 5.00   | 210,000               | 208,000                 | 2028               |
|                               |                                    |               | <b>5,811,494</b>      | <b>1,612,002</b>        |                    |
|                               | <b>Total .....</b>                 |               | <b>\$ 129,328,671</b> | <b>\$ 68,911,179</b>    |                    |

(1) Excludes the Refunded Bonds, includes the Bonds.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 are as follows:

**Other Long-Term Commitments : Operating Leases**

| <b>Fiscal Year June 30:</b> |                    |
|-----------------------------|--------------------|
| 2020                        | \$381,067          |
| 2021                        | 375,926            |
| 2022                        | 209,034            |
| 2023                        | 69,174             |
| 2024                        | 24,116             |
| 2025-2029                   | 540                |
| Total lease payments.....   | <u>\$1,059,857</u> |

**COMBINED SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY**

As of May 4, 2020  
(Pro Forma)

| Fiscal Year | Existing Indebtedness      |                     |                            | Refunded                 | Refunding                | Capital Projects         | All Issues Principal (1,4) |
|-------------|----------------------------|---------------------|----------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
|             | Principal Payments (1,2,3) | Interest Payments   | Total Debt Service (1,2,3) | Bonds Principal Payments | Bonds Principal Payments | Bonds Principal Payments |                            |
| 2020        | \$ 8,937,699               | \$ 1,728,945        | \$ 10,666,644              | \$ -                     | \$ -                     | \$ -                     | \$ 8,937,699               |
| 2021        | 6,936,747                  | 1,350,844           | 8,287,591                  | (315,000)                | 90,000                   | -                        | 6,711,747                  |
| 2022        | 7,915,000                  | 1,095,694           | 9,010,694                  | (4,250,000)              | 3,895,000                | -                        | 7,560,000                  |
| 2023        | 7,145,000                  | 869,700             | 8,014,700                  | (3,900,000)              | 3,645,000                | 760,000                  | 7,650,000                  |
| 2024        | 5,360,000                  | 678,694             | 6,038,694                  | (2,115,000)              | 1,940,000                | 800,000                  | 5,985,000                  |
| 2025        | 3,530,000                  | 535,813             | 4,065,813                  | (1,600,000)              | 1,155,000                | 840,000                  | 3,925,000                  |
| 2026        | 3,540,000                  | 442,000             | 3,982,000                  | (965,000)                | 1,165,000                | 885,000                  | 4,625,000                  |
| 2027        | 3,220,000                  | 364,563             | 3,584,563                  | (955,000)                | 865,000                  | 930,000                  | 4,060,000                  |
| 2028        | 1,845,000                  | 304,300             | 2,149,300                  | (945,000)                | 870,000                  | 980,000                  | 2,750,000                  |
| 2029        | 920,000                    | 271,588             | 1,191,588                  | -                        | -                        | 1,030,000                | 1,950,000                  |
| 2030        | 940,000                    | 251,763             | 1,191,763                  | -                        | -                        | 1,080,000                | 2,020,000                  |
| 2031        | 960,000                    | 230,050             | 1,190,050                  | -                        | -                        | 1,135,000                | 2,095,000                  |
| 2032        | 990,000                    | 204,900             | 1,194,900                  | -                        | -                        | 1,190,000                | 2,180,000                  |
| 2033        | 1,015,000                  | 178,950             | 1,193,950                  | -                        | -                        | 1,235,000                | 2,250,000                  |
| 2034        | 1,045,000                  | 148,500             | 1,193,500                  | -                        | -                        | 1,290,000                | 2,335,000                  |
| 2035        | 1,075,000                  | 117,150             | 1,192,150                  | -                        | -                        | 1,340,000                | 2,415,000                  |
| 2036        | 1,110,000                  | 84,900              | 1,194,900                  | -                        | -                        | 1,395,000                | 2,505,000                  |
| 2037        | 1,140,000                  | 51,600              | 1,191,600                  | -                        | -                        | 1,450,000                | 2,590,000                  |
| 2038        | 285,000                    | 17,400              | 302,400                    | -                        | -                        | 1,510,000                | 1,795,000                  |
| 2039        | 295,000                    | 8,850               | 303,850                    | -                        | -                        | 1,575,000                | 1,870,000                  |
| 2040        | -                          | -                   | -                          | -                        | -                        | 1,635,000                | 1,635,000                  |
|             | <u>\$ 58,204,446</u>       | <u>\$ 8,936,204</u> | <u>\$ 67,140,650</u>       | <u>\$ (15,045,000)</u>   | <u>\$ 13,625,000</u>     | <u>\$ 21,060,000</u>     | <u>\$ 77,844,446</u>       |

- (1) Does not reflect principal payments of \$8,933,267 made by the Town as of May 4, 2020.
- (2) Includes sewer debt which is guaranteed by the full faith and credit of the Town. All of the debt service for sewer rehabilitation bonds is raised through sewer service charges and is reimbursed to the General Fund from the Sewer Operating Fund. The majority of the sewer construction bonds are paid through assessments to the benefiting property owners and is reimbursed to the General Fund by the Sewer Assessment Fund.
- (3) Includes Refunded Bonds, excludes the Bonds.
- (4) Includes the Bonds, excludes Refunded Bonds.

Source: Town Officials.

**THE TOWN OF DARIEN, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

**OVERLAPPING AND UNDERLYING INDEBTEDNESS**

There are five taxing districts located within the Town of Darien - Delafield Island, Tokeneke, Crooked Mile Road, Allwood, and Ridge Acres. These districts are street associations created for the purpose of making street improvements within their respective jurisdiction. None of the taxing districts have outstanding indebtedness.

**DEBT STATEMENT**

As of May 4, 2020  
(Pro Forma)

|   |                             |
|---|-----------------------------|
| <b>Long-Term Indebtedness (1)</b>                     |                             |
| The Capital Projects Bonds (This Issue).....          | \$ 21,060,000               |
| The Refunded Bonds.....                               | (15,045,000)                |
| The Refunding Bonds (This Issue).....                 | 13,625,000                  |
| General Purpose.....                                  | 27,416,818                  |
| Schools.....  | 20,221,359                  |
| Sewers.....   | 1,601,823                   |
| State of Connecticut CWF Project Loan Obligation..... | <u>31,179</u>               |
| <b>Total Long-Term Indebtedness.....</b>              | <b>68,911,179</b>           |
| <b>Short-Term Indebtedness</b>                        |                             |
| Notes Payable.....                                    | <u>-</u>                    |
| <b>Total Direct Indebtedness.....</b>                 | <b>68,911,179</b>           |
| <b>Exclusions:</b>                                    |                             |
| (Sewer assessments receivable) (2).....               | <u>(1,849,063)</u>          |
| <b>Total Net Direct Indebtedness.....</b>             | <b><u>\$ 67,062,116</u></b> |

- (1) Does not include authorized but unissued debt of \$44,147,609. (See "Authorized but Unissued Debt" herein).
- (2) Sewer Assessments receivable as of June 30, 2019.

**CURRENT DEBT RATIOS**

As of May 4, 2020  
(Pro Forma)

|  |                   |
|--|-------------------|
| Total Direct Indebtedness (1) .....              | \$ 68,911,179     |
| Total Net Direct Indebtedness (1) .....          | \$ 67,062,116     |
|  |                   |
| Population (2).....                              | 21,759            |
| Net Taxable Grand List (10/1/18).....            | \$ 8,494,350,000  |
| Estimated Full Value.....                        | \$ 12,134,785,714 |
| Equalized Net Taxable Grand List (2017) (3)..... | \$ 13,174,027,653 |
| Per Capita Income (2018) (2).....                | \$ 112,096        |
| <b>Total Direct Indebtedness:</b>                |                   |
| Per Capita.....                                  | \$3,167.02        |
| To Net Taxable Grand List .....                  | 0.81%             |
| To Estimated Full Value .....                    | 0.57%             |
| To Equalized Net Taxable Grand List.....         | 0.52%             |
| Per Capita to Per Capita Income.....             | 2.83%             |
| <b>Total Net Direct Indebtedness:</b>            |                   |
| Per Capita.....                                  | \$3,082.04        |
| To Net Taxable Grand List.....                   | 0.79%             |
| To Estimated Full Value.....                     | 0.55%             |
| To Equalized Net Taxable Grand List.....         | 0.51%             |
| Per Capita to Per Capita Income.....             | 2.75%             |

- (1) Excludes the Refunded Bonds, includes the Bonds.
- (2) Office of Policy and Management, State of Connecticut.
- (3) U.S. Census Bureau, 2014-2018 American Community Survey.

**LEGAL REQUIREMENTS FOR APPROVAL OF BORROWING**

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Under the Charter, bonds and notes are authorized by vote of the Representative Town Meeting.

**TEMPORARY FINANCING**

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20<sup>th</sup> (1/30<sup>th</sup> for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of state and/or federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15<sup>th</sup> of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

**SCHOOL BUILDING GRANT REIMBURSEMENTS**

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will make proportional progress payments for eligible construction costs during certain phases of construction. The following projects will be reimbursed under this method:

| <u>Project</u>                  | <u>Amount of<br/>Total<br/>Authorization</u> | <u>Estimated<br/>Eligible Cost<br/>For Reimbursement</u> | <u>Reimbursement<br/>Rate (%)</u> | <u>Estimated<br/>Grant (1)</u> |
|---------------------------------|--|--|-----------------------------------|--------------------------------|
| Ox Ridge Elementary School..... | \$ 63,000,000                                | \$ 63,000,000  | 10.71                             | \$ 6,747,300                   |

(1) Estimated grants for total project. Eligible costs to be determined upon completion of the project audit and are likely to change.

**CLEAN WATER FUND PROGRAM**

The Town is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan and denitrification projects which are funded by a 30% grant and 70% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs ("Interim Funding Obligations"). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement repayable thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The Town has the following Clean Water Fund loan outstanding:

| <u>Project</u>     | <u>Original 2%<br/>Loan Amount</u> | <u>Amount Outstanding<br/>As of May 4, 2020</u> |
|--------------------|------------------------------------|---|
| CWF PLO 407-C..... | \$ 894,671                         | \$ 31,179                                       |

**LIMITATION OF INDEBTEDNESS**

Municipalities shall not incur indebtedness through the issuance of bonds or notes which will cause aggregate indebtedness by class to exceed the following:

|                                      |  |
|--------------------------------------|--|
| General Purposes:                    | 2.25 times annual receipts from taxation |
| School Purposes:                     | 4.50 times annual receipts from taxation |
| Sewer Purposes:                      | 3.75 times annual receipts from taxation |
| Urban Renewal Purposes:              | 3.25 times annual receipts from taxation |
| Unfunded Pension Liability Purposes: | 3.00 times annual receipts from taxation |

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base") are defined as total tax collections including interest, penalties and late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The CGS also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

*[Remainder of this page intentionally left blank]*

**STATEMENT OF STATUTORY DEBT LIMITATION**

As of May 4, 2020

(Pro Forma)

|   |                      |
|---|----------------------|
| Total Receipts for fiscal year ended June 30, 2018 (including interest and lien fees) | \$138,109,000        |
| Town of Darien Taxing Districts   | 605,000              |
| State Reimbursement for Revenue Loss on:  |                      |
| Tax Relief for Elderly  | 2,000                |
| Base for Establishing Debt Limit (Thousands)  | <u>\$138,716,000</u> |

| <u>Debt Limitation</u>                                       | <u>General Purpose</u> | <u>Schools</u>       | <u>Sewers</u>        | <u>Urban Renewal</u>  | <u>Past Pension</u>   | <u>Total Debt</u>    |
|--|------------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|
| (2.25 times base).....                                       | \$312,111,000          |                      |                      |                       |                       |                      |
| (4.50 times base).....                                       |                        | \$624,222,000        |                      |                       |                       |                      |
| (3.75 times base).....                                       |                        |                      | \$520,185,000        |                       |                       |                      |
| (3.25 times base).....                                       |                        |                      |                      | \$ 450,827,000        |                       |                      |
| (3.00 times base).....                                       |                        |                      |                      |                       | \$ 416,148,000        |                      |
| (7.00 times base).....                                       |                        |                      |                      |                       |                       | \$971,012,000        |
| <b>Indebtedness (Including the Bonds)</b>                    |                        |                      |                      |                       |                       |                      |
| Bonds Payable.....   | \$ 27,416,818          | \$ 20,221,359        | \$ 1,601,823         | \$ -                  | \$ -                  | \$ 49,240,000        |
| The Refunded Bonds.....                                      | (1,943,000)            | (12,873,000)         | (229,000)            | -                     | -                     | (15,045,000)         |
| The Refunding Bonds.....                                     | 1,757,000              | 11,660,000           | 208,000              | -                     | -                     | 13,625,000           |
| The Capital Projects Bonds (This Issue).....                 | 659,015                | 20,400,985           | -                    | -                     | -                     | 21,060,000           |
| State of Connecticut Clean Water Fund                        |                        |                      |                      |                       |                       |                      |
| Project Loan Obligation ("PLO") (1).....                     | -                      | -                    | 31,179               | -                     | -                     | 31,179               |
| Authorized but Unissued Debt.....                            | 671,167                | 43,417,265           | 59,177               | -                     | -                     | 44,147,609           |
| Total Indebtedness.....                                      | 28,561,000             | 82,826,609           | 1,671,179            | -                     | -                     | 113,058,788          |
| Less:  |                        |                      |                      |                       |                       |                      |
| Sewer assessments receivable (2).....                        | -                      | -                    | (1,849,063)          | -                     | -                     | (1,849,063)          |
| School grants receivable.....                                | -                      | (6,747,300)          | -                    | -                     | -                     | (6,747,300)          |
| Total Net Indebtedness.....                                  | 28,561,000             | 76,079,309           | (177,884)            | -                     | -                     | 104,462,425          |
| Excess of Limit Over Outstanding<br>and Authorized Debt..... | <u>\$283,550,000</u>   | <u>\$548,142,691</u> | <u>\$518,513,821</u> | <u>\$ 450,827,000</u> | <u>\$ 416,148,000</u> | <u>\$864,700,512</u> |

- On December 22, 1998, the Town signed an agreement with the State of Connecticut Department of Environmental Protection under the Clean Water Fund Program. The Agreement provides Clean Water Fund financing for the rehabilitation of the Town's sanitary system in the amount of \$1,498,500. Pursuant to the Agreement, the Town completed the project with a 2% Project Loan Obligation of \$894,671. As of May 4, 2020, the Town will have a balance outstanding of \$31,179.
- Sewer Assessments receivable as of June 30, 2019.

**AUTHORIZED BUT UNISSUED DEBT**

| <u>Projects</u>                                 | <u>Amount</u>        | <u>Prior</u>         | <u>BANs</u>        | <u>Paydowns/</u> | <u>The Capital</u>    | <u>Authorized</u>    |
|---|----------------------|----------------------|--------------------|------------------|-----------------------|----------------------|
|   | <u>Authorized</u>    | <u>Financings</u>    | <u>Outstanding</u> | <u>Grants</u>    | <u>Projects Bonds</u> | <u>But Unissued</u>  |
|   |                      |                      |                    |                  | <u>(This Issue)</u>   |                      |
| Various Paving Projects.....                    | \$ 705,000           | \$ 599,327           | \$ -               | \$ -             | \$ -                  | \$ 105,673           |
| Intervale Road Drainage Project.....            | 1,500,000            | 1,485,673            | -                  | -                | -                     | 14,327               |
| DPW Garage Renovations.....                     | 6,545,000            | 6,004,179            | -                  | -                | -                     | 540,821              |
| Ox Ridge Land Acquisition.....                  | 6,340,000            | 6,334,654            | -                  | -                | -                     | 5,346                |
| Sewer Expansion 2017.....                       | 470,000              | 410,823              | -                  | -                | -                     | 59,177               |
| Darien High School Cafeteria.....               | 1,951,359            | 1,898,948            | -                  | -                | -                     | 52,411               |
| Darien High School Shed.....                    | 250,000              | -                    | -                  | -                | -                     | 250,000              |
| Town Hall Generator.....                        | 325,000              | 264,639              | -                  | -                | 60,361                | -                    |
| DHS Baseball Field Turf Replacement.....        | 585,000              | 570,486              | -                  | -                | -                     | 14,514               |
| Highland Farms Improvements.....                | 609,000              | 5,346                | -                  | -                | 598,654               | 5,000                |
| Hindley Elementary School Roof Replacement..... | 558,250              | -                    | -                  | -                | 400,000               | 158,250              |
| Ox Ridge Elementary School Project (1).....     | 63,000,000           | 56,925               | -                  | -                | 20,000,985            | 42,942,090           |
| Total.....                                      | <u>\$ 82,838,609</u> | <u>\$ 17,631,000</u> | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 21,060,000</u>  | <u>\$ 44,147,609</u> |

- The Town expects to receive grants from the State of Connecticut in the amount of \$6,747,300 which will reduce the authorized but unissued debt by a similar amount. (See "School Building Grant Reimbursements" herein).

## EXISTING AND FUTURE CAPITAL PROJECT FINANCING

On May 13, 2013, the RTM adopted an appropriation and bond authorization of \$1,500,000 for a drainage project on Intervale Road. The project is complete. The Town anticipates no further financing for this project.

On May 11, 2015, the RTM adopted an appropriation and bonding authorization of \$705,000 for several parking lot paving projects for the Town and Board of Education. The project is complete. The Town anticipates no further financing for this project.

On June 6, 2016, the RTM adopted an appropriation of \$230,000 for the design costs related to the renovation of the Town's Public Works Garage. On June 12, 2017, the RTM adopted an appropriation and bond authorization of \$6,315,000 for the construction costs related to the garage renovation. The project is complete. The Town anticipates no further financing for this project.

On February 27, 2017, the RTM adopted an appropriation of \$6,340,000 for the purchase of 16.296 acres of real property at 512 Middlesex Road (the "Ox Ridge Land Acquisition"). The purchase is complete. The Town anticipates no further financing for this project.

On February 27, 2017, the RTM adopted an appropriation and bond authorization of \$470,000 for the design and construction of sewer extension projects in various areas, including but not limited to Clocks Lane and Settlers Trail. The project is complete. The Town anticipates no further financing for this project.

On May 8, 2017, the RTM adopted an appropriation of \$1,689,359 for the expansion of the Darien High School Cafeteria. A bond authorization for this project was approved by the RTM on June 12, 2017. On June 11, 2018 the RTM approved an appropriation and bond authorization of \$262,000 for utility relocation. The project is complete. The Town anticipates no further financing for this project.

On May 8, 2017 the RTM adopted an appropriation of \$250,000 for the purchase and installation of a generator at Town Hall and \$250,000 for the construction of a storage shed for the Darien High School athletic fields. A bond authorization for this project was approved by the RTM on June 12, 2017. On October 21, 2019 the RTM approved an additional appropriation and bond authorization of \$75,000 for the Town Hall generator. The generator project is expected to be complete in the spring of 2020.

On June 11, 2018 the RTM adopted an appropriation and bond authorization of \$585,000 for replacement of the turf baseball field at Darien High School and \$1,020,000 for the replacement of the roof and skylight at Holmes Elementary School. The turf field is complete. The Town anticipates no further financing for this project. The roof project is in the design phase and is expected to be complete in October 2020.

On May 13, 2019 the RTM adopted an appropriation and bond authorization of \$558,250 for replacement of the roof at Hindley Elementary School. The project is in the design phase and is expected to be complete in October 2020.

On May 13, 2019 the RTM adopted an appropriation and bond authorization of \$3,000,000 for the planning, design and construction of a new Ox Ridge Elementary School. On June 10, 2019 the RTM amended the appropriation and bond authorization by \$60,000,000. The project is in the design phase and is expected to be complete in February 2023.

On June 10, 2019 the RTM adopted an appropriation and bond authorization of \$609,000 for improvements at Highland Farm. The improvements are expected to be completed in summer 2020.

*[Remainder of this page intentionally left blank]*

### HISTORICAL DEBT STATEMENT

|  | <u>2018-19</u>    | <u>2017-18</u>    | <u>2016-17</u>    | <u>2015-16</u>    | <u>2014-15</u>    |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Population (1).....                      | 21,759            | 21,759            | 21,759            | 21,759            | 21,759            |
| Net taxable grand list.....              | \$ 8,451,514,184  | \$ 8,512,539,000  | \$ 8,451,514,000  | \$ 8,366,000,000  | \$ 8,285,455,000  |
| Estimated full value.....                | \$ 12,073,591,691 | \$ 12,160,770,000 | \$ 12,073,591,429 | \$ 11,951,428,571 | \$ 11,836,364,286 |
| Equalized net taxable grand list (2).... | \$ 13,174,027,653 | \$ 13,337,401,713 | \$ 13,441,534,266 | \$ 13,560,177,773 | \$ 11,786,964,074 |
| Per capita income (1).....               | \$ 112,096        | \$ 105,928        | \$ 96,767         | \$ 96,767         | \$ 96,767         |
| Short-term debt.....                     | \$ -              | \$ -              | \$ -              | \$ -              | \$ 1,925,000      |
| Long-term debt.....                      | \$ 60,379,444     | \$ 65,026,101     | \$ 62,211,736     | \$ 71,566,369     | \$ 77,430,020     |
| Total Direct Indebtedness.....           | \$ 60,379,444     | \$ 65,026,101     | \$ 62,211,736     | \$ 71,566,369     | \$ 79,355,020     |
| Net Direct Indebtedness.....             | \$ 58,530,381     | \$ 62,904,166     | \$ 59,791,314     | \$ 68,857,429     | \$ 76,241,390     |

(1) U.S. Department of Commerce, 2014-2018 American Community Survey.

(2) Office of Policy and Management, State of Connecticut.

### HISTORICAL DEBT RATIOS

|   | <u>2018-19</u> | <u>2017-18</u> | <u>2016-17</u> | <u>2015-16</u> | <u>2014-15</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Total Direct Indebtedness:</b>         |                |                |                |                |                |
| Per capita.....                           | \$2,774.92     | \$2,988.47     | \$2,859.13     | \$3,289.05     | \$3,647.00     |
| To net taxable grand list.....            | 0.71%          | 0.76%          | 0.74%          | 0.86%          | 0.96%          |
| To estimated full value.....              | 0.50%          | 0.53%          | 0.52%          | 0.60%          | 0.67%          |
| To equalized net taxable grand list.....  | 0.46%          | 0.49%          | 0.46%          | 0.53%          | 0.67%          |
| Debt per capita to per capita income..... | 2.48%          | 2.82%          | 2.95%          | 3.40%          | 3.77%          |
| <b>Net Direct Indebtedness:</b>           |                |                |                |                |                |
| Per capita.....                           | \$2,689.94     | \$2,890.95     | \$2,747.89     | \$3,164.55     | \$3,503.90     |
| To net taxable grand list.....            | 0.69%          | 0.74%          | 0.71%          | 0.82%          | 0.92%          |
| To estimated full value.....              | 0.48%          | 0.52%          | 0.50%          | 0.58%          | 0.64%          |
| To equalized net taxable grand list.....  | 0.44%          | 0.47%          | 0.44%          | 0.51%          | 0.65%          |
| Debt per capita to per capita income..... | 2.40%          | 2.73%          | 2.84%          | 3.27%          | 3.62%          |

### RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND EXPENDITURES AND TRANSFERS OUT

| <u>Fiscal Year</u><br><u>Ended 6/30</u> | <u>Annual</u><br><u>Debt Service</u> | <u>Total General</u><br><u>Fund Expenditures</u><br><u>and Transfers out</u> | <u>Ratio of General Fund Debt</u><br><u>Service to Total General Fund</u><br><u>Expenditures and Transfers Out %</u> |
|---|--------------------------------------|--|--|
| 2020 (1)                                | \$ 10,676,549                        | \$ 147,859,097   | 7.22%  |
| 2019                                    | 10,831,528                           | 154,130,222  | 7.03%  |
| 2018                                    | 11,441,822                           | 164,101,054  | 6.97%  |
| 2017                                    | 11,545,372                           | 159,870,135  | 7.22%  |
| 2016                                    | 11,460,700                           | 148,877,216  | 7.70%  |
| 2015                                    | 11,640,656                           | 144,584,157  | 8.05%  |
| 2014                                    | 10,802,073                           | 138,893,541  | 7.78%  |

## VII. LEGAL AND OTHER LITIGATION

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### LITIGATION

In the opinion of the Town Attorney, there are no claims or litigation pending or to his knowledge threatened, which would individually or in the aggregate result in final judgments against the Town which would have a material adverse effect on the finances of the Town or which would impact the validity of the Bonds or the power of the Town to levy and collect taxes to pay the principal of and interest on the Bonds.

### LEGAL MATTERS

Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut is serving as bond counsel with respect to the authorization and issuance of the Bonds and will render its opinion with respect to the Bonds in substantially the form included in this Official Statement as Appendix B.

### MUNICIPAL ADVISOR

The Town has retained Hilltop Securities Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds, and receipt by the Town of payment therefor. The Town may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds.

### DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Upon the delivery of the Bonds, the Underwriter will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town, signed by the First Selectman, the Town Treasurer, and the Finance Director, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, as of the date of the Official Statement and the date of closing, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
3. The approving opinion of Pullman & Comley, LLC, Bond Counsel in substantially the form attached to the Official Statement as Appendix B;
4. Within seven business days of the execution of the Bond Purchase Agreement, the Town will furnish the Underwriter a reasonable number of copies of the Official Statement, as prepared by the Town;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C; and
6. A receipt for the purchase price of the Bonds.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the principal office of U.S. Bank National Association, of Hartford, Connecticut and will be available for examination upon reasonable request.

**CONCLUDING STATEMENT**

Additional information may be obtained upon request from the office of the Finance Director, Attention: Ms. Jennifer A. Charneski, Finance Director at (203) 656-7334 or from the Municipal Advisor at (860) 290-3001.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be constructed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

**TOWN OF DARIEN, CONNECTICUT**

By: /s/ Jayme J. Stevenson  
**JAYME J. STEVENSON**  
*First Selectman*

By: /s/ Joan D. Hendrickson  
**JOAN D. HENDRICKSON**  
*Treasurer*

By: /s/ Jennifer A. Charneski  
**JENNIFER A. CHARNESKI**  
*Finance Director*

**April 15, 2020**

**APPENDIX A - FINANCIAL STATEMENTS**

**TOWN OF DARIEN, CONNECTICUT**

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**June 30, 2019**

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Appendix A – Basic Financial Statements – is taken from the Annual Financial Report of the Town of Darien for the Fiscal Year ended June 30, 2019 and does not include all the schedules or management letter in such report. A copy of the complete report is available upon request to the Town's Finance Director, Town of Darien, Connecticut.

## **Independent Auditors' Report**

To the Board of Finance/Town Council  
Town of Darien, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Darien, Connecticut, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Darien, Connecticut's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Darien, Connecticut, as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 27, 2019

**Town of Darien, Connecticut**  
**Management's Discussion and Analysis - unaudited**  
**June 30, 2019**  
**(In Thousands)**

This discussion and analysis of the Town of Darien, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX. All amounts are expressed in thousands unless otherwise noted.

**Financial Highlights**

- Net position of our governmental activities increased by \$4,342 or 2.6%.
- During the year, the Town had expenses that were \$4,342 less than the \$166,470 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$162,128 with no new programs added this year.
- The General Fund reported a fund balance this year of \$25,728.
- The resources available for appropriation were \$643 more than budgeted for the General Fund. Expenditures were \$2,060 less than budgeted.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Town's net position and changes in net position. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including general government, community environment, public safety, health and social services, library, parks and recreation, public works, education, sewer and solid waste. Property taxes, charges for services, and state and federal grants finance most of these activities.

## Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town of Darien establishes many other funds to help control and manage financial activities for particular purposes (like the Sewer Operations) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - the Town maintains an Internal Service Fund. The Town uses its internal service fund to account for certain self-funded employee benefit costs. Because the internal service fund benefits governmental functions, they are included within governmental activities in the government-wide financial statements.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## Government-Wide Financial Analysis

The Town's combined net position increased from \$168,424 to \$172,766. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

|   | <b>Governmental<br/>Activities</b> |                   |
|---|------------------------------------|-------------------|
|   | <b>2019</b>                        | <b>2018</b>       |
| Current assets                                  | \$ 59,506                          | \$ 56,437         |
| Capital assets, net of accumulated depreciation | 186,322                            | 189,501           |
| Total assets                                    | <u>245,828</u>                     | <u>245,938</u>    |
| Deferred outflows of resources                  | <u>10,082</u>                      | <u>12,912</u>     |
| Long-term liabilities outstanding               | 73,235                             | 78,434            |
| Other liabilities                               | 6,598                              | 7,278             |
| Total liabilities                               | <u>79,833</u>                      | <u>85,712</u>     |
| Deferred inflows of resources                   | <u>3,311</u>                       | <u>4,714</u>      |
| Net Position:                                   |                                    |                   |
| Net investment in capital assets                | 124,971                            | 122,055           |
| Restricted                                      | 489                                | 14,861            |
| Unrestricted                                    | <u>47,306</u>                      | <u>31,508</u>     |
| Total Net Position                              | <u>\$ 172,766</u>                  | <u>\$ 168,424</u> |

Total assets of the Town have remained stable from the prior year. Deferred outflows of resources have decreased by \$2,830 due to a decrease in the deferred outflows for pension and OPEB. Total liabilities have decreased by \$5,879, primarily due to the payment of principal on outstanding bonds. Deferred inflows for pension and OPEB have decreased by \$1,403.

As a result, net position of the Town's governmental activities increased by 2.6%. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$31,508 at June 30, 2018 to \$47,306 at the end of this year. A portion of the unrestricted net position was categorized as restricted consistent with the amount of restricted fund balance.

|  | <b>Governmental<br/>Activities</b> |                   |
|--|------------------------------------|-------------------|
|  | <b>2019</b>                        | <b>2018</b>       |
| Revenues:  |                                    |                   |
| Program revenues:  |                                    |                   |
| Charges for services   | \$ 13,867                          | \$ 13,299         |
| Operating grants and contributions                           | 12,463                             | 24,436            |
| Capital grants and contributions                             | -                                  | 3                 |
| General revenues:  |                                    |                   |
| Property taxes   | 138,547                            | 138,101           |
| Grants and contributions not restricted to specific purposes | 24                                 | 98                |
| Unrestricted investment earnings                             | 1,029                              | 341               |
| Other general revenues                                       | 540                                | 721               |
| Total revenues   | <u>166,470</u>                     | <u>176,999</u>    |
|  |                                    |                   |
| Program expenses:  |                                    |                   |
| General government   | 4,993                              | 4,492             |
| Community environment  | 1,186                              | 1,159             |
| Public safety  | 16,563                             | 15,582            |
| Health and social services                                   | 1,924                              | 1,820             |
| Library  | 3,732                              | 3,685             |
| Parks and recreation   | 2,001                              | 1,871             |
| Public works   | 10,058                             | 7,541             |
| Board of Education   | 116,480                            | 123,896           |
| Sewer operations   | 3,735                              | 3,337             |
| Debt service   | 1,456                              | 2,187             |
| Total program expenses                                       | <u>162,128</u>                     | <u>165,570</u>    |
|  |                                    |                   |
| Change in Net Position                                       | 4,342                              | 11,429            |
|  |                                    |                   |
| Beginning Net Position                                       | <u>168,424</u>                     | <u>156,995</u>    |
|  |                                    |                   |
| Ending Net Position  | <u>\$ 172,766</u>                  | <u>\$ 168,424</u> |

The Town's total revenues (excluding special items) were \$166,470. The total cost of all programs and services was \$162,128. Our analysis below considers the operations of governmental activities.

### **Governmental Activities**

Property taxes were 83.2% of revenues and charges for services accounted for 8.3%. Operating grants and contributions decreased by 49.0%. The 2018-19 property tax collection rate was 99.7%. Intergovernmental revenue decreased by 49.3%. The on-behalf contributions to the Connecticut State Teachers Retirement System remained stable. Investment income increased 301.8% due to increases in interest rates available on certain investments.

On the expense side, Board of Education expenses continue to be the most significant component accounting for 71.8%. Board of Education expenses increased because of negotiated wage increases, increased medical expenses and increased Special Education expenses.

Table 3 presents the cost of each of the Town's five largest programs - general government, public safety, public works, education and the public library - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

|                    | <b>Total Cost of Services</b> |                   | <b>Net Cost of Services</b> |                   |
|--------------------|-------------------------------|-------------------|-----------------------------|-------------------|
|                    | <b>2019</b>                   | <b>2018</b>       | <b>2019</b>                 | <b>2018</b>       |
| General government | \$ 4,993                      | \$ 4,492          | \$ 3,065                    | \$ 2,068          |
| Public safety      | 16,563                        | 15,582            | 12,064                      | 11,549            |
| Public works       | 10,058                        | 7,541             | 9,435                       | 7,105             |
| Education          | 116,480                       | 123,896           | 102,350                     | 98,077            |
| Library            | 3,732                         | 3,685             | 3,733                       | 3,685             |
| <b>Total</b>       | <b>\$ 151,826</b>             | <b>\$ 155,196</b> | <b>\$ 130,647</b>           | <b>\$ 122,484</b> |

### Town Funds Financial Analysis

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$43,544, which is an increase from last year's total of \$39,143. The most significant increase occurred in the General Fund due to the positive result of operations.

### General Fund Budgetary Highlights

There were additional appropriations for the fiscal year ended June 30, 2019 in the amount of \$855. The additional appropriations were \$355 for wiring upgrades at three elementary schools, \$200 for new sidewalks, \$175 for engineering work at the intersection of Noroton Avenue and Ledge Road, \$50 for construction at the Short Lane property, and \$75 for replacement of a Roof Top unit at Holmes Elementary School. A contingency of \$725 was included in the original budget. This contingency covered items such as nonunion wage increases, mid-year labor contract settlements and other unexpected expenses. The contingency was higher than the prior year due to unsettled union contracts.

Actual revenues were higher than budgetary estimates by approximately \$643. The final budget assumed that \$855 of fund balance would be used to offset expenses; however, this amount was not needed. Current year tax collections were \$688 higher than budget due to a conservative budgeted collection rate. Total intergovernmental revenues were \$467 higher than budget due to conservative budgeting of State aid. Building permits were \$846 lower than budget due to the timing of permitting for proposed redevelopment projects. The budget included one half of the expected permit revenue. Permitting did not begin in 2018-19.

Actual expenditures were less than budgetary estimates by \$2,060. The budget included \$725 for Contingency. At year end, \$284 remained unused. Board of Education expenditures were \$336 lower than budget due to higher than anticipated State reimbursement of special education expenses. Police Department expenditures were \$269 lower than budget primarily due to vacancies. Public Works expenditures were \$201 lower than budget due to vacancies and decreased waste disposal costs. Capital nonrecurring expenditures were \$424 lower than budget due to higher than anticipated capital fund revenues. Employee benefits expenditures were \$77 lower than budget due to vacancies.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2019, the Town had \$186,322 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net decrease (including additions and deductions) of \$3,179, or 1.7%, from last year.

|                          | Governmental<br>Activities |                   |
|--------------------------|----------------------------|-------------------|
|                          | 2019                       | 2018              |
| Land                     | \$ 19,634                  | \$ 19,634         |
| Buildings                | 144,255                    | 145,455           |
| Land improvement         | 1,545                      | 2,206             |
| Machinery and equipment  | 8,090                      | 8,588             |
| Infrastructure           | 12,350                     | 12,279            |
| Construction in progress | 448                        | 1,339             |
| Totals                   | <u>\$ 186,322</u>          | <u>\$ 189,501</u> |

The Town's fiscal-year 2019-20 capital budget calls for it to spend another \$4,734 for capital and/or non-recurring projects, principally for capital equipment and replacement. More detailed information about the Town's capital assets is presented in Notes 1 and 5 to the financial statements.

### Long-Term Debt

At June 30, 2019, the Town had \$64,167 in bonds and notes outstanding versus \$69,373 last year.

The Town issued \$4,185 in new debt while paying \$8,780 in annual principal payments.

The Town's general obligation bonds continue to carry a rating of Aaa, the highest rating possible, a rating that has been assigned by national rating agencies to the Town's debt since 1973. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$971,009 state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

### Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2020 budget tax rates, and fees that will be charged for services. One of those factors is the economy. Unemployment in Darien averaged 3.4% in calendar year 2018 and through the first six months of 2019. This compares with the State and national average unemployment rate of 3.8% for the same period.

Inflation in the Darien area was slightly less than the national Consumer Price Index (CPI).

These indicators were taken into account when adopting the General Fund budget for 2019-20. Amounts available for appropriation in the General Fund budget are \$147,859, an increase of 1.3% over the final 2019 budget of \$146,027. Increased personnel costs and increased education expenses are the largest areas of expenditure increase.

If these estimates are realized, the Town's budgetary General Fund balance is expected to remain stable by June 30, 2020.

### **Contacting the Town's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Darien, 2 Renshaw Road, Darien, Connecticut, 06820.

**TOWN OF DARIEN, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Assets:</b>  |                                    |
| Cash and cash equivalents   | \$ 38,122,075                      |
| Investments   | 9,682,016                          |
| Receivables, net  | 4,379,318                          |
| Prepaid expenses  | 11,793                             |
| Net pension asset   | 7,310,425                          |
| Capital assets not being depreciated                              | 20,082,166                         |
| Capital assets being depreciated, net of accumulated depreciation | 166,239,919                        |
| <b>Total assets</b>   | <b>245,827,712</b>                 |
| <b>Deferred Outflows of Resources:</b>                            |                                    |
| Deferred charges on refunding                                     | 1,489,105                          |
| Deferred outflows - pension                                       | 6,514,157                          |
| Deferred outflows - OPEB  | 2,078,532                          |
| <b>Total deferred outflows of resources</b>                       | <b>10,081,794</b>                  |
| <b>Liabilities:</b>   |                                    |
| Accounts and other payables                                       | 6,104,860                          |
| Unearned revenue  | 492,955                            |
| Noncurrent liabilities:   |                                    |
| Due within one year   | 10,310,866                         |
| Due in more than one year   | 62,924,005                         |
| <b>Total liabilities</b>  | <b>79,832,686</b>                  |
| <b>Deferred Inflows of Resources:</b>                             |                                    |
| Deferred inflows - pension  | 2,981,188                          |
| Deferred inflows - OPEB   | 329,719                            |
| <b>Total deferred inflows of resources</b>                        | <b>3,310,907</b>                   |
| <b>Net Position:</b>  |                                    |
| Net investment in capital assets                                  | 124,970,853                        |
| <b>Restricted</b>   |                                    |
| Unspent grant balances  | 359,201                            |
| Park Pals Play area   | 41,462                             |
| Weed beach  | 4,289                              |
| Trusts  | 84,372                             |
| <b>Unrestricted</b>   | <b>47,305,736</b>                  |
| <b>Total Net Position</b>   | <b>\$ 172,765,913</b>              |

The accompanying notes are an integral part of the financial statements

**TOWN OF DARIEN, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

| Functions/Programs   | Expenses              | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|---|
|  |                       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |   |
| Governmental activities:                                     |                       |                      |                                    |                                  |   |
| General government   | \$ 4,993,260          | \$ 1,446,548         | \$ 481,951                         | \$                               | \$ (3,064,761)                                    |
| Community environment  | 1,185,831             | 121,986              |                                    |                                  | (1,063,845)                                       |
| Public safety  | 16,562,766            | 4,458,483            | 40,739                             |                                  | (12,063,544)                                      |
| Health and social services                                   | 1,924,047             | 479,425              | 9,714                              |                                  | (1,434,908)                                       |
| Library  | 3,732,681             |                      |                                    |                                  | (3,732,681)                                       |
| Parks and recreation   | 2,000,845             | 604,011              | 41,462                             |                                  | (1,355,372)                                       |
| Public works   | 10,057,843            | 622,925              |                                    |                                  | (9,434,918)                                       |
| Board of Education   | 116,479,663           | 2,239,957            | 11,889,270                         |                                  | (102,350,436)                                     |
| Sewer operations   | 3,735,035             | 3,893,228            |                                    |                                  | 158,193   |
| Interest on long-term debt                                   | 1,455,699             |                      |                                    |                                  | (1,455,699)                                       |
| <b>Total Governmental Activities</b>                         | <b>\$ 162,127,670</b> | <b>\$ 13,866,563</b> | <b>\$ 12,463,136</b>               | <b>\$ -</b>                      | <b>(135,797,971)</b>                              |
| General revenues:  |                       |                      |                                    |                                  |   |
| Property taxes   |                       |                      |                                    |                                  | 138,546,947                                       |
| Grants and contributions not restricted to specific programs |                       |                      |                                    |                                  | 23,560  |
| Unrestricted investment earnings                             |                       |                      |                                    |                                  | 1,028,981   |
| Miscellaneous  |                       |                      |                                    |                                  | 540,404   |
| Total general revenues                                       |                       |                      |                                    |                                  | <u>140,139,892</u>                                |
| Change in net position                                       |                       |                      |                                    |                                  | 4,341,921   |
| Net Position at Beginning of Year                            |                       |                      |                                    |                                  | <u>168,423,992</u>                                |
| Net Position at End of Year                                  |                       |                      |                                    |                                  | <u>\$ 172,765,913</u>                             |

The accompanying notes are an integral part of the financial statements

**TOWN OF DARIEN, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

|   | <u>General</u>       | <u>Sewer<br/>Operating</u> | <u>Sewer<br/>Assessment</u> | <u>Capital<br/>Projects</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------------|----------------------------|-----------------------------|-----------------------------|--|---|
| <b>ASSETS</b>   |                      |                            |                             |                             |  |   |
| Cash and cash equivalents   | \$ 19,355,838        | \$ 3,282,795               | \$ 351,374                  | \$ 11,445,968               | \$ 3,592,190                               | \$ 38,028,165                           |
| Investments   | 9,682,016            |                            |                             |                             |  | 9,682,016                               |
| Receivables, net  | 1,975,432            | 216,709                    | 1,850,817                   | 14,887                      | 321,473                                    | 4,379,318                               |
| Due from other funds  | 53,802               |                            |                             |                             |  | 53,802                                  |
| Prepaid expenditures  | 11,793               |                            |                             |                             |  | 11,793                                  |
| Total Assets  | <u>\$ 31,078,881</u> | <u>\$ 3,499,504</u>        | <u>\$ 2,202,191</u>         | <u>\$ 11,460,855</u>        | <u>\$ 3,913,663</u>                        | <u>\$ 52,155,094</u>                    |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>   |                      |                            |                             |                             |  |   |
| Liabilities:  |                      |                            |                             |                             |  |   |
| Accounts and other payables   | \$ 4,294,975         | \$ 44,528                  |                             | \$ 516,248                  | \$ 428,196                                 | \$ 5,283,947                            |
| Due to other funds  |                      |                            |                             | 53,802                      |  | 53,802                                  |
| Unearned revenue  | 337,361              |                            |                             |                             | 155,594                                    | 492,955                                 |
| Total liabilities   | <u>4,632,336</u>     | <u>44,528</u>              | <u>-</u>                    | <u>570,050</u>              | <u>583,790</u>                             | <u>5,830,704</u>                        |
| Deferred Inflows of Resources:  |                      |                            |                             |                             |  |   |
| Unavailable revenue - property taxes                                  | 718,363              |                            |                             |                             |  | 718,363                                 |
| Unavailable revenue - sewer use                                       |                      | 212,538                    |                             |                             |  | 212,538                                 |
| Unavailable revenue - sewer assessment                                |                      |                            | 1,849,063                   |                             |  | 1,849,063                               |
| Total deferred inflows of resources                                   | <u>718,363</u>       | <u>212,538</u>             | <u>1,849,063</u>            | <u>-</u>                    | <u>-</u>                                   | <u>2,779,964</u>                        |
| Fund Balances:  |                      |                            |                             |                             |  |   |
| Nonspendable  | 11,793               |                            |                             |                             |  | 11,793                                  |
| Restricted  |                      |                            |                             |                             | 489,324                                    | 489,324                                 |
| Committed   | 139,044              | 3,242,438                  | 353,128                     | 10,890,805                  | 2,853,036                                  | 17,478,451                              |
| Assigned  | 324,714              |                            |                             |                             |  | 324,714                                 |
| Unassigned  | 25,252,631           |                            |                             |                             | (12,487)                                   | 25,240,144                              |
| Total fund balances   | <u>25,728,182</u>    | <u>3,242,438</u>           | <u>353,128</u>              | <u>10,890,805</u>           | <u>3,329,873</u>                           | <u>43,544,426</u>                       |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 31,078,881</u> | <u>\$ 3,499,504</u>        | <u>\$ 2,202,191</u>         | <u>\$ 11,460,855</u>        | <u>\$ 3,913,663</u>                        | <u>\$ 52,155,094</u>                    |

(Continued on next page)

**TOWN OF DARIEN, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2019**

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Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position  
(Exhibit I) are different because of the following:

|  |    |            |
|--|----|------------|
| Fund balances - total governmental funds (Exhibit III) | \$ | 43,544,426 |
|--|----|------------|

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

|                               |    |                      |             |
|-------------------------------|----|----------------------|-------------|
| Governmental capital assets   | \$ | 310,633,597          |             |
| Less accumulated depreciation |    | <u>(124,311,512)</u> |             |
| Net capital assets            |    |                      | 186,322,085 |

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are not recorded in the funds:

|   |           |
|---|-----------|
| Property tax receivables greater than 60 days | 496,390   |
| Interest receivable on property taxes         | 221,973   |
| Assessments receivable                        | 1,849,063 |
| Sewer use receivable                          | 212,538   |
| Deferred outflows - pension                   | 6,514,157 |
| Deferred outflows - OPEB                      | 2,078,532 |
| Net pension asset                             | 7,310,425 |

Internal service funds are used by management to charge the costs of  
risk management to individual funds. The assets and liabilities of  
the internal service funds are reported with governmental activities  
in the statement of net position.

59,287

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and, therefore, are not reported in the funds:

|                                     |                  |
|-------------------------------------|------------------|
| Net OPEB liability                  | (6,690,290)      |
| Bonds and notes payable             | (60,379,444)     |
| Interest payable on bonds and notes | (786,290)        |
| Compensated absences                | (2,377,975)      |
| Bond premium                        | (3,787,162)      |
| Deferred charge on refunding        | 1,489,105        |
| Deferred inflows - pension          | (2,981,188)      |
| Deferred Inflows - OPEB             | <u>(329,719)</u> |

|   |    |                           |
|---|----|---------------------------|
| Net Position of Governmental Activities (Exhibit I) | \$ | <u><u>172,765,913</u></u> |
|---|----|---------------------------|

The accompanying notes are an integral part of the financial statements

**TOWN OF DARIEN, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

|  | General              | Sewer<br>Operating  | Sewer<br>Assessment | Capital<br>Projects  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|---------------------|----------------------|-----------------------------------|--------------------------------|
| Revenues:  |                      |                     |                     |                      |                                   |                                |
| Property taxes                                       | \$ 138,403,290       |                     |                     |                      |                                   | \$ 138,403,290                 |
| Intergovernmental                                    | 10,717,400           |                     |                     | 473,776              | 1,242,297                         | 12,433,473                     |
| Charges for services                                 | 5,243,872            | 3,477,533           | 354,269             |                      | 4,978,992                         | 14,054,666                     |
| Income on investments                                | 767,497              | 57,678              |                     | 201,475              | 2,214                             | 1,028,864                      |
| Miscellaneous  | 483,216              | 9,869               |                     | 39,470               | 61,190                            | 593,745                        |
| Total revenues                                       | <u>155,615,275</u>   | <u>3,545,080</u>    | <u>354,269</u>      | <u>714,721</u>       | <u>6,284,693</u>                  | <u>166,514,038</u>             |
| Expenditures:  |                      |                     |                     |                      |                                   |                                |
| Current:   |                      |                     |                     |                      |                                   |                                |
| General government                                   | 4,297,475            |                     |                     |                      | 4,572                             | 4,302,047                      |
| Community environment                                | 1,112,092            |                     |                     |                      |                                   | 1,112,092                      |
| Public safety  | 13,220,328           |                     |                     |                      | 1,484,897                         | 14,705,225                     |
| Health and social services                           | 1,840,564            |                     |                     |                      | 25,236                            | 1,865,800                      |
| Library  | 3,732,681            |                     |                     |                      |                                   | 3,732,681                      |
| Parks and recreation                                 | 1,761,600            |                     |                     |                      | 43,104                            | 1,804,704                      |
| Public works   | 5,061,603            |                     |                     |                      | 615,876                           | 5,677,479                      |
| Board of Education                                   | 107,897,036          |                     |                     |                      | 3,464,986                         | 111,362,022                    |
| Sewer operations                                     |                      | 3,735,035           |                     |                      |                                   | 3,735,035                      |
| Capital outlay                                       |                      |                     |                     | 7,285,223            |                                   | 7,285,223                      |
| Debt service   | 10,831,528           |                     |                     |                      |                                   | 10,831,528                     |
| Total expenditures                                   | <u>149,754,906</u>   | <u>3,735,035</u>    | <u>-</u>            | <u>7,285,223</u>     | <u>5,638,671</u>                  | <u>166,413,835</u>             |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>5,860,369</u>     | <u>(189,955)</u>    | <u>354,269</u>      | <u>(6,570,502)</u>   | <u>646,022</u>                    | <u>100,203</u>                 |
| Other Financing Sources (Uses):                      |                      |                     |                     |                      |                                   |                                |
| Transfers in   | 937,661              |                     |                     | 4,902,618            |                                   | 5,840,279                      |
| Transfers out  | (4,375,315)          | (196,807)           | (550,000)           |                      | (718,157)                         | (5,840,279)                    |
| Bond premiums  | 116,236              |                     |                     |                      |                                   | 116,236                        |
| Bond issuance  |                      |                     |                     | 4,185,000            |                                   | 4,185,000                      |
| Total other financing<br>sources (uses)              | <u>(3,321,418)</u>   | <u>(196,807)</u>    | <u>(550,000)</u>    | <u>9,087,618</u>     | <u>(718,157)</u>                  | <u>4,301,236</u>               |
| Net Change in Fund Balances                          | 2,538,951            | (386,762)           | (195,731)           | 2,517,116            | (72,135)                          | 4,401,439                      |
| Fund Balances at Beginning of Year                   | <u>23,189,231</u>    | <u>3,629,200</u>    | <u>548,859</u>      | <u>8,373,689</u>     | <u>3,402,008</u>                  | <u>39,142,987</u>              |
| Fund Balances at End of Year                         | <u>\$ 25,728,182</u> | <u>\$ 3,242,438</u> | <u>\$ 353,128</u>   | <u>\$ 10,890,805</u> | <u>\$ 3,329,873</u>               | <u>\$ 43,544,426</u>           |

(Continued on next page)

**TOWN OF DARIEN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

|   |                     |
|---|---------------------|
| Net change in fund balances - total governmental funds (Exhibit IV)   | \$ 4,401,439        |
| Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:  |                     |
| Capital outlay  | 3,674,247           |
| Depreciation expense  | (5,637,980)         |
| The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.   |                     |
|   | (1,214,896)         |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:  |                     |
| Property tax receivable - accrual basis change  | 91,736              |
| Property tax interest and lien revenue - accrual basis change   | 51,920              |
| Sewer assessment receivable - accrual basis change  | (271,852)           |
| Sewer use receivable - accrual basis change   | 83,749              |
| Change in deferred outflows - pension   | (1,930,120)         |
| Change in deferred outflows - OPEB  | (462,201)           |
| Change in net pension asset   | (922,805)           |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows: |                     |
| Bond and note principal payments  | 8,831,657           |
| Issuance of bonds and notes   | (4,185,000)         |
| Premium on bond issuance  | (116,236)           |
| Amortization of premiums on debt issuance   | 675,871             |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:   |                     |
| Net OPEB liability  | (3,332)             |
| Compensated absences  | (3,772)             |
| Accrued interest  | 306,596             |
| Amortization of deferred charge on refunding  | (438,295)           |
| Change in deferred inflows - pension  | 1,343,059           |
| Change in deferred inflows - OPEB   | 60,031              |
| Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.   |                     |
|   | <u>8,105</u>        |
| Change in Net Position of Governmental Activities (Exhibit II)  | <u>\$ 4,341,921</u> |

The accompanying notes are an integral part of the financial statements

**TOWN OF DARIEN, CONNECTICUT  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
JUNE 30, 2019**

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|                             | <b>Governmental<br/>Activities</b>   |
|-----------------------------|--------------------------------------|
|                             | <b>Internal<br/>Service<br/>Fund</b> |
| Assets:                     |                                      |
| Cash and cash equivalents   | \$ 93,910                            |
| Liabilities:                |                                      |
| Accounts and other payables | <u>34,623</u>                        |
| Net Position:               |                                      |
| Unrestricted                | \$ <u><u>59,287</u></u>              |

The accompanying notes are an integral part of the financial statements

**TOWN OF DARIEN, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

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|                                   | <b>Governmental<br/>Activities</b>   |
|-----------------------------------|--------------------------------------|
|                                   | <b>Internal<br/>Service<br/>Fund</b> |
|                                   | <hr/>                                |
| Operating Revenues:               |                                      |
| Charges for services              | \$ 212,658                           |
| Operating Expenses:               |                                      |
| Salaries, benefits and claims     | <hr/> 204,553                        |
| Operating Income (Loss)           | 8,105                                |
| Net Position at Beginning of Year | <hr/> 51,182                         |
| Net Position at End of Year       | \$ <hr/> <hr/> 59,287                |

The accompanying notes are an integral part of the financial statements

**TOWN OF DARIEN, CONNECTICUT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | <b>Governmental<br/>Activities<br/>Internal<br/>Service<br/>Fund</b> |
|---|--|
| Cash Flows from Operating Activities:   |  |
| Receipts from customers   | \$ 218,209   |
| Payments to vendors   | <u>(198,921)</u>   |
| Net cash provided by (used in) operating activities   | <u>19,288</u>  |
| Net increase (decrease) in cash and cash equivalents  | 19,288   |
| Cash and Cash Equivalents at Beginning of Year  | <u>74,622</u>  |
| Cash and Cash Equivalents at End of Year  | <u>\$ 93,910</u>   |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by<br>(Used in) Operating Activities:        |  |
| Operating income (loss)   | \$ <u>8,105</u>  |
| Adjustments to reconcile operating income (loss) to net cash<br>provided by (used in) operating activities: |  |
| Change in assets and liabilities:   |  |
| (Increase) decrease in accounts receivable  | 5,551  |
| Increase (decrease) in accounts payable   | <u>5,632</u>   |
| Total adjustments   | <u>11,183</u>  |
| Net Cash Provided by (Used in) Operating Activities   | <u>\$ 19,288</u>   |

The accompanying notes are an integral part of the financial statements

**TOWN OF DARIEN, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2019**

|   | <u>Pension and<br/>OPEB Trust<br/>Funds</u> | <u>Agency<br/>Funds</u> |
|---|---|-------------------------|
| Assets:   |   |                         |
| Cash and cash equivalents                           | \$ 2,324,201                                | \$ 416,592              |
| Investments:  |   |                         |
| Equity securities                                   | 86,772,254                                  |                         |
| Equity mutual funds                                 | 54,503,715                                  |                         |
| Receivables:  |   |                         |
| Interest and dividends                              | <u>103,831</u>                              |                         |
| Total assets  | 143,704,001                                 | <u>\$ 416,592</u>       |
| Liabilities:  |   |                         |
| Accounts and other payables                         | <u>12,808</u>                               | <u>\$ 416,592</u>       |
| Net Position:                                       |   |                         |
| Restricted for Pensions and Postemployment Benefits | <u>\$ 143,691,193</u>                       |                         |

The accompanying notes are an integral part of the financial statements

**TOWN OF DARIEN, CONNECTICUT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | <b>Pension<br/>and OPEB<br/>Trust<br/>Funds</b> |
|---|---|
| Additions:                              |   |
| Contributions:                          |   |
| Employer                                | \$ 2,928,804                                    |
| Plan members                            | 1,542,410                                       |
| Total contributions                     | <u>4,471,214</u>                                |
| Investment income:                      |   |
| Net change in fair value of investments | 5,280,552                                       |
| Interest and dividends                  | 3,348,654                                       |
| Total investment income                 | <u>8,629,206</u>                                |
| Less investment expenses:               |   |
| Investment management fees              | <u>505,505</u>                                  |
| Net investment income                   | <u>8,123,701</u>                                |
| Total additions                         | <u>12,594,915</u>                               |
| Deductions:                             |   |
| Benefits                                | 6,563,594                                       |
| Administration                          | 107,460   |
| Total deductions                        | <u>6,671,054</u>                                |
| Change in Net Position                  | 5,923,861                                       |
| Net Position at Beginning of Year       | <u>137,767,332</u>                              |
| Net Position at End of Year             | <u>\$ 143,691,193</u>                           |

The accompanying notes are an integral part of the financial statements

**TOWN OF DARIEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Darien, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

**A. Reporting Entity**

The reporting entity of the Town consists of all Town departments, the Board of Education, commissions, boards, authorities and funds.

The Town was founded in 1737. The Town has a Representative Town Meeting (RTM) form of government, with a 5-member Board of Selectmen, 7-member Board of Finance and a 9-member Board of Education. The Town operates under the State of Connecticut General Statutes and the Charter and Code of Ordinances of the Town of Darien. The Charter was originally adopted in 1959 and the Code of Ordinances was adopted in 1972. Both are subject to revision on an ongoing basis. The 100-member RTM is the legislative body for the Town. The First Selectman, elected biennially, is the Chief Executive Officer of the Town. The Board of Finance, elected quadrennially to overlapping terms, serves as the Town's fiscal policy maker. Services provided by the Town to residents and taxpayers include general administrative services, public safety, education, public works, parks and recreation, health, social service, planning and zoning, and sewer services. The Town has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for agency funds which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF DARIEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the fiscal period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and certain other revenues are considered to be available if collected within 60 days of the fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, other post-employment benefits, and claims and judgments, are recorded only when payment is due.

Property taxes when levied for, intergovernmental revenues when eligibility requirements are met, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

The *General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

The *Sewer Operating Fund* is a special revenue fund that accounts for the revenues collected by the Town and expenditures related to the Town's Sanitary Sewer System.

The *Sewer Assessment Fund* is a special revenue fund that is used to account for receipt and assessment functions for sewers.

The *Capital Projects Fund* is used to account for the financial resources for the acquisition and construction of major capital facilities.

Additionally, the Town reports the following proprietary and fiduciary funds:

The *Internal Service Fund* is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town on a cost-reimbursement basis. It is used to account for the activities of the self-insured dental insurance program of the Town.

The *Pension Trust Funds* account for the activities of the Darien Retirement System, which accumulates resources for pension benefit payments to qualified Town employees and Police Officers. The pension trust funds follow the accrual basis of accounting.

The *OPEB Trust Funds* account for the activities of the Town's other post-employment benefit trust, which accumulates resources for pension and other post-employment benefit payments to qualified employees and retirees. The OPEB trust funds follow the accrual basis of accounting.

*Agency Funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Board of Education Student Activity Fund is the Town's only agency fund.

**TOWN OF DARIEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

**D. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments are reported at fair value, except for investments in 2a7-like pools, which are stated at amortized costs.

**E. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**F. Property Taxes**

The Town's property tax is levied each July 1 on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Although taxes are levied in June, the legal right to attach the property does not exist until July 1. Therefore, taxes are due and payable in equal installments on July 1 and January 1, following the date of the Grand List. Interest of 1½% per month is charged on delinquent taxes. Liens are effective on the attachment date and are continued by filing prior to the following levy date. Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1. An amount of \$129,180 has been established as an allowance for uncollectible taxes. At June 30, 2019, this represents approximately 12.87% of all property taxes receivable. All trade and property tax receivables are reported net of an allowance for uncollectibles.

**G. Restricted Assets**

The restricted assets for the Town are restricted for capital project purposes.

**H. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**TOWN OF DARIEN, CONNECTICUT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019**

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**I. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>         | <u>Years</u> |
|-----------------------|--------------|
| Buildings             | 40           |
| Building improvements | 40           |
| Infrastructure        | 10-40        |
| Vehicles              | 2-20         |
| Office equipment      | 5            |
| Computer equipment    | 3            |

Capital outlays (assets) are reported as expenditures, and no depreciation expense is reported in the governmental fund financial statements.

**J. Allowance for Doubtful Accounts**

Accounts receivable including property taxes receivable for the primary government are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts that are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

**K. Compensated Absences**

The Town and Board of Education liability for vacation pay is based upon the carryforward of unused vacation days. Town employees other than police may carry forward up to twice the number of days earned in a year. Police may carry over unused vacation days up to one week. Board of Education employees are allowed to carry over up to the number of days specified in the various bargaining agreements. The maximum any Board of Education employee may carry over is 10 days.

The Town pays one-third of unused accumulated sick leave in excess of 150 days for eligible Town employees and police officers at retirement. Eligibility is based on hire date as specified in the various bargaining agreements. No employee or police officer hired after October 26, 2015 is eligible for payout of accumulated sick leave.

**TOWN OF DARIEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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The Board of Education discontinued sick leave payments for custodians and maintenance workers. Town employees remain eligible for the payments. The Town accrued the amount that is probable for payment.

Compensated absences are accrued when incurred in the government-wide financial statements. No expenditure is reported in the governmental funds for these amounts until the payment is made.

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pension and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). The Town reports in its governmental funds unavailable revenues, which arises only under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from several sources: property taxes and interest on delinquent property taxes, sewer assessments, sewer use fees and interest on delinquent sewer use fees.

**M. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to other funds for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **N. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Principal payments are reported as debt service expenditures.

#### **O. Net Pension Asset**

The net pension asset is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension asset is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

#### **P. Other Post-Employment Benefit (OPEB) Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

#### **Funding Policy**

The Town makes annual contributions based on management's decisions, taking into account the latest actuarial valuation.

#### **Q. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

**TOWN OF DARIEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**R. Net Position**

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets**

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

**Restricted Net Position**

These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

**Unrestricted Net Position**

This category represents the net position of the Town that is not restricted for any project or other purpose. A deficit will require future funding.

**S. Fund Balance**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). In the governmental fund financial statements, the Town reported the following governmental fund balances:

**Nonspendable Fund Balance**

These amounts cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

**Restricted Fund Balance**

These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

**Committed Fund Balance**

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Darien Representative Town Meeting). The Town of Darien Representative Town Meeting is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**TOWN OF DARIEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**Assigned Fund Balance**

Amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Purchases on order at the end of the fiscal year are included in this category. The Town of Darien Representative Town Meeting has by resolution authorized the finance director to assign fund balance. The Board of Finance may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or review a commitment.

**Unassigned Fund Balance**

The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The Town adheres to the following procedures in establishing the annual budget of the General Fund:

- On the first Tuesday in March, the Boards of Selectmen and Education submit their respective budgets to the Board of Finance.
- On the second Tuesday in March, the Board of Finance conducts a public hearing at which taxpayer comments are heard.
- On or before the third Tuesday in April, the Board of Finance establishes its recommended Budget and the means to finance it including a tax rate for publication and submission to the Representative Town Meeting (RTM).
- On the second Monday in May, the Budget as approved by the Board of Finance is submitted to an RTM at which the budget is legally enacted through passage of a resolution by the RTM. The RTM has authority to either approve the recommended budget or reduce it; it is not permitted to vote an increase. The legal level of control is at the department level. The operating budget includes proposed expenditures and the means of financing them.
- The Board of Finance has the authority to transfer unexpended balances and to establish a process for transfer approval.
- Any subsequent appropriations that alter the total operating budget must be approved by the RTM. As a result of additional appropriations during fiscal year 2019, the original operating budget was increased by \$855,000.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.

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- Except for the accounting for encumbrances, budgets are adopted on a modified accrual basis of accounting.
- The Board of Education, which is not a separate legal entity but a separate department of the Town, is authorized under state law to make any transfers required within its budget at its discretion. Any additional appropriations must have Board of Education, Board of Finance and RTM approval.
- Budgeted amounts shown are as originally adopted, or as amended by the Board of Finance and RTM during the course of the year.
- Generally, all unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward.
- The Unassigned General Fund Balance at the end of the fiscal year should be no less than 12% of the budgetary General Fund Revenues for that fiscal year. It is the policy of the Board of Finance to keep the fund balance above the minimum level except under extraordinary events or in unanticipated situations.

The Sewer Operating Fund, a major fund, has an annual legally adopted budget. The Parking Operations Fund is a nonmajor fund with an annually adopted budget. Establishment of the budget requires Board of Selectmen, Board of Finance and RTM approval. There were no additional appropriations approved during the year for the Sewer Operating Fund. All budgets are on the modified accrual basis of accounting.

Expenditures of funds for long-term capital improvements are budgeted by project each year. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**Deficit Fund Balance**

As of June 30, 2019, the Park Pals Play Area fund had a deficit fund balance of \$12,487. This deficit is the result of timing and will be eliminated by transfers.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully

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collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and is regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares. The State Short-Term Investment Fund (STIF) allows participants to make same day withdrawals and deposits of any size. The fund does not limit the size or number of participant transactions.

**A. Deposits**

**Deposit Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town’s deposit policy for custodial credit risk requires pre-qualification of institutions with which the Town does business. The pre-qualification requirements include, but are not limited to, proof of creditworthiness, five years or more of operations, evidence of adequate insurance coverage, proof of state registration, and proof of compliance with state and federal capital adequacy guidelines. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut or up to the FDIC limit in out-of-state banks.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$49,048,379 of the Town’s bank balance of 52,484,761 was exposed to custodial credit risk as follows:

|   |                      |
|---|----------------------|
| Uninsured and uncollateralized                | \$ 44,898,984        |
| Collateralized, held by banks                 | <u>4,149,395</u>     |
| Total Amount Subject to Custodial Credit Risk | <u>\$ 49,048,379</u> |

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

**Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2019, the Town’s cash equivalents amounted to \$17,510. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

|   |                                       |
|---|---------------------------------------|
|   | <b><u>Standard<br/>and Poor’s</u></b> |
| State Short-Term Investment Fund (STIF) | AAA                                   |

**TOWN OF DARIEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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**B. Investments**

Investments as of June 30, 2019 in all funds are as follows:

|                               | <u>Fair Value</u>     | <u>Maturity in Years</u> |                     |                     |
|-------------------------------|-----------------------|--------------------------|---------------------|---------------------|
|                               |                       | <u>Less Than 1</u>       | <u>1 - 10</u>       | <u>More Than 10</u> |
| Interest-bearing investments: |                       |                          |                     |                     |
| Certificate of Deposit        | \$ <u>9,682,016</u>   | \$ <u>2,148,814</u>      | \$ <u>7,533,202</u> | \$ <u>-</u>         |
| Total                         | 9,682,016             | \$ <u>2,148,814</u>      | \$ <u>7,533,202</u> | \$ <u>-</u>         |
| Other investments:            |                       |                          |                     |                     |
| Mutual Funds                  | 54,503,715            |                          |                     |                     |
| Common Stock                  | <u>86,772,254</u>     |                          |                     |                     |
| Total Investments             | \$ <u>150,957,985</u> |                          |                     |                     |

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2019:

|                                       | <u>June 30,<br/>2019</u> | <u>Fair Value Measurements Using</u> |                |                |
|---------------------------------------|--------------------------|--------------------------------------|----------------|----------------|
|                                       |                          | <u>Level 1</u>                       | <u>Level 2</u> | <u>Level 3</u> |
| Investments by fair value level:      |                          |                                      |                |                |
| Common stock                          | \$ 86,772,254            | \$ 86,772,254                        | \$             | \$             |
| Mutual funds                          | <u>54,503,715</u>        | <u>54,503,715</u>                    |                |                |
| Total investments by fair value level | 141,275,969              | \$ <u>141,275,969</u>                | \$ <u>-</u>    | \$ <u>-</u>    |
| Certificates of Deposit               | <u>9,682,016</u>         |                                      |                |                |
| Total Investments                     | \$ <u>150,957,985</u>    |                                      |                |                |

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**Interest Rate Risk**

The Town's investment policy limits the maximum investment maturity to one year.

**TOWN OF DARIEN, CONNECTICUT  
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**Concentration of Credit Risk**

The Town’s investment policy does not allow for an investment in any one issuer that is in excess of 5% of the Town’s total investments.

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town maintains a listing of financial institutions approved to provide custody based on their creditworthiness in accordance with the Town’s investment policy. The investment policy details the information that must be provided by financial institutions on an annual basis to become or remain qualified for investment transactions.

**4. RECEIVABLES**

Receivables as of year end for the Town’s individual major funds, and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|   | <u>General</u>      | <u>Sewer<br/>Operating</u> | <u>Sewer<br/>Assessment</u> | <u>Capital<br/>Projects</u> | <u>Nonmajor<br/>and Other<br/>Funds</u> | <u>Total</u>        |
|---|---------------------|----------------------------|-----------------------------|-----------------------------|---|---------------------|
| Receivables:                                      |                     |                            |                             |                             |   |                     |
| Interest on delinquent taxes                      | \$ 210,203          | \$                         | \$                          | \$                          | \$                                      | \$ 210,203          |
| Taxes   | 809,643             |                            |                             |                             |   | 809,643             |
| Accounts  | 887,713             | 189,651                    |                             | 507                         | 321,174                                 | 1,399,045           |
| Special assessments                               |                     |                            | 1,850,817                   |                             |   | 1,850,817           |
| Intergovernmental                                 | 2,932               |                            |                             | 14,380                      | 299                                     | 17,611              |
| Interest receivable                               | 11,770              | 27,058                     |                             |                             |   | 38,828              |
| Investment income                                 | 182,351             |                            |                             |                             | 103,831                                 | 286,182             |
| Gross receivables                                 | <u>2,104,612</u>    | <u>216,709</u>             | <u>1,850,817</u>            | <u>14,887</u>               | <u>425,304</u>                          | <u>4,612,329</u>    |
| Less allowance for<br>property tax uncollectibles | <u>(129,180)</u>    |                            |                             |                             |   | <u>(129,180)</u>    |
| Net Total Receivables                             | <u>\$ 1,975,432</u> | <u>\$ 216,709</u>          | <u>\$ 1,850,817</u>         | <u>\$ 14,887</u>            | <u>\$ 425,304</u>                       | <u>\$ 4,483,149</u> |

**TOWN OF DARIEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|---------------------|---------------------------|
| Governmental activities:                    |                              |                     |                     |                           |
| Capital assets not being depreciated:       |                              |                     |                     |                           |
| Land  | \$ 19,633,755                | \$                  | \$                  | \$ 19,633,755             |
| Construction in progress                    | 1,338,962                    | 383,691             | 1,274,242           | 448,411                   |
| Total capital assets not being depreciated  | <u>20,972,717</u>            | <u>383,691</u>      | <u>1,274,242</u>    | <u>20,082,166</u>         |
| Capital assets being depreciated:           |                              |                     |                     |                           |
| Buildings                                   | 223,946,170                  | 2,667,431           |                     | 226,613,601               |
| Land improvements                           | 4,639,616                    | 515,618             | 1,111,383           | 4,043,851                 |
| Machinery and equipment                     | 18,367,117                   | 789,669             | 372,214             | 18,784,572                |
| Infrastructure                              | 40,517,327                   | 592,080             |                     | 41,109,407                |
| Total capital assets being depreciated      | <u>287,470,230</u>           | <u>4,564,798</u>    | <u>1,483,597</u>    | <u>290,551,431</u>        |
| Less accumulated depreciation for:          |                              |                     |                     |                           |
| Buildings                                   | 78,491,486                   | 3,867,049           |                     | 82,358,535                |
| Land improvements                           | 2,433,404                    | 65,524              |                     | 2,498,928                 |
| Machinery and equipment                     | 9,779,337                    | 1,184,385           | 268,701             | 10,695,021                |
| Infrastructure                              | 28,238,006                   | 521,022             |                     | 28,759,028                |
| Total accumulated depreciation              | <u>118,942,233</u>           | <u>5,637,980</u>    | <u>268,701</u>      | <u>124,311,512</u>        |
| Total capital assets being depreciated, net | <u>168,527,997</u>           | <u>(1,073,182)</u>  | <u>1,214,896</u>    | <u>166,239,919</u>        |
| Governmental Activities Capital Assets, Net | <u>\$ 189,500,714</u>        | <u>\$ (689,491)</u> | <u>\$ 2,489,138</u> | <u>\$ 186,322,085</u>     |

Depreciation expense was charged to functions/programs as follows:

|  |                     |
|--|---------------------|
| General government                                   | \$ 229,340          |
| Community development                                | 6,559               |
| Public Safety  | 1,089,984           |
| Parks and recreation                                 | 108,419             |
| Public works   | 1,002,215           |
| Education  | 3,201,463           |
| Total Depreciation Expense - Governmental Activities | <u>\$ 5,637,980</u> |

**TOWN OF DARIEN, CONNECTICUT  
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**Construction Commitments**

The Town has active construction projects as of June 30, 2019. A summary of capital projects is as follows:

| Project                            | Project Expenditures   |                                |              |                          |                            |              |           | Balance    |
|------------------------------------|------------------------|--------------------------------|--------------|--------------------------|----------------------------|--------------|-----------|------------|
|                                    | Additions<br>Deletions | Total Project<br>Authorization | 2018-2019    | Prior Year<br>Cumulative | Current Year<br>Cumulative | Encumbrances |           |            |
| Sewer Capital                      | \$ 1,740,594           | \$ 143,000                     | \$ 1,883,594 | \$ 236,415               | \$ 1,313,214               | \$ 1,549,629 | \$ 16,470 | \$ 317,495 |
| Capital Non-Recurring Expenditures | 64,531,522             | 5,090,036                      | 69,621,558   | 4,181,678                | 56,465,060                 | 60,646,738   | 1,348,113 | 7,626,707  |
| Parking Capital                    | 2,764,103              | 382,953                        | 3,147,056    | 363,935                  | 806,130                    | 1,170,065    | 33,213    | 1,943,778  |
| Short Lane Property                | 1,925,000              |                                | 1,925,000    |                          | 1,925,000                  | 1,925,000    |           | -          |
| BOE Paving Projects                | 231,200                |                                | 231,200      |                          | 231,200                    | 231,200      |           | -          |
| 35 Leroy Heating                   | 303,000                |                                | 303,000      |                          | 303,000                    | 303,000      |           | -          |
| Parking Lot Improvements           | 441,800                |                                | 441,800      |                          | 336,128                    | 336,128      |           | 105,672    |
| DPW Garage Renovation              | 6,545,000              |                                | 6,545,000    | 279,153                  | 5,758,189                  | 6,037,342    |           | 507,658    |
| Clocks Lane Sewer Expansion        | 470,000                |                                | 470,000      | 11,497                   | 394,325                    | 405,822      |           | 64,178     |
| Ox Ridge Land Purchase             | 6,340,000              |                                | 6,340,000    | 21,418                   | 6,313,236                  | 6,334,654    |           | 5,346      |
| DHS Cafeteria Expansion            | 1,951,359              |                                | 1,951,359    | 1,567,813                | 331,135                    | 1,898,948    |           | 52,411     |
| Town Hall Generator                | 250,000                |                                | 250,000      | 11,500                   |                            | 11,500       |           | 238,500    |
| DHS Shed                           | 250,000                |                                | 250,000      |                          |                            |              |           | 250,000    |
| Holmes School Roof and Skylight    | 1,020,000              |                                | 1,020,000    | 43,393                   |                            | 43,393       | 16,607    | 960,000    |
| DHS Turf Baseball Field            | 585,000                |                                | 585,000      | 515,618                  |                            | 515,618      |           | 69,382     |
| Hindley Roof                       |                        | 558,250                        | 558,250      |                          |                            |              |           | 558,250    |
| Highland Farms Improvements        |                        | 609,000                        | 609,000      |                          |                            |              |           | 609,000    |
| Ox Ridge Elementary School         |                        | 63,000,000                     | 63,000,000   | 53,802                   |                            | 53,802       | 19,826    | 62,926,372 |

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Individual fund interfund receivable and payable balances at June 30, 2019 are as follows:

| Receivable Fund | Payable Fund     | Amount    |
|-----------------|------------------|-----------|
| General Fund    | Capital Projects | \$ 53,802 |

All interfund receivables and payables are the result of regularly recurring transactions and represent temporary balances.

Interfund transfers:

|                             | Transfers In    |                     | Total<br>Transfers<br>Out |
|-----------------------------|-----------------|---------------------|---------------------------|
|                             | General<br>Fund | Capital<br>Projects |                           |
| Transfers out:              |                 |                     |                           |
| General Fund                | \$              | \$ 4,375,315        | \$ 4,375,315              |
| Sewer Operating Fund        | 53,807          | 143,000             | 196,807                   |
| Sewer Assessment Fund       | 550,000         |                     | 550,000                   |
| Nonmajor governmental Funds | 333,854         | 384,303             | 718,157                   |
| Total Transfers In          | \$ 937,661      | \$ 4,902,618        | \$ 5,840,279              |

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Interfund transfers are included in the annual budget to:

- Move revenues from the General Fund to the Reserve for Capital and Non-Recurring Expenditures to fund capital projects and purchases approved in the annual budget. The actual transfer was \$423,702 less than budgeted due to higher than budgeted revenues in the Reserve for Capital and Non-Recurring Expenditures fund.
- Move revenues from the Sewer Operating Fund to reimburse the General Fund for principal and interest payments on sewer rehabilitation bonds.
- Move revenues from the Sewer Operating Fund to the Sewer Capital Fund for capital projects and purchases that were approved in the annual budget.
- Move revenues from the Sewer Assessment Fund to reimburse the General Fund for principal and interest payments on sewer construction bonds.
- Move revenues from the Police Private Duty Fund to reimburse the General Fund for administrative expenses. The transfer, based on actual collections in the Private Duty fund, exceeded the budget by \$58,107.
- Move revenues from the Parking Operations Fund to the Parking Capital Fund for capital projects and purchases that were approved in the annual budget.
- Move revenues from the Storm Recovery Fund and the Stadium Field Fund to the General Fund, closing those funds.

During the year ended June 30, 2019, the following additional transfers were approved:

- A transfer of \$355,000 from the General Fund to the Reserve for Capital and Non-Recurring Expenditures fund to update wiring in various elementary schools.
- A transfer of \$200,000 from the General Fund to the Reserve for Capital and Non-Recurring Expenditures fund for installation of new sidewalks.
- A transfer of \$175,000 from the General Fund to the Reserve for Capital and Non-Recurring Expenditures fund for the design of intersection improvements.
- A transfer of \$75,000 from the General Fund to the Reserve for Capital and Non-Recurring Expenditures fund for a replacement roof top unit at Holmes Elementary School.
- A transfer of \$50,000 from the General Fund to the Reserve for Capital and Non-Recurring Expenditures fund for improvements to the Short Lane property.

**TOWN OF DARIEN, CONNECTICUT  
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**7. LEASES**

**Operating Leases**

The Town leases some office equipment under operating leases. These leases are cancelable at any time before the expiration date of the year 2025. The future minimum lease payments for these leases are as follows:

**Year Ending June 30**

|           |                     |
|-----------|---------------------|
| 2020      | \$ 381,067          |
| 2021      | 375,926             |
| 2022      | 209,034             |
| 2023      | 69,174              |
| 2024      | 24,116              |
| 2025-2029 | <u>540</u>          |
| Total     | <u>\$ 1,059,857</u> |

**8. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2019 was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u>    | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--|------------------------------|---------------------|----------------------|---------------------------|--------------------------------|
| Governmental Activities:                               |                              |                     |                      |                           |                                |
| Bonds payable:   |                              |                     |                      |                           |                                |
| General obligation bonds                               | \$ 64,895,000                | \$ 4,185,000        | \$ 8,780,000         | \$ 60,300,000             | \$ 8,885,000                   |
| Clean water notes                                      | 131,101                      |                     | 51,657               | 79,444                    | 52,699                         |
| Premiums on bonds                                      | 4,346,797                    | 116,236             | 675,871              | 3,787,162                 |                                |
| Total bonds and notes payable                          | <u>69,372,898</u>            | <u>4,301,236</u>    | <u>9,507,528</u>     | <u>64,166,606</u>         | <u>8,937,699</u>               |
| Net OPEB liability                                     | 6,686,958                    | 3,332               |                      | 6,690,290                 |                                |
| Compensated absences                                   | <u>2,374,203</u>             | <u>1,394,498</u>    | <u>1,390,726</u>     | <u>2,377,975</u>          | <u>1,373,167</u>               |
| Total Governmental Activities<br>Long-Term Liabilities | <u>\$ 78,434,059</u>         | <u>\$ 5,699,066</u> | <u>\$ 10,898,254</u> | <u>\$ 73,234,871</u>      | <u>\$ 10,310,866</u>           |

**TOWN OF DARIEN, CONNECTICUT  
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Bonds and notes outstanding by issue at June 30, 2019 were:

| Description  | Year of<br>Maturity | Interest<br>Rate (%) | Balance<br>Outstanding<br>June 30, 2019 |
|--|---------------------|----------------------|---|
| General Obligation Bonds:                          |                     |                      |   |
| Refunding 2010                                     | 2021                | 4.00                 | \$ 1,807,000                            |
| Refunding 2012                                     | 2028                | 2.25-4.00            | 19,819,000                              |
| General Purpose 2013                               | 2022                | 2.00                 | 1,095,000                               |
| Refunding 2014                                     | 2024                | 3.00-4.00            | 9,308,000                               |
| General Purpose 2016                               | 2026                | 2.00-3.00            | 2,190,000                               |
| Refunding 2016                                     | 2027                | 2.00-4.00            | 7,230,000                               |
| General Purpose 2017                               | 2037                | 2.00-5.00            | 12,460,000                              |
| General Purpose 2019                               | 2039                | 2.00-5.00            | 3,774,177                               |
| Total general obligation bonds                     |                     |                      | <u>57,683,177</u>                       |
| Special Assessment Debt with Town Commitment:      |                     |                      |   |
| Refunding 2010                                     | 2021                | 4.00                 | 773,000                                 |
| Refunding 2012                                     | 2024                | 2.25-4.00            | 411,000                                 |
| Refunding 2014                                     | 2024                | 3.00-4.00            | 797,000                                 |
| Refunding 2016                                     | 2027                | 2.00-4.00            | 225,000                                 |
| General Purpose 2019                               | 2039                | 2.00-5.00            | 410,823                                 |
| Total special assessment debt with Town commitment |                     |                      | <u>2,616,823</u>                        |
| State Loans:                                       |                     |                      |   |
| Clean Water  | 2021                | 2.00                 | 79,444                                  |
| Total State Loans                                  |                     |                      | <u>79,444</u>                           |
| Total Outstanding                                  |                     |                      | <u>\$ 60,379,444</u>                    |

During fiscal year 2019, principal and interest payments were funded by the General Fund. The Sewer Operating Fund and Sewer Assessment Fund reimbursed the General Fund \$53,807 and \$550,000, respectively, toward these payments. The Sewer Operating Fund is responsible for debt service of the sewer rehabilitation bonds, and the Sewer Assessment Fund is responsible for the majority of debt service for the sewer construction bonds. Payment of the principal and interest on Special Assessment Sewer Bonds is guaranteed by the full faith and credit of the Town.

**TOWN OF DARIEN, CONNECTICUT  
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The following is a summary of long-term debt principal and interest maturities.

| <b>General Obligation Bonds</b> |                      |                     |
|---------------------------------|----------------------|---------------------|
| <b>Year Ending June 30</b>      | <b>Principal</b>     | <b>Interest</b>     |
| 2020                            | \$ 8,885,000         | \$ 1,737,738        |
| 2021                            | 8,720,000            | 1,390,538           |
| 2022                            | 8,280,000            | 1,099,343           |
| 2023                            | 7,145,000            | 869,700             |
| 2024                            | 5,360,000            | 678,694             |
| 2025-2029                       | 13,055,000           | 1,918,261           |
| 2030-2034                       | 4,950,000            | 1,014,160           |
| 2035-2039                       | <u>3,905,000</u>     | <u>279,900</u>      |
| Total                           | \$ <u>60,300,000</u> | \$ <u>8,988,334</u> |

| <b>Clean Water Notes</b>   |                  |                 |
|----------------------------|------------------|-----------------|
| <b>Year Ending June 30</b> | <b>Principal</b> | <b>Interest</b> |
| 2020                       | \$ 52,699        | \$ 1,108        |
| 2021                       | <u>26,745</u>    | <u>156</u>      |
| Total                      | \$ <u>79,444</u> | \$ <u>1,264</u> |

**Authorized Unissued Bonds**

At June 30, 2019, the Town of Darien had \$59,177 of authorized, unissued bonds for sewer line extension projects, \$14,327 for Intervale Road Drainage, \$105,673 for various paving projects, \$526,182 for DPW Garage Renovation, \$250,000 for the construction of an athletic shed at Darien High School, \$10,000 for the replacement of the turf baseball field at Darien High School, \$609,000 for improvements at Highland Farms, \$558,250 for the replacement of the roof at Hindley Elementary School and \$63,000,000 for construction of a new Ox Ridge Elementary School.

**Debt Limit**

The Town’s total indebtedness does not exceed the limit of \$971 million allowed by State Statute.

**Compensated Absences**

The liability for compensated absences increased by \$3,772 this year. These liabilities are paid by the General Fund, Sewer Operating Fund and Parking Operations Fund.

**TOWN OF DARIEN, CONNECTICUT  
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**9. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omission; or natural disasters. The Town purchases commercial insurance for all risks of loss, except dental claims as discussed below. During the year ended June 30, 2019, deductibles paid by the Town were insignificant. Settled claims for all types of commercial coverage have not exceeded coverage in any of the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

**A. Risk Pooling**

The Town is a member of the CIRMA Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The premium paid during the year ended June 30, 2019 was \$974,000. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

**B. Self-Insurance Plans**

The Town manages certain of its risks internally and sets aside assets for claim settlements. The General Fund accounts for the Board of Education dental plan and the Town Dental plan is recorded as a self insured fund within the Internal Service fund. A third party administers the Town's self-insurance program. There is no stop loss coverage.

The Town's General Fund accounts for the Board of Education dental plan. The plan is funded through annual General Fund appropriations and the claims liability of \$25,699 reported at June 30, 2019 is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of the claim accrual is based on actual claims incurred prior to June 30, 2019 but paid in the next fiscal year. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

The Town's Internal Service Fund accounts for the Town dental plan. The plan is funded through annual General Fund appropriations and the claims liability of \$8,538 reported at June 30, 2019 is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of the claim accrual is based on actual claims incurred prior to June 30, 2019 but paid in the next fiscal year. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

The analysis of the activity in the claims liability is as follows:

|           | <b>Claims<br/>Payable<br/>July 1,</b> |    | <b>Claims and<br/>Changes in<br/>Estimates</b> |    | <b>Claims<br/>Paid</b> |    | <b>Claims<br/>Payable<br/>June 30,</b> |
|-----------|---------------------------------------|----|--|----|------------------------|----|--|
| 2017-2018 | \$ 43,267                             | \$ | 759,773  | \$ | 769,608                | \$ | 33,432                                 |
| 2018-2019 | 33,432                                |    | 777,280  |    | 776,475                |    | 34,237                                 |

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**10. FUND BALANCE**

The components of fund balance for the governmental funds as of June 30, 2019 are as follows:

|                            | Major<br>Special Revenue<br>Funds |                    |                     | Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total         |
|----------------------------|-----------------------------------|--------------------|---------------------|---------------------|-----------------------------------|---------------|
|                            | General<br>Fund                   | Sewer<br>Operating | Sewer<br>Assessment |                     |                                   |               |
| Fund balances:             |                                   |                    |                     |                     |                                   |               |
| Nonspendable:              |                                   |                    |                     |                     |                                   |               |
| Prepaid expenditures       | \$ 11,793                         |                    |                     |                     |                                   | \$ 11,793     |
| Restricted for:            |                                   |                    |                     |                     |                                   |               |
| Unspent grant balances     |                                   |                    |                     |                     | 359,201                           | 359,201       |
| Parks and recreation       |                                   |                    |                     |                     | 41,462                            | 41,462        |
| Weed beach                 |                                   |                    |                     |                     | 4,289                             | 4,289         |
| Trusts                     |                                   |                    |                     |                     | 84,372                            | 84,372        |
| Committed to:              |                                   |                    |                     |                     |                                   |               |
| Sewer operations           |                                   | 3,242,438          |                     |                     |                                   | 3,242,438     |
| Sewer assessment projects  |                                   |                    | 353,128             |                     |                                   | 353,128       |
| Capital Projects           |                                   |                    |                     | 10,890,805          |                                   | 10,890,805    |
| Land purchase              | 39,044                            |                    |                     |                     |                                   | 39,044        |
| Special education          | 100,000                           |                    |                     |                     |                                   | 100,000       |
| Food services              |                                   |                    |                     |                     | 305,043                           | 305,043       |
| Police services            |                                   |                    |                     |                     | 559,401                           | 559,401       |
| Fire services              |                                   |                    |                     |                     | 35,694                            | 35,694        |
| Parking operations         |                                   |                    |                     |                     | 1,589,047                         | 1,589,047     |
| Affordable housing         |                                   |                    |                     |                     | 363,851                           | 363,851       |
| Assigned to:               |                                   |                    |                     |                     |                                   |               |
| Purchases on order         |                                   |                    |                     |                     |                                   |               |
| General government         | 7,940                             |                    |                     |                     |                                   | 7,940         |
| Purchases on order         |                                   |                    |                     |                     |                                   |               |
| Community environment      | 500                               |                    |                     |                     |                                   | 500           |
| Purchases on order         |                                   |                    |                     |                     |                                   |               |
| Public safety              | 28,065                            |                    |                     |                     |                                   | 28,065        |
| Purchases on order         |                                   |                    |                     |                     |                                   |               |
| Health and social services | 7,085                             |                    |                     |                     |                                   | 7,085         |
| Purchases on order         |                                   |                    |                     |                     |                                   |               |
| Board of education         | 281,124                           |                    |                     |                     |                                   | 281,124       |
| Unassigned                 | 25,252,631                        |                    |                     |                     | (12,487)                          | 25,240,144    |
| Total Fund Balances        | \$ 25,728,182                     | \$ 3,242,438       | \$ 353,128          | \$ 10,890,805       | \$ 3,329,873                      | \$ 43,544,426 |

Significant encumbrances of \$324,714, \$1,449,980 and \$15,750 are included in the above table in the assigned categories and the restricted category of the of the General Fund, Capital Projects Fund and Nonmajor Governmental Funds, respectively.

**11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**Pension Plans**

**A. Plan Description**

**The Funded Retirement Plan of the Town of Darien**

The Town contributes to a single employer, contributory defined benefit pension plan (the Town Plan) covering substantially all Town employees (except police) and noncertified Board of Education employees.

Employees of the Town regularly employed on a permanent full-time basis (excluding police and teachers) or any elective officer are covered by the Town Plan.

At July 1, 2017 (date of the last valuation), membership in the Town Plan consisted of:

|  |                   |
|--|-------------------|
| Retirees, disabled members and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them | 238               |
| Current active members   | <u>394</u>        |
| Total  | <u><u>632</u></u> |

The Town Plan provides retirement benefits, as well as death and disability benefits. All benefits vest after five years of employment. If any employee leaves covered employment before five years or dies before ten years of employment, accumulated employee contributions plus related investment earnings are refunded.

Benefit and contribution provisions are subject to collective bargaining. These provisions are established by ordinance and may be amended only by concurrence of the Board of Selectmen, Board of Finance and the RTM for nonbargaining unit employees.

The general administration and management of the Town Pension Plan and the responsibility for carrying out the provision of the plan shall be placed in the Town Pension Board. This board shall be made up of not fewer than three or more than five electors appointed by the Board of Selectmen of the Town. An elector may be, but need not be, an elected official of the Town or a member of any other board or committee of the Town.

**Town of Darien Police Pension Fund**

The Town contributes to a single employer, contributory defined benefit pension plan covering all Town Police (the Police Plan).

At July 1, 2017, membership in the Police Plan consisted of:

|   |                   |
|---|-------------------|
| Retirees, disabled members and beneficiaries currently receiving benefits | 59                |
| Current active members  | <u>48</u>         |
| Total   | <u><u>107</u></u> |

**TOWN OF DARIEN, CONNECTICUT  
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The Police Plan provides retirement benefits as well as death and disability benefits. Employees who retire with 20 years or more of credited service are vested and entitled to an annual retirement benefit, payable monthly for life. There is no provision for early retirement. If any employee leaves covered employment or dies before being eligible for a retirement, disability or death benefit, accumulated employee contributions plus 75% of related investment earnings are refunded. Benefit and contribution provisions are subject to collective bargaining.

The general administration and management of the Police Pension Plan and the responsibility for carrying out the provision of the plan shall be placed in the Police Pension Board. This board shall be made up of the members of the police commission, one member from the Town’s Board of Finance and one police officer.

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

The pension trust funds’ financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which the employee services are performed. All other revenues are recognized when they are earned and expenses are recognized when they are incurred.

Neither the Town Plan nor the Police Plan issues a stand-alone financial report.

**Method Used to Value Investments**

Investments are reported at fair value. Investment income is recognized as earned.

**Plan Description and Benefits Provided**

Town employees are required to contribute 5% of their annual salary. Police are required to contribute 6% of their annual salary. The Town is required by ordinance to contribute the remaining amounts necessary to provide the retirement benefits. The Town’s contributions are actuarially determined on an annual basis. Administrative costs are financed through investment earnings.

**C. Investments**

The Town and Police Plans’ policy in regard to the allocation of invested assets is established and may be amended.

The following was the Pension Committee’s adopted asset allocation policy as of June 30, 2019:

| <u>Asset Class</u>          | <u>Target Allocation</u> |
|-----------------------------|--------------------------|
| Domestic equity (large cap) | 50.00%                   |
| Fixed income                | <u>50.00%</u>            |
| Total                       | <u><u>100.00%</u></u>    |

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**Rate of Return**

For the year ended June 30, 2019, the annual money-weighted rate of return on pension investments for the Town and Police Plans, net of pension plan investment expense, was 5.88% and 5.93%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**D. Net Pension Liability (Asset) of the Town**

The Town's net pension asset was measured as of June 30, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

The components of the net pension liability (asset) of the Town at June 30, 2019 were as follows:

|   | <u>Town<br/>Pension<br/>Plan</u> | <u>Police<br/>Pension<br/>Plan</u> |
|---|----------------------------------|------------------------------------|
| Total pension liability   | \$ 80,274,861                    | \$ 47,804,724                      |
| Plan fiduciary net position   | <u>(83,209,799)</u>              | <u>(52,180,211)</u>                |
| Town's Net Pension Liability (Asset)  | <u>\$ (2,934,938)</u>            | <u>\$ (4,375,487)</u>              |
| Plan fiduciary net position as a percentage<br>of the total pension liability (asset) | 103.66%                          | 109.15%                            |

**Actuarial Assumptions**

The total pension liability (asset) was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

|                           | <u>Town<br/>Pension<br/>Plan</u>   | <u>Police<br/>Pension<br/>Plan</u> |
|---------------------------|--|------------------------------------|
| Inflation                 | 2.75%  | 2.75%                              |
| Salary increases          | Graded based on<br>service for<br>Teachers and<br>Administrators,<br>3.50% for all<br>others | Graded based on<br>service         |
| Investment rate of return | 6.50%  | 6.50%                              |

Mortality rates were based on the RP-2014 combined mortality table with improvements projected with mortality improvement scale MP-2017.

**TOWN OF DARIEN, CONNECTICUT  
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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

| <u>Asset Class</u>          | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|-----------------------------|---|
| Domestic equity (large cap) | 4.33%   |
| Fixed income                | 2.40%   |

**Discount Rate**

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

|  | <u>Town Pension Fund</u>           |  |  |
|--|------------------------------------|--|--|
|  | <u>Total Pension<br/>Liability</u> | <u>Increase (Decrease)</u>             |  |
|  |                                    | <u>Plan Fiduciary<br/>Net Position</u> | <u>Net Pension<br/>Liability (Asset)</u> |
|  | <u>(a)</u>                         | <u>(b)</u>                             | <u>(a)-(b)</u>                           |
| Balances as of July 1, 2018                                  | \$ 75,578,451                      | \$ 79,000,754                          | \$ (3,422,303)                           |
| Changes for the year:  |                                    |  |  |
| Service cost   | 3,085,417                          |  | 3,085,417                                |
| Interest on total pension liability                          | 5,004,595                          |  | 5,004,595                                |
| Employer contributions                                       |                                    | 1,738,851                              | (1,738,851)                              |
| Member contributions   |                                    | 1,230,098                              | (1,230,098)                              |
| Net investment income  |                                    | 4,680,114                              | (4,680,114)                              |
| Benefit payments, including refund to employee contributions | (3,393,602)                        | (3,393,602)                            | -  |
| Administrative expenses                                      |                                    | (46,416)                               | 46,416                                   |
| Net changes  | <u>4,696,410</u>                   | <u>4,209,045</u>                       | <u>487,365</u>                           |
| Balances as of June 30, 2019                                 | \$ <u>80,274,861</u>               | \$ <u>83,209,799</u>                   | \$ <u>(2,934,938)</u>                    |

**TOWN OF DARIEN, CONNECTICUT  
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| <b>Police Pension Fund</b>                                   |  |  |  |
|--|--|--|--|
|  | <b>Increase (Decrease)</b>                 |  |  |
|  | <b>Total Pension<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net Pension<br/>Liability (Asset)<br/>(a)-(b)</b> |
| Balances as of July 1, 2018                                  | \$ 46,253,197                              | \$ 51,064,125                                  | \$ (4,810,928)                                       |
| Changes for the year:  |  |  |  |
| Service cost   | 961,290                                    |  | 961,290  |
| Interest on total pension liability                          | 2,992,110                                  |  | 2,992,110  |
| Employer contributions                                       |  | 256,426  | (256,426)  |
| Member contributions   |  | 312,312  | (312,312)  |
| Net investment income  |  | 2,975,534                                      | (2,975,534)  |
| Benefit payments, including refund to employee contributions | (2,401,873)                                | (2,401,873)                                    | -  |
| Administrative expenses                                      |  | (26,313)                                       | 26,313   |
| Net changes  | <u>1,551,527</u>                           | <u>1,116,086</u>                               | <u>435,441</u>                                       |
| Balances as of June 30, 2019                                 | <u>\$ 47,804,724</u>                       | <u>\$ 52,180,211</u>                           | <u>\$ (4,375,487)</u>                                |

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the Town, calculated using the current discount rate, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|                     | <b>1% Decrease<br/>(5.50%)</b> | <b>Current<br/>Discount Rate<br/>(6.50%)</b> | <b>1% Increase<br/>(7.50%)</b> |
|---------------------|--------------------------------|--|--------------------------------|
| Town Pension Plan   | \$ 6,387,205                   | \$ (2,934,938)                               | \$ (10,519,846)                |
| Police Pension Plan | 1,455,136                      | (4,375,487)                                  | (9,317,371)                    |

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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the Town recognized pension expense of \$3,505,144. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|   | <b>Town Pension Plan</b>                      |  |
|---|---|--|
|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Changes in assumptions  | \$ 1,712,967                                  | \$ (1,551,115)                               |
| Net difference between projected and actual earning on pension plan investments |   | (365,249)                                    |
| Difference between expected and actual experience                               | <u>3,700,548</u>                              | <u>(282,582)</u>                             |
| Total   | <u>\$ 5,413,515</u>                           | <u>\$ (2,198,946)</u>                        |

|   | <b>Police Pension Plan</b>                    |  |
|---|---|--|
|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Changes in assumptions  | \$  | \$ (511,025)                                 |
| Net difference between projected and actual earning on pension plan investments |   | (271,217)                                    |
| Difference between expected and actual experience                               | <u>1,100,642</u>                              | <u></u>                                      |
| Total   | <u>\$ 1,100,642</u>                           | <u>\$ (782,242)</u>                          |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| <b><u>Year Ending June 30</u></b> | <b>Town<br/>Pension<br/>Plan</b> | <b>Police<br/>Pension<br/>Plan</b> |
|-----------------------------------|----------------------------------|------------------------------------|
| 2020                              | \$ 993,585                       | \$ 67,636                          |
| 2021                              | 577,057                          | (210,251)                          |
| 2022                              | 695,912                          | 351,308                            |
| 2023                              | 518,130                          | 109,707                            |
| 2024                              | 429,885                          |                                    |

**Connecticut Teachers Retirement System - Pension**

**A. Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**B. Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**Early Retirement**

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**C. Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees*

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

|   |                       |
|---|-----------------------|
| Town's proportionate share of the net pension liability                           | \$ -                  |
| State's proportionate share of the net pension liability associated with the Town | <u>146,778,802</u>    |
| Total   | <u>\$ 146,778,802</u> |

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2019, the Town recognized pension expense and revenue of \$16,473,327 in Exhibit II.

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.75%  |
| Salary increase           | 3.25-6.50%, including inflation                                    |
| Investment rate of return | 8.00%, net of pension plan investment expense, including inflation |

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

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For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Large Cap U.S. equities     | 21.0%                    | 5.8%  |
| Developed non-U.S. equities | 18.0%                    | 6.6%  |
| Emerging markets (non-U.S.) | 9.0%                     | 8.3%  |
| Core fixed income           | 8.0%                     | 1.3%  |
| Inflation linked bond fund  | 5.0%                     | 1.0%  |
| Emerging market bond        | 4.0%                     | 3.7%  |
| High yield bonds            | 5.0%                     | 3.9%  |
| Real estate                 | 7.0%                     | 5.1%  |
| Private equity              | 11.0%                    | 7.6%  |
| Alternative investments     | 8.0%                     | 4.1%  |
| Liquidity fund              | 4.0%                     | 0.4%  |
| Total                       | <u>100.0%</u>            |   |

**F. Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**TOWN OF DARIEN, CONNECTICUT  
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**H. Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**Pension and OPEB Fund Financial Statements**

|  | <u>Police<br/>Pension Trust<br/>Fund</u> | <u>Town<br/>Pension Trust<br/>Fund</u> | <u>Police Retiree<br/>Medical Reserve<br/>Trust<br/>Fund</u> | <u>Non-Police<br/>Retiree<br/>Benefit Trust<br/>Fund</u> | <u>Total<br/>Trust<br/>Funds</u> |
|--|--|--|--|--|----------------------------------|
| <b>Assets:</b>   |  |  |  |  |                                  |
| Cash and cash equivalents                                      | \$ 582,128                               | \$ 1,575,480                           | \$ 89,525  | \$ 77,068  | \$ 2,324,201                     |
| <b>Investments:</b>  |  |  |  |  |                                  |
| Equity securities  | 31,661,376                               | 50,066,647                             | 2,772,591  | 2,271,640  | 86,772,254                       |
| Mutual funds   | 19,903,736                               | 31,514,980                             | 1,687,800  | 1,397,199  | 54,503,715                       |
| <b>Receivables:</b>  |  |  |  |  |                                  |
| Interest and dividends   | <u>37,605</u>                            | <u>60,106</u>                          | <u>3,337</u>   | <u>2,783</u>   | <u>103,831</u>                   |
| Total assets   | 52,184,845                               | 83,217,213                             | 4,553,253  | 3,748,690  | 143,704,001                      |
| <b>Liabilities:</b>  |  |  |  |  |                                  |
| Accounts and other payables                                    | <u>4,634</u>                             | <u>7,414</u>                           | <u>422</u>   | <u>338</u>   | <u>12,808</u>                    |
| <b>Net Position:</b>   |  |  |  |  |                                  |
| Restricted for Pension Benefits<br>and Postemployment Benefits | <u>\$ 52,180,211</u>                     | <u>\$ 83,209,799</u>                   | <u>\$ 4,552,831</u>  | <u>\$ 3,748,352</u>                                      | <u>\$ 143,691,193</u>            |
| <br>   |  |  |  |  |                                  |
|  | <u>Police<br/>Pension Trust<br/>Fund</u> | <u>Town<br/>Pension Trust<br/>Fund</u> | <u>Police Retiree<br/>Medical Reserve<br/>Trust<br/>Fund</u> | <u>Non-Police<br/>Retiree<br/>Benefit Trust<br/>Fund</u> | <u>Total<br/>Trust<br/>Funds</u> |
| <b>Additions:</b>  |  |  |  |  |                                  |
| <b>Contributions:</b>  |  |  |  |  |                                  |
| Employer   | \$ 256,426                               | \$ 1,738,851                           | \$ 538,408   | \$ 395,119   | \$ 2,928,804                     |
| Plan members   | 312,312                                  | 1,230,098                              |  |  | 1,542,410                        |
| Total contributions  | <u>568,738</u>                           | <u>2,968,949</u>                       | <u>538,408</u>   | <u>395,119</u>   | <u>4,471,214</u>                 |
| <b>Investment income:</b>                                      |  |  |  |  |                                  |
| Net change in fair value<br>of investments                     | 1,943,320                                | 3,051,668                              | 155,030  | 130,534  | 5,280,552                        |
| Interest and dividends   | 1,217,327                                | 1,918,705                              | 114,248  | 98,374   | 3,348,654                        |
| Total investment income  | 3,160,647                                | 4,970,373                              | 269,278  | 228,908  | 8,629,206                        |
| <b>Less investment expense:</b>                                |  |  |  |  |                                  |
| Investment management fees                                     | 185,113                                  | 290,259                                | 16,211   | 13,922   | 505,505                          |
| Net investment income  | <u>2,975,534</u>                         | <u>4,680,114</u>                       | <u>253,067</u>   | <u>214,986</u>   | <u>8,123,701</u>                 |
| Total additions  | <u>3,544,272</u>                         | <u>7,649,063</u>                       | <u>791,475</u>   | <u>610,105</u>   | <u>12,594,915</u>                |
| <b>Deductions:</b>   |  |  |  |  |                                  |
| Benefits   | 2,401,873                                | 3,393,602                              | 438,222  | 329,897  | 6,563,594                        |
| Administration   | 26,313                                   | 46,416                                 | 18,159   | 16,572   | 107,460                          |
| Total deductions   | <u>2,428,186</u>                         | <u>3,440,018</u>                       | <u>456,381</u>   | <u>346,469</u>   | <u>6,671,054</u>                 |
| Change in Net Position   | 1,116,086                                | 4,209,045                              | 335,094  | 263,636  | 5,923,861                        |
| Net Position at Beginning of Year                              | <u>51,064,125</u>                        | <u>79,000,754</u>                      | <u>4,217,737</u>   | <u>3,484,716</u>   | <u>137,767,332</u>               |
| Net Position at End of Year                                    | <u>\$ 52,180,211</u>                     | <u>\$ 83,209,799</u>                   | <u>\$ 4,552,831</u>  | <u>\$ 3,748,352</u>                                      | <u>\$ 143,691,193</u>            |

**12. OTHER POST-EMPLOYMENT BENEFITS**

**Post-Retirement Medical Programs**

**A. Plan Description**

The Town, in accordance with various collective bargaining agreements and State Statutes, is committed to providing health and other benefits to certain eligible retirees and their spouses. The Town has two post-retirement medical programs, the Police Plan and the Non-Police Plan. The Police Plan covers sworn personnel employed as of July 1, 1999 and hired on or before November 20, 2007. The Non-Police Plan covers all other Town and Board of Education employees, including teachers. Under the Police Plan, the Police Union, retirees and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving those benefits. The percentage retirees are required to contribute for these benefits vary and are detailed within the Police Union bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

Other post-employment benefits are established through State statute or the collective bargaining process. The Human Resources Director is the administrator of the plans. Investment authority is vested with the Town and Police Pension Boards.

Membership in the plans consisted of the following at July 1, 2017, the date of the latest actuarial valuation:

|   | <b>Police<br/>Post-Retirement<br/>Medical Program</b> | <b>Non-Police<br/>Post-Retirement<br/>Medical Program</b> |
|---|---|---|
| Plan membership:                              |   |   |
| Retirees, surviving spouses and beneficiaries | 36  | 42  |
| Active plan members                           | 34  | 565   |
| Total Participants                            | 70  | 607   |

**B. Funding Policy**

The Town established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits. The fund is reported as a trust fund in accordance with GASB guidelines. The annual actuarially determined contribution payment is transferred into this account annually from the General Fund and budgeted as a part of the budgeting process, which is approved by the Town Council.

The Town plans to continue a funding strategy that provides for normal cost and the amortization of the accrued liability. The Town’s funding strategy for post-employment obligations is based upon characteristics of benefits on several distinct groups of employees established within their respective collective bargaining units or required by the State and includes the following:

- Eligibility for benefits and the level of benefits range from 5 to 25 years of service at time of retirement determined by collective bargaining unit and date of hire.
- Medical benefits funded by the Town range from 72% cost of coverage for the retiree and dependents up until the employee’s death, to retirees paying the full cost of the coverage.
- Some retirees receive a stipend from the State of Connecticut towards the cost of their coverage.

**TOWN OF DARIEN, CONNECTICUT  
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**C. Investments**

**Investment Policy**

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town and Police Pension Boards by a majority vote of its members.

**Rate of Return**

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 5.67% and 5.59% for the Police and the Non-Police Retiree Benefit OPEB plans, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**D. Net OPEB Liability of the Town**

The Town's net OPEB liability was measured as of June 30, 2019. The components of the net OPEB liability of the Town at June 30, 2019 were as follows:

|  | <b>Police<br/>Post-Retirement<br/>Medical Program</b> | <b>Non-Police<br/>Post-Retirement<br/>Medical Program</b> | <b>Total</b>        |
|--|---|---|---------------------|
| Total OPEB liability   | \$ 8,411,498  | \$ 6,579,975  | \$ 14,991,473       |
| Plan fiduciary net position  | <u>4,552,831</u>                                      | <u>3,748,352</u>  | <u>8,301,183</u>    |
| Net OPEB Liability   | <u>\$ 3,858,667</u>                                   | <u>\$ 2,831,623</u>                                       | <u>\$ 6,690,290</u> |
| Plan fiduciary net position as a<br>percentage of the total OPEB liability | 54.13%  | 56.97%  | 55.37%              |

**Actuarial Assumptions**

The total OPEB liability at June 30, 2019 was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             | <b>Police<br/>Post-Retirement<br/>Medical Program</b> | <b>Non-Police<br/>Post-Retirement<br/>Medical Program</b>                          |
|-----------------------------|---|--|
| Inflation                   | 2.75%   | 2.75%  |
| Salary increases            | Graded based on service                               | Graded based on service for<br>Teachers and Administrators;<br>3.5% for all others |
| Investment rate of return   | 6.50%   | 6.50%  |
| Healthcare cost trend rates | 7.1% decreasing to 4.4% over 65 years                 | 7.3% decreasing to 4.5%<br>over 58 years   |

**TOWN OF DARIEN, CONNECTICUT  
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Mortality for Non-disabled and Disabled Police participants is based on the RP-2014 Mortality Table projected with Mortality Improvement Scale MP-2017. Mortality for Non-disabled and Disabled Teachers and Administrators is based on RP-2000 Combined Healthy Mortality Table projected using scale AA. Mortality for all other Non-disabled and Disabled participants is RP-2014 Non-disabled Mortality Table projected with Mortality Improvement Scale MP-2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2019 are summarized in the following tables:

| <u>Asset Class</u>          | <u>Target Allocation</u> |
|-----------------------------|--------------------------|
| Domestic equity (large cap) | 50.00%                   |
| Fixed income                | <u>50.00%</u>            |
| Total                       | <u><u>100.00%</u></u>    |

| <u>Asset Class</u>          | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|---|
| Domestic equity (large cap) | 4.33%   |
| Fixed income                | 2.40%   |

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that the Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF DARIEN, CONNECTICUT  
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**E. Changes in the Net OPEB Liability**

| <b>Police Post-Retirement Medical Program</b>                |   |  |   |
|--|---|--|---|
|  | <b>Increase (Decrease)</b>              |  |   |
|  | <b>Total OPEB<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net OPEB<br/>Liability<br/>(a)-(b)</b> |
| Balances as of July 1, 2018                                  | \$ 8,062,050                            | \$ 4,217,737                                   | \$ 3,844,313                              |
| Changes for the year:  |   |  |   |
| Service cost   | 260,709                                 |  | 260,709                                   |
| Interest on total OPEB liability                             | 526,961                                 |  | 526,961                                   |
| Employer contributions                                       |   | 538,408  | (538,408)                                 |
| Net investment income  |   | 253,067  | (253,067)                                 |
| Benefit payments, including refund to employee contributions | (438,222)                               | (438,222)                                      | -   |
| Administrative expenses                                      |   | (18,159)                                       | 18,159                                    |
| Net changes  | 349,448                                 | 335,094  | 14,354                                    |
| Balances as of June 30, 2019                                 | \$ 8,411,498                            | \$ 4,552,831                                   | \$ 3,858,667                              |
| <b>Non-Police Post-Retirement Medical Program</b>            |   |  |   |
|  | <b>Increase (Decrease)</b>              |  |   |
|  | <b>Total OPEB<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net OPEB<br/>Liability<br/>(a)-(b)</b> |
| Balances as of July 1, 2018                                  | \$ 6,327,361                            | \$ 3,484,716                                   | \$ 2,842,645                              |
| Changes for the year:  |   |  |   |
| Service cost   | 170,691                                 |  | 170,691                                   |
| Interest on total OPEB liability                             | 411,820                                 |  | 411,820                                   |
| Employer contributions                                       |   | 395,119  | (395,119)                                 |
| Net investment income  |   | 214,986  | (214,986)                                 |
| Benefit payments, including refund to employee contributions | (329,897)                               | (329,897)                                      | -   |
| Administrative expenses                                      |   | (16,572)                                       | 16,572                                    |
| Net changes  | 252,614                                 | 263,636  | (11,022)                                  |
| Balances as of June 30, 2019                                 | \$ 6,579,975                            | \$ 3,748,352                                   | \$ 2,831,623                              |

**TOWN OF DARIEN, CONNECTICUT  
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**F. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

|   | <u>1% Decrease<br/>(5.50%)</u> | <u>Current<br/>Discount Rate<br/>(6.50%)</u> | <u>1% Increase<br/>(7.50%)</u> |
|---|--------------------------------|--|--------------------------------|
| <b>Police Post-Retirement Medical Program</b>     |                                |  |                                |
| Net OPEB Liability                                | \$ 4,501,758                   | \$ 3,858,667                                 | \$ 3,179,827                   |
| <b>Non-Police Post-Retirement Medical Program</b> |                                |  |                                |
| Net OPEB Liability                                | 3,568,294                      | 2,831,623                                    | 2,224,894                      |

**G. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

|   | <u>1% Decrease<br/>(6.1% Decreasing<br/>to 3.4%)</u> | <u>Healthcare Cost<br/>Trend Rates<br/>(7.1% Decreasing<br/>to 4.4%)</u> | <u>1% Increase<br/>(8.1% Decreasing<br/>to 5.4%)</u> |
|---|--|--|--|
| <b>Police Post-Retirement Medical Program</b>     |  |  |  |
| Net OPEB Liability                                | \$ 2,882,833   | \$ 3,858,667   | \$ 4,888,043   |
| <b>Non-Police Post-Retirement Medical Program</b> |  |  |  |
| Net OPEB Liability                                | \$ 2,023,452   | \$ 2,831,623   | \$ 3,831,627   |

**TOWN OF DARIEN, CONNECTICUT  
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**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the Town recognized OPEB expense of \$1,339,029. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b>Police Post-Retirement Medical</b>         |  |
|---|---|--|
|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Changes in assumptions  | \$ 1,039,825                                  | \$   |
| Net difference between projected and actual earning on pension plan investments | 56,405  |  |
| Difference between expected and actual experience                               |   | <u>(37,228)</u>                              |
| Total   | <u>\$ 1,096,230</u>                           | <u>\$ (37,228)</u>                           |

|   | <b>Non-Police Post-Retirement Medical Program</b> |  |
|---|---|--|
|   | <b>Deferred<br/>Outflows of<br/>Resources</b>     | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Changes in assumptions  | \$ 959,059  | \$   |
| Net difference between projected and actual earning on pension plan investments | 23,243  |  |
| Difference between expected and actual experience                               |   | <u>(292,491)</u>                             |
| Total   | <u>\$ 982,302</u>                                 | <u>\$ (292,491)</u>                          |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b><u>Year Ending June 30</u></b> | <b>Police<br/>Post-Retirement<br/>Medical<br/>Program</b> | <b>Non-Police<br/>Post-Retirement<br/>Medical<br/>Program</b> |
|-----------------------------------|---|---|
| 2020                              | \$ 321,027  | \$ 117,977  |
| 2021                              | 321,027   | 117,977   |
| 2022                              | 321,029   | 117,975   |
| 2023                              | 95,919  | 113,690   |
| 2024                              |   | 111,094   |
| Thereafter                        |   | 111,098   |

**Other Post Employment Benefit - Connecticut State Teachers Retirement Plan**

**A. Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**B. Benefit Provisions**

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

**Survivor Health Care Coverage**

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

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**C. Eligibility**

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

**Credited Service**

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

**Normal Retirement**

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

**Early Retirement**

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

**Proratable Retirement**

Age 60 with 10 years of Credited Service.

**Disability Retirement**

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

**Termination of Employment**

Ten or more years of Credited Service.

**D. Contributions**

*State of Connecticut*

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

*Employees*

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

**TOWN OF DARIEN, CONNECTICUT  
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**E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

|  |                      |
|--|----------------------|
| Town's proportionate share of the net OPEB liability                           | \$ -                 |
| State's proportionate share of the net OPEB liability associated with the Town | <u>29,342,043</u>    |
| Total  | <u>\$ 29,342,043</u> |

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of \$(9,747,409) in Exhibit II.

**F. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

|   |   |
|---|---|
| Inflation                               | 2.75%   |
| Health care costs trend rate            |   |
| Pre-Medicare                            | 5.95% decreasing to 4.75% by 2025                               |
| Medicare                                | 5.00% decreasing to 4.75% by 2028                               |
| Salary increases                        | 3.25-6.50%, including inflation                                 |
| Investment rate of return               | 3.00%, net of OPEB plan investment expense, including inflation |
| Year fund net position will be depleted | 2019  |

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**TOWN OF DARIEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

**G. Discount Rate**

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

**H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate**

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

**I. Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

**13. CONTINGENT LIABILITIES**

Amounts received or receivable from federal and state grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits, and the outcome of these lawsuits is not presently determinable. In the opinion of management and the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**TOWN OF DARIEN, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2019**

|                                   | Budgeted Amounts   |                    | Actual             | Variance                   |
|-----------------------------------|--------------------|--------------------|--------------------|----------------------------|
|                                   | Original           | Final              |                    | Favorable<br>(Unfavorable) |
| Property taxes:                   |                    |                    |                    |                            |
| Property taxes current            | \$ 137,177,510     | \$ 137,177,510     | \$ 137,865,965     | \$ 688,455                 |
| Property taxes prior              | 300,000            | 300,000            | 215,409            | (84,591)                   |
| Suspense tax collections          | 5,000              | 5,000              | 5,611              | 611                        |
| Telecommunication property tax    | 58,000             | 58,000             | 49,864             | (8,136)                    |
| Interest and liens                | 275,000            | 275,000            | 266,441            | (8,559)                    |
| Total property taxes              | <u>137,815,510</u> | <u>137,815,510</u> | <u>138,403,290</u> | <u>587,780</u>             |
| Licenses and permits:             |                    |                    |                    |                            |
| Town Clerk                        | 1,600,000          | 1,600,000          | 1,432,528          | (167,472)                  |
| Building, plumbing and other      | 2,068,128          | 2,068,128          | 1,222,135          | (845,993)                  |
| Refuse disposal permits           | 285,000            | 285,000            | 282,091            | (2,909)                    |
| Food establishment                | 82,160             | 82,160             | 79,513             | (2,647)                    |
| Private disposal and water supply | 21,500             | 21,500             | 20,900             | (600)                      |
| Fire Marshal's revenue            | 130,000            | 130,000            | 148,317            | 18,317                     |
| Other                             | 41,600             | 41,600             | 41,033             | (567)                      |
| Total licenses and permits        | <u>4,228,388</u>   | <u>4,228,388</u>   | <u>3,226,517</u>   | <u>(1,001,871)</u>         |
| Intergovernmental:                |                    |                    |                    |                            |
| Taxes on State Owned Land         |                    |                    | 10,948             | 10,948                     |
| Disabled persons                  | 180                | 180                | 178                | (2)                        |
| Veterans' exemption               | 2,000              | 2,000              | 1,769              | (231)                      |
| Court fines                       | 30,000             | 30,000             | 29,319             | (681)                      |
| Education Cost Sharing Grant      |                    |                    | 511,084            | 511,084                    |
| Transportation                    | 246                | 246                |                    | (246)                      |
| Other                             | 65,000             | 65,000             | 10,666             | (54,334)                   |
| Total intergovernmental           | <u>97,426</u>      | <u>97,426</u>      | <u>563,964</u>     | <u>466,538</u>             |

(Continued on next page)

**TOWN OF DARIEN, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | Budgeted Amounts   |                    | Actual             | Variance                   |
|---|--------------------|--------------------|--------------------|----------------------------|
|   | Original           | Final              |                    | Favorable<br>(Unfavorable) |
| Charges for services:                   |                    |                    |                    |                            |
| Sale of codes, regulations, etc.        | \$ 800             | \$ 800             | \$ 135             | \$ (665)                   |
| Planning and zoning application         | 64,224             | 64,224             | 120,186            | 55,962                     |
| Services for Sewer Commission Authority | 61,426             | 61,426             | 61,426             | -                          |
| Solid Waste Fees                        | 400,000            | 400,000            | 506,696            | 106,696                    |
| Services for Parking Fund               | 68,575             | 68,575             | 68,575             | -                          |
| Parking Fees                            | 215,000            | 215,000            | 225,067            | 10,067                     |
| Youth Commission fees                   | 254,350            | 254,350            | 292,296            | 37,946                     |
| Parks and recreation                    | 240,800            | 240,800            | 261,557            | 20,757                     |
| Beach parking permits                   | 307,000            | 307,000            | 338,252            | 31,252                     |
| Senior Center Programs                  | 74,500             | 74,500             | 67,149             | (7,351)                    |
| Other                                   | 35,100             | 35,100             | 31,689             | (3,411)                    |
| Total charges for services              | <u>1,721,775</u>   | <u>1,721,775</u>   | <u>1,973,028</u>   | <u>251,253</u>             |
| Fines and forfeits                      | <u>66,100</u>      | <u>66,100</u>      | <u>44,327</u>      | <u>(21,773)</u>            |
| Investment income                       | <u>175,000</u>     | <u>175,000</u>     | <u>767,461</u>     | <u>592,461</u>             |
| Miscellaneous:                          |                    |                    |                    |                            |
| Metro mobile rent                       | 121,000            | 121,000            | 154,233            | 33,233                     |
| Coin operated Xerox machine             | 16,000             | 16,000             | 14,052             | (1,948)                    |
| Commission on Aging - van               | 43,214             | 43,214             | 42,834             | (380)                      |
| Sale of recyclables/metal/compost       | 67,000             | 67,000             | 50,160             | (16,840)                   |
| Other rents                             | 106,440            | 106,440            | 93,244             | (13,196)                   |
| Sale of fixed assets                    |                    |                    | 3,355              | 3,355                      |
| Insurance recoveries                    | 40,000             | 40,000             | 107,692            | 67,692                     |
| Other                                   | 10,000             | 10,000             | 82,528             | 72,528                     |
| Total miscellaneous                     | <u>403,654</u>     | <u>403,654</u>     | <u>548,098</u>     | <u>144,444</u>             |
| Total revenues                          | <u>144,507,853</u> | <u>144,507,853</u> | <u>145,526,685</u> | <u>1,018,832</u>           |

(Continued on next page)

**TOWN OF DARIEN, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

|  | Budgeted Amounts      |                       | Actual                | Variance                   |
|--|-----------------------|-----------------------|-----------------------|----------------------------|
|  | Original              | Final                 |                       | Favorable<br>(Unfavorable) |
| Other financing sources:   |                       |                       |                       |                            |
| Transfers in:  |                       |                       |                       |                            |
| Sewer Assessment Fund  | \$ 550,000            | \$ 550,000            | \$ 550,000            | \$ -                       |
| Sewer Operating Fund   | 53,807                | 53,807                | 53,807                | -                          |
| Other Funds  | 60,000                | 60,000                | 539,008               | 479,008                    |
| Total transfers in   | <u>663,807</u>        | <u>663,807</u>        | 1,142,815             | 479,008                    |
| Appropriation of fund balance  | -                     | 855,000               | -                     | (855,000)                  |
| Total other financing sources  | <u>663,807</u>        | <u>1,518,807</u>      | <u>1,142,815</u>      | <u>(375,992)</u>           |
| Total Revenues and Other Financing Sources   | \$ <u>145,171,660</u> | \$ <u>146,026,660</u> | 146,669,500           | \$ <u>642,840</u>          |
| Budgetary revenues are different than GAAP revenues because:   |                       |                       |                       |                            |
| State of Connecticut Teachers' Retirement System for Town teachers pension expense is not budgeted.  |                       |                       | 16,473,327            |                            |
| State of Connecticut Teachers' Retirement System for Town teachers OPEB expense (revenue) is not budgeted.   |                       |                       | (9,747,409)           |                            |
| Transfers to funds consolidated with the General Fund are eliminated for financial reporting purposes.   |                       |                       | (205,154)             |                            |
| Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.   |                       |                       | (18,466)              |                            |
| The Town does not budget for land purchase option fund revenues.   |                       |                       | 36                    |                            |
| The Town does not budget for premiums on bond issuance.  |                       |                       | 69,820                |                            |
| The Board of Education does not budget for certain intergovernmental grants which are credited against expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes. |                       |                       | <u>3,427,518</u>      |                            |
| Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV   |                       |                       | \$ <u>156,669,172</u> |                            |

**TOWN OF DARIEN, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                       | Budgeted Amounts |                  | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|------------------|------------------|------------------|--|
|                                       | Original         | Final            |                  |  |
| General government:                   |                  |                  |                  |  |
| Selectmen's office                    | \$ 224,757       | \$ 235,444       | \$ 234,673       | \$ 771                                 |
| Administrative Officer                | 389,417          | 401,187          | 375,795          | 25,392                                 |
| Human Resources                       | 167,947          | 171,766          | 168,595          | 3,171                                  |
| Financial management                  | 435,908          | 452,424          | 452,144          | 280                                    |
| Board of Finance                      | 40,969           | 40,969           | 39,147           | 1,822                                  |
| Tax Assessor                          | 343,659          | 353,018          | 348,806          | 4,212                                  |
| Tax Collector                         | 278,363          | 281,897          | 279,001          | 2,896                                  |
| Legal services                        | 669,480          | 669,480          | 611,563          | 57,917                                 |
| Town Clerk                            | 318,979          | 322,829          | 313,998          | 8,831                                  |
| Registrar of Voters                   | 149,989          | 164,799          | 162,134          | 2,665                                  |
| Information services                  | 391,375          | 398,995          | 394,724          | 4,271                                  |
| Probate court                         | 7,016            | 7,256            | 7,158            | 98                                     |
| Total general government              | <u>3,417,859</u> | <u>3,500,064</u> | <u>3,387,738</u> | <u>112,326</u>                         |
| Community environment:                |                  |                  |                  |  |
| Development Planning                  | 775,895          | 772,879          | 751,700          | 21,179                                 |
| Beautification                        | 34,000           | 34,000           | 33,144           | 856                                    |
| Celebrations and observances          | 24,750           | 24,750           | 19,445           | 5,305                                  |
| Harbor Master                         | 5,660            | 5,660            | 1,386            | 4,274                                  |
| Total community environment           | <u>840,305</u>   | <u>837,289</u>   | <u>805,675</u>   | <u>31,614</u>                          |
| Public safety:                        |                  |                  |                  |  |
| Building Department                   | <u>493,548</u>   | <u>496,258</u>   | <u>449,485</u>   | <u>46,773</u>                          |
| Police Department:                    |                  |                  |                  |  |
| Administration                        | 738,375          | 754,779          | 709,575          | 45,204                                 |
| Criminal Investigation                | 771,000          | 771,268          | 750,012          | 21,256                                 |
| Patrol                                | 4,467,486        | 4,557,520        | 4,452,952        | 104,568                                |
| Records                               | 429,007          | 440,115          | 416,778          | 23,337                                 |
| Professional Standards                | 235,603          | 262,895          | 232,624          | 30,271                                 |
| Traffic and School Crossing           | 66,292           | 66,292           | 60,730           | 5,562                                  |
| Fleet Services                        | 123,445          | 124,887          | 117,735          | 7,152                                  |
| Station maintenance and communication | 579,084          | 594,392          | 567,143          | 27,249                                 |
| Animal Control                        | 80,600           | 81,763           | 77,301           | 4,462                                  |
| Total Police Department               | <u>7,490,892</u> | <u>7,653,911</u> | <u>7,384,850</u> | <u>269,061</u>                         |

(Continued on next page)

**TOWN OF DARIEN, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | Budgeted Amounts |                   | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------|-------------------|------------------|--|
|   | Original         | Final             |                  |  |
| Fire service and emergency medical service:         |                  |                   |                  |  |
| Darien Fire Department                              | \$ 193,814       | \$ 204,744        | \$ 204,195       | \$ 549                                 |
| Noroton Fire Department                             | 199,654          | 199,654           | 184,874          | 14,780                                 |
| Noroton Heights Fire Department                     | 211,966          | 211,966           | 191,991          | 19,975                                 |
| Board of Fire Commissioners                         | 166,269          | 166,269           | 162,802          | 3,467                                  |
| Fire marshal  | 427,048          | 436,330           | 412,353          | 23,977                                 |
| Hydrants and main rental                            | 480,000          | 486,162           | 486,162          | -                                      |
| Disaster preparedness                               | 106,485          | 106,485           | 106,238          | 247                                    |
| Emergency medical service                           | 134,728          | 153,085           | 153,084          | 1                                      |
| Total fire service and emergency<br>medical service | <u>1,919,964</u> | <u>1,964,695</u>  | <u>1,901,699</u> | <u>62,996</u>                          |
| Total public safety                                 | <u>9,904,404</u> | <u>10,114,864</u> | <u>9,736,034</u> | <u>378,830</u>                         |
| Public works:                                       |                  |                   |                  |  |
| Administration                                      | 375,552          | 380,139           | 354,168          | 25,971                                 |
| Roadway and walkway maintenance                     | 1,848,307        | 1,881,772         | 1,834,340        | 47,432                                 |
| Waste Management                                    | 1,264,662        | 1,266,590         | 1,175,255        | 91,335                                 |
| Public building management                          | 678,714          | 704,837           | 683,020          | 21,817                                 |
| Parking facility                                    | 63,471           | 62,215            | 47,923           | 14,292                                 |
| Total public works                                  | <u>4,230,706</u> | <u>4,295,553</u>  | <u>4,094,706</u> | <u>200,847</u>                         |
| Health and social services:                         |                  |                   |                  |  |
| Social services                                     | 203,933          | 211,403           | 209,355          | 2,048                                  |
| Social service - outside assistance                 | 30,150           | 30,150            | 20,937           | 9,213                                  |
| Senior Center                                       | 393,239          | 400,508           | 361,001          | 39,507                                 |
| Senior transportation                               | 43,214           | 43,214            | 42,834           | 380                                    |
| Youth programs                                      | 374,294          | 377,021           | 367,668          | 9,353                                  |
| Youth services grants                               | 53,075           | 53,075            | 53,075           | -                                      |
| Other outreach services                             | 500              | 500               |                  | 500                                    |
| Health Department                                   | 314,707          | 321,622           | 321,616          | 6                                      |
| Total health and social services                    | <u>1,413,112</u> | <u>1,437,493</u>  | <u>1,376,486</u> | <u>61,007</u>                          |
| Parks and recreation:                               |                  |                   |                  |  |
| Administration                                      | 473,066          | 484,525           | 481,319          | 3,206                                  |
| Beach and court facilities                          | 212,092          | 207,128           | 198,676          | 8,452                                  |
| Maintenance and repair                              | 382,074          | 401,373           | 374,899          | 26,474                                 |
| Organized recreation activities                     | 56,022           | 56,022            | 47,663           | 8,359                                  |
| Grounds, fields, building                           | 222,114          | 220,857           | 207,768          | 13,089                                 |
| Total parks and recreation                          | <u>1,345,368</u> | <u>1,369,905</u>  | <u>1,310,325</u> | <u>59,580</u>                          |
| Overhead and miscellaneous:                         |                  |                   |                  |  |
| Employee benefits                                   | 5,444,552        | 5,481,821         | 5,404,338        | 77,483                                 |
| Risk management                                     | 1,234,114        | 1,234,114         | 1,191,532        | 42,582                                 |
| Contingency   | 725,000          | 284,317           |                  | 284,317                                |
| Total overhead and miscellaneous                    | <u>7,403,666</u> | <u>7,000,252</u>  | <u>6,595,870</u> | <u>404,382</u>                         |

(Continued on next page)

**TOWN OF DARIEN, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

|                                   | Budgeted Amounts |                | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|-----------------------------------|------------------|----------------|--------------|--|
|                                   | Original         | Final          |              |  |
| Library                           | \$ 3,732,681     | \$ 3,732,681   | \$ 3,732,681 | \$ -                                   |
| Board of Education - operations   | 98,122,266       | 98,122,266     | 97,785,890   | 336,376                                |
| Debt service:                     |                  |                |              |  |
| Schools                           | 6,454,503        | 6,454,503      | 6,431,103    | 23,400                                 |
| Town                              | 3,650,972        | 3,650,972      | 3,630,578    | 20,394                                 |
| Sewer                             | 707,665          | 707,665        | 700,027      | 7,638                                  |
| Total debt service                | 10,813,140       | 10,813,140     | 10,761,708   | 51,432                                 |
| Total expenditures                | 141,223,507      | 141,223,507    | 139,587,113  | 1,636,394                              |
| Other financing uses:             |                  |                |              |  |
| Transfers out:                    |                  |                |              |  |
| Retiree Medical                   | 4,136            | 4,136          | 4,136        | -                                      |
| Capital nonrecurring expenditures | 3,944,017        | 4,799,017      | 4,375,315    | 423,702                                |
| Total other financing uses        | 3,948,153        | 4,803,153      | 4,379,451    | 423,702                                |
| Total                             | \$ 145,171,660   | \$ 146,026,660 | 143,966,564  | \$ 2,060,096                           |

Budgetary expenditures are different than GAAP expenditures because:

|  |             |
|--|-------------|
| State of Connecticut Teachers' Retirement System for Town teachers pension expense is not budgeted.  | 16,473,327  |
| State of Connecticut Teachers' Retirement System for Town teachers OPEB expense (revenue) is not budgeted.   | (9,747,409) |
| Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.                                    | (59,599)    |
| The Town budgets bond premium revenue net of interest expense.   | 69,820      |
| The Board of Education does not budget for certain intergovernmental grants which are credited against expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes. | 3,427,518   |

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 154,130,221

**TOWN OF DARIEN, CONNECTICUT  
SEWER OPERATING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | Budgeted Amounts |                  | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------|------------------|---------------------|--|
|   | Original         | Final            |                     |  |
| Revenues:   |                  |                  |                     |  |
| Licenses and permits  | \$ 10,000        | \$ 10,000        | \$ 11,400           | \$ 1,400                               |
| Charges for services  | 3,369,372        | 3,369,372        | 3,434,203           | 64,831                                 |
| Fines and forfeits  | 50,000           | 50,000           | 31,930              | (18,070)                               |
| Investment income   | 8,000            | 8,000            | 57,678              | 49,678                                 |
| Miscellaneous income  |                  |                  | 9,869               | 9,869                                  |
| Total revenues  | <u>3,437,372</u> | <u>3,437,372</u> | <u>3,545,080</u>    | <u>107,708</u>                         |
| Expenditures:   |                  |                  |                     |  |
| Sewer operations:   |                  |                  |                     |  |
| Administration  | 347,401          | 348,763          | 330,325             | 18,438                                 |
| Collection and pumping  | 502,559          | 513,252          | 494,380             | 18,872                                 |
| Treatment service   | 2,349,300        | 2,349,300        | 2,676,206           | (326,906)                              |
| Overhead and miscellaneous  | 291,305          | 279,250          | 234,124             | 45,126                                 |
| Total expenditures  | <u>3,490,565</u> | <u>3,490,565</u> | <u>3,735,035</u>    | <u>(244,470)</u>                       |
| Deficiency of revenues over expenditures  | (53,193)         | (53,193)         | (189,955)           | (136,762)                              |
| Other financing sources (uses):   |                  |                  |                     |  |
| Operating transfers out   | <u>(196,807)</u> | <u>(196,807)</u> | <u>(196,807)</u>    | <u>-</u>                               |
| Appropriation of fund balance   | <u>250,000</u>   | <u>250,000</u>   | <u>-</u>            | <u>(250,000)</u>                       |
| Deficiency of Revenues and Other<br>Financing Sources over Expenditures and<br>Other Financing Uses | \$ <u>-</u>      | \$ <u>-</u>      | <u>(386,762)</u>    | \$ <u>(386,762)</u>                    |
| GAAP Fund Balance Change, End of Year   |                  |                  | \$ <u>(386,762)</u> |  |

**TOWN OF DARIEN, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS**  
**TOWN PENSION PLAN**  
**LAST SIX FISCAL YEARS\***

|  | <u>2019</u>           | <u>2018</u>           | <u>2017</u>           | <u>2016</u>           | <u>2015</u>           | <u>2014</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability:   |                       |                       |                       |                       |                       |                       |
| Service cost   | \$ 3,085,417          | \$ 3,008,156          | \$ 2,684,605          | \$ 2,520,756          | \$ 2,187,552          | \$ 2,272,712          |
| Interest   | 5,004,595             | 4,616,537             | 4,340,501             | 4,091,560             | 3,909,003             | 3,653,413             |
| Changes of benefit terms   |                       | (1,441,240)           |                       |                       |                       |                       |
| Differences between expected and actual experience                     |                       | 5,180,768             |                       |                       | (989,032)             |                       |
| Changes of assumptions   |                       | (2,171,561)           |                       |                       | 5,995,377             |                       |
| Benefit payments, including refunds of member contributions            | <u>(3,393,602)</u>    | <u>(3,208,883)</u>    | <u>(2,998,318)</u>    | <u>(2,895,921)</u>    | <u>(2,694,202)</u>    | <u>(2,348,549)</u>    |
| Net change in total pension liability                                  | 4,696,410             | 5,983,777             | 4,026,788             | 3,716,395             | 8,408,698             | 3,577,576             |
| Total pension liability - beginning                                    | <u>75,578,451</u>     | <u>69,594,674</u>     | <u>65,567,886</u>     | <u>61,851,491</u>     | <u>53,442,793</u>     | <u>49,865,217</u>     |
| Total pension liability - ending                                       | <u>80,274,861</u>     | <u>75,578,451</u>     | <u>69,594,674</u>     | <u>65,567,886</u>     | <u>61,851,491</u>     | <u>53,442,793</u>     |
| Plan fiduciary net position:   |                       |                       |                       |                       |                       |                       |
| Contributions - employer   | 1,738,851             | 1,325,367             | 1,347,529             | 1,628,802             | 1,716,498             | 1,667,416             |
| Contributions - employee   | 1,230,098             | 1,193,027             | 1,149,812             | 1,108,161             | 1,041,347             | 1,000,728             |
| Net investment income  | 4,680,114             | 4,007,564             | 8,556,388             | 2,236,389             | 3,925,756             | 8,969,636             |
| Benefit payments, including refunds of member contributions            | <u>(3,393,602)</u>    | <u>(3,208,883)</u>    | <u>(2,998,318)</u>    | <u>(2,895,921)</u>    | <u>(2,694,202)</u>    | <u>(2,348,549)</u>    |
| Administrative expense   | <u>(46,416)</u>       | <u>(69,921)</u>       | <u>(56,482)</u>       | <u>(315,272)</u>      | <u>(289,154)</u>      | <u>(265,239)</u>      |
| Net change in plan fiduciary net position                              | 4,209,045             | 3,247,154             | 7,998,929             | 1,762,159             | 3,700,245             | 9,023,992             |
| Plan fiduciary net position - beginning                                | <u>79,000,754</u>     | <u>75,753,600</u>     | <u>67,754,671</u>     | <u>65,992,512</u>     | <u>62,292,267</u>     | <u>53,268,275</u>     |
| Plan fiduciary net position - ending                                   | <u>83,209,799</u>     | <u>79,000,754</u>     | <u>75,753,600</u>     | <u>67,754,671</u>     | <u>65,992,512</u>     | <u>62,292,267</u>     |
| Net Pension Asset - Ending   | <u>\$ (2,934,938)</u> | <u>\$ (3,422,303)</u> | <u>\$ (6,158,926)</u> | <u>\$ (2,186,785)</u> | <u>\$ (4,141,021)</u> | <u>\$ (8,849,474)</u> |
| Plan fiduciary net position as a percentage of the total pension asset | 103.66%               | 104.53%               | 108.85%               | 103.34%               | 106.70%               | 116.56%               |
| Covered payroll  | \$ 23,158,921         | \$ 23,158,921         | \$ 19,953,035         | \$ 19,953,035         | \$ 19,045,747         | \$ 18,342,993         |
| Net pension asset as a percentage of covered payroll                   | 12.67%                | 14.78%                | 30.87%                | 10.96%                | 21.74%                | 48.24%                |

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF DARIEN, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS**  
**POLICE PENSION PLAN**  
**LAST SIX FISCAL YEARS\***

|  | <u>2019</u>           | <u>2018</u>           | <u>2017</u>           | <u>2016</u>           | <u>2015</u>           | <u>2014</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability:   |                       |                       |                       |                       |                       |                       |
| Service cost   | \$ 961,290            | \$ 913,729            | \$ 949,016            | \$ 891,095            | \$ 687,778            | \$ 738,659            |
| Interest   | 2,992,110             | 2,840,366             | 2,752,033             | 2,646,463             | 2,889,227             | 2,761,581             |
| Differences between expected and actual experience                     |                       | 1,767,698             |                       |                       | (1,152,181)           |                       |
| Changes of assumptions   |                       | (820,737)             |                       |                       | 663,780               |                       |
| Benefit payments, including refunds of member contributions            | <u>(2,401,873)</u>    | <u>(2,425,961)</u>    | <u>(2,191,303)</u>    | <u>(1,758,160)</u>    | <u>(1,812,572)</u>    | <u>(1,784,531)</u>    |
| Net change in total pension liability                                  | 1,551,527             | 2,275,095             | 1,509,746             | 1,779,398             | 1,276,032             | 1,715,709             |
| Total pension liability - beginning                                    | <u>46,253,197</u>     | <u>43,978,102</u>     | <u>42,468,356</u>     | <u>40,688,958</u>     | <u>39,412,926</u>     | <u>37,697,217</u>     |
| Total pension liability - ending                                       | <u>47,804,724</u>     | <u>46,253,197</u>     | <u>43,978,102</u>     | <u>42,468,356</u>     | <u>40,688,958</u>     | <u>39,412,926</u>     |
| Plan fiduciary net position:   |                       |                       |                       |                       |                       |                       |
| Contributions - employer   | 256,426               | 231,886               | 278,285               | 588,454               | 1,073,353             | 1,220,507             |
| Contributions - employee   | 312,312               | 303,416               | 297,257               | 307,577               | 299,971               | 265,826               |
| Net investment income  | 2,975,534             | 2,626,946             | 5,761,015             | 1,568,200             | 2,752,388             | 6,338,904             |
| Benefit payments, including refunds of member contributions            | <u>(2,401,873)</u>    | <u>(2,425,961)</u>    | <u>(2,191,303)</u>    | <u>(1,758,160)</u>    | <u>(1,812,572)</u>    | <u>(1,784,531)</u>    |
| Administrative expense   | <u>(26,313)</u>       | <u>(39,956)</u>       | <u>(44,345)</u>       | <u>(230,849)</u>      | <u>(202,504)</u>      | <u>(194,924)</u>      |
| Net change in plan fiduciary net position                              | 1,116,086             | 696,331               | 4,100,909             | 475,222               | 2,110,636             | 5,845,782             |
| Plan fiduciary net position - beginning                                | <u>51,064,125</u>     | <u>50,367,794</u>     | <u>46,266,885</u>     | <u>45,791,663</u>     | <u>43,681,027</u>     | <u>37,835,245</u>     |
| Plan fiduciary net position - ending                                   | <u>52,180,211</u>     | <u>51,064,125</u>     | <u>50,367,794</u>     | <u>46,266,885</u>     | <u>45,791,663</u>     | <u>43,681,027</u>     |
| Net Pension Asset - Ending   | <u>\$ (4,375,487)</u> | <u>\$ (4,810,928)</u> | <u>\$ (6,389,692)</u> | <u>\$ (3,798,529)</u> | <u>\$ (5,102,705)</u> | <u>\$ (4,268,101)</u> |
| Plan fiduciary net position as a percentage of the total pension asset | 109.15%               | 110.40%               | 114.53%               | 108.94%               | 112.54%               | 110.83%               |
| Covered payroll  | \$ 4,794,634          | \$ 4,794,634          | \$ 5,059,519          | \$ 5,059,519          | \$ 4,888,424          | \$ 3,710,557          |
| Net pension asset as a percentage of covered payroll                   | -91.26%               | -100.34%              | -126.29%              | -75.08%               | -104.38%              | -115.03%              |

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF DARIEN, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TOWN PENSION PLAN  
LAST TEN FISCAL YEARS**

|  | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>       | <u>2012</u>      | <u>2011</u>      | <u>2010</u>      |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| Actuarially determined contribution                                  | \$ 1,738,851     | \$ 1,325,367     | \$ 1,347,529     | \$ 1,628,802     | \$ 1,716,498     | \$ 1,667,416     | \$ 1,593,296      | \$ 1,671,289     | \$ 1,515,023     | \$ 1,330,023     |
| Contributions in relation to the actuarially determined contribution | <u>1,738,851</u> | <u>1,325,367</u> | <u>1,347,529</u> | <u>1,628,802</u> | <u>1,716,498</u> | <u>1,667,416</u> | <u>1,601,430</u>  | <u>1,671,289</u> | <u>1,515,023</u> | <u>1,330,023</u> |
| Contribution Deficiency (Excess)                                     | \$ <u>-</u>      | \$ <u>(8,134)</u> | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>-</u>      |
| Covered payroll  | \$ 23,158,921    | \$ 23,158,921    | \$ 19,953,035    | \$ 19,953,035    | \$ 19,045,747    | \$ 18,342,993    | \$ 16,869,398     | \$ 16,294,428    | \$ 15,026,004    | \$ 12,204,738    |
| Contributions as a percentage of covered payroll                     | 7.5%             | 5.7%             | 6.8%             | 8.2%             | 9.0%             | 9.1%             | 9.5%              | 10.3%            | 10.1%            | 10.9%            |

**Notes to Schedule**

Valuation date: July 1, 2017  
Measurement date: June 30, 2019  
Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

|                           |   |
|---------------------------|---|
| Actuarial cost method     | Entry Age Normal  |
| Amortization method       | Aggregate funding method  |
| Amortization period       | 10 years, open  |
| Asset valuation method    | Market value  |
| Inflation                 | 2.75%   |
| Salary increases          | 3.50%   |
| Investment rate of return | 6.50%   |
| Retirement age            | Assumptions related to age and service are used for participants not yet receiving payments.  |
| Mortality                 | RP-2014 for nondisabled participants projected with mortality improvement scale MP-2017.<br>RP-2014 for disabled participants projected with mortality improvement scale MP-2017. |

**TOWN OF DARIEN, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION PLAN  
LAST TEN FISCAL YEARS**

|  | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    | <u>2015</u>      | <u>2014</u>      | <u>2013</u>       | <u>2012</u>      | <u>2011</u>      | <u>2010</u>    |
|--|----------------|----------------|----------------|----------------|------------------|------------------|-------------------|------------------|------------------|----------------|
| Actuarially determined contribution                                  | \$ 256,426     | \$ 231,886     | \$ 278,285     | \$ 588,454     | \$ 1,073,353     | \$ 1,220,507     | \$ 1,119,967      | \$ 1,133,728     | \$ 1,027,782     | \$ 866,685     |
| Contributions in relation to the actuarially determined contribution | <u>256,426</u> | <u>231,886</u> | <u>278,285</u> | <u>588,454</u> | <u>1,073,353</u> | <u>1,220,507</u> | <u>1,125,594</u>  | <u>1,133,728</u> | <u>1,027,782</u> | <u>866,685</u> |
| Contribution Deficiency (Excess)                                     | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>(5,627)</u> | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>-</u>    |
| Covered payroll  | \$ 4,794,634   | \$ 4,794,634   | \$ 5,059,519   | \$ 5,059,519   | \$ 4,888,424     | \$ 3,710,557     | \$ 4,741,817      | \$ 4,660,227     | \$ 4,537,382     | \$ 4,344,424   |
| Contributions as a percentage of covered payroll                     | 5.3%           | 4.8%           | 5.5%           | 11.6%          | 22.0%            | 32.9%            | 23.7%             | 24.3%            | 22.7%            | 19.9%          |

**Notes to Schedule**

Valuation date: July 1, 2017

Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

|                           |   |
|---------------------------|---|
| Actuarial cost method     | Entry Age Normal  |
| Amortization method       | Aggregate funding method  |
| Amortization period       | 10 years, open  |
| Asset valuation method    | Market value  |
| Inflation                 | 2.75%   |
| Salary increases          | Graded by service   |
| Investment rate of return | 6.50%   |
| Retirement age            | Assumptions related to age and service are used for participants not yet receiving payments.  |
| Mortality                 | RP-2014 for nondisabled participants projected with mortality improvement scale MP-2017.<br>RP-2014 for disabled participants projected with mortality improvement scale MP-2017. |

**TOWN OF DARIEN, CONNECTICUT  
 SCHEDULE OF INVESTMENT RETURNS - TOWN PENSION PLAN  
 LAST SIX FISCAL YEARS\***

|   | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 5.88%       | 5.28%       | 12.58%      | 3.37%       | 6.24%       | 16.62%      |

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF DARIEN, CONNECTICUT  
 SCHEDULE OF INVESTMENT RETURNS - POLICE PENSION PLAN  
 LAST SIX FISCAL YEARS\***

|   | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 5.93%       | 5.31%       | 12.65%      | 3.45%       | 6.28%       | 16.63%      |

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF DARIEN, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST FIVE FISCAL YEARS\***

|  | <u>2019</u>           | <u>2018</u>           | <u>2017</u>           | <u>2016</u>           | <u>2015</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Town's proportion of the net pension liability   | 0.00%                 | 0.00%                 | 0.00%                 | 0.00%                 | 0.00%                 |
| Town's proportionate share of the net pension liability  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| State's proportionate share of the net pension liability associated with the Town              | <u>146,778,802</u>    | <u>143,992,876</u>    | <u>151,913,587</u>    | <u>116,930,465</u>    | <u>108,078,782</u>    |
| Total  | <u>\$ 146,778,802</u> | <u>\$ 143,992,876</u> | <u>\$ 151,913,587</u> | <u>\$ 116,930,465</u> | <u>\$ 108,078,782</u> |
| Town's covered payroll   | \$ 46,066,266         | \$ 45,642,348         | \$ 44,253,946         | \$ 42,596,996         | \$ 41,007,425         |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | 0.00%                 | 0.00%                 | 0.00%                 | 0.00%                 | 0.00%                 |
| Plan fiduciary net position as a percentage of the total pension liability                     | 61.51%                | 55.93%                | 52.26%                | 59.50%                | 61.51%                |

Changes in benefit terms                      Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.  
Changes of assumptions                      During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.

Actuarial cost method                      Entry age  
Amortization method                      Level percent of salary, closed  
Single equivalent amortization period    17.6 years  
Asset valuation method                      4-year smoothed market  
Investment rate of return                      8.00%, net of investment-related expense

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF DARIEN, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**POLICE POST-RETIREMENT MEDICAL PROGRAM**  
**LAST THREE FISCAL YEARS\***

|   | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|---------------------|
| Total OPEB liability:   |                     |                     |                     |
| Service cost  | \$ 260,709          | \$ 183,880          | \$ 213,204          |
| Interest  | 526,961             | 408,832             | 396,202             |
| Differences between expected and actual experience                      |                     | (59,792)            |                     |
| Changes of assumptions  |                     | 1,670,021           |                     |
| Benefit payments  | <u>(438,222)</u>    | <u>(485,822)</u>    | <u>(288,840)</u>    |
| Net change in total OPEB liability                                      | 349,448             | 1,717,119           | 320,566             |
| Total OPEB liability - beginning  | <u>8,062,050</u>    | <u>6,344,931</u>    | <u>6,024,365</u>    |
| Total OPEB liability - ending   | <u>8,411,498</u>    | <u>8,062,050</u>    | <u>6,344,931</u>    |
| Plan fiduciary net position:  |                     |                     |                     |
| Contributions - employer  | 538,408             | 458,670             | 398,165             |
| Net investment income (loss)  | 253,067             | 200,323             | 290,907             |
| Benefit payments  | (438,222)           | (485,822)           | (288,840)           |
| Administrative expense  | <u>(18,159)</u>     | <u>(23,030)</u>     | <u>(5,628)</u>      |
| Net change in plan fiduciary net position                               | 335,094             | 150,141             | 394,604             |
| Plan fiduciary net position - beginning                                 | <u>4,217,737</u>    | <u>4,067,596</u>    | <u>3,672,992</u>    |
| Plan fiduciary net position - ending                                    | <u>4,552,831</u>    | <u>4,217,737</u>    | <u>4,067,596</u>    |
| Net OPEB Liability - Ending   | <u>\$ 3,858,667</u> | <u>\$ 3,844,313</u> | <u>\$ 2,277,335</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 54.13%              | 52.32%              | 64.11%              |
| Covered-employee payroll  | \$ 4,930,775        | \$ 4,930,775        | \$ 4,427,252        |
| Net OPEB liability as a percentage of covered payroll                   | 78.26%              | 77.97%              | 51.44%              |

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF DARIEN, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**NON-POLICE POST-RETIREMENT MEDICAL PROGRAM**  
**LAST THREE FISCAL YEARS\***

|   | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|---------------------|
| Total OPEB liability:   |                     |                     |                     |
| Service cost  | \$ 170,691          | \$ 261,917          | \$ 250,303          |
| Interest  | 411,820             | 341,961             | 323,329             |
| Differences between expected and actual experience                      |                     | (389,989)           |                     |
| Changes of assumptions  |                     | 1,278,745           |                     |
| Benefit payments  | (329,897)           | (323,500)           | (274,200)           |
| Net change in total OPEB liability                                      | <u>252,614</u>      | <u>1,169,134</u>    | <u>299,432</u>      |
| Total OPEB liability - beginning  | <u>6,327,361</u>    | <u>5,158,227</u>    | <u>4,858,795</u>    |
| Total OPEB liability - ending   | <u>6,579,975</u>    | <u>6,327,361</u>    | <u>5,158,227</u>    |
| Plan fiduciary net position:  |                     |                     |                     |
| Contributions - employer  | 395,119             | 446,816             | 425,482             |
| Contributions - member  |                     |                     |                     |
| Net investment income (loss)  | 214,986             | 189,692             | 329,734             |
| Benefit payments  | (329,897)           | (323,500)           | (274,200)           |
| Administrative expense  | (16,572)            | (28,296)            | (9,913)             |
| Net change in plan fiduciary net position                               | <u>263,636</u>      | <u>284,712</u>      | <u>471,103</u>      |
| Plan fiduciary net position - beginning                                 | <u>3,484,716</u>    | <u>3,200,004</u>    | <u>2,728,901</u>    |
| Plan fiduciary net position - ending                                    | <u>3,748,352</u>    | <u>3,484,716</u>    | <u>3,200,004</u>    |
| Net OPEB Liability - Ending   | <u>\$ 2,831,623</u> | <u>\$ 2,842,645</u> | <u>\$ 1,958,223</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 56.97%              | 55.07%              | 62.04%              |
| Covered payroll   | \$ 48,644,707       | \$ 48,644,707       | \$ 45,122,787       |
| Net OPEB liability as a percentage of covered payroll                   | 5.82%               | 5.84%               | 4.34%               |

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF DARIEN, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE POST-RETIREMENT MEDICAL PROGRAM  
LAST TEN FISCAL YEARS**

|  | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         | 2011         | 2010           |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Actuarially determined contribution (1)                              | \$ 538,408   | \$ 458,670   | \$ 488,165   | \$ 733,556   | \$ 465,340   | \$ 444,733   | \$ 424,706   | \$ 528,363   | \$ 504,575   | \$ 604,678     |
| Contributions in relation to the actuarially determined contribution | 538,408      | 458,670      | 398,165      | 643,556      | 465,340      | 354,733      | 329,796      | 429,659      | 405,871      | 1,787,862      |
| Contribution Deficiency (Excess)                                     | \$ -         | \$ -         | \$ 90,000    | \$ 90,000    | \$ -         | \$ 90,000    | \$ 94,910    | \$ 98,704    | \$ 98,704    | \$ (1,183,184) |
| Covered payroll  | \$ 4,930,775 | \$ 4,930,775 | \$ 4,427,252 | \$ 4,427,252 | \$ 4,277,538 | \$ 4,333,838 | \$ 4,187,283 | \$ 4,294,483 | \$ 3,818,581 | \$ 4,273,637   |
| Contributions as a percentage of covered payroll                     | 10.92%       | 9.30%        | 8.99%        | 14.54%       | 10.88%       | 8.19%        | 7.88%        | 10.00%       | 10.63%       | 41.83%         |

(1) Actuarially Determined Contributions prior to fiscal year ended June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

**Notes to Schedule**

Valuation date: July 1, 2017

Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

|                             |   |
|-----------------------------|---|
| Actuarial cost method       | Entry Age Normal  |
| Amortization method         | Level percent   |
| Amortization period         | 19 years, closed  |
| Asset valuation method      | Market value  |
| Inflation                   | 2.75%   |
| Healthcare cost trend rates | 7.10% initial, decreasing to an ultimate rate of 4.40% over 65 years  |
| Salary increases            | Graded based on service   |
| Investment rate of return   | 6.50%, net of plan investment expense, including inflation  |
| Retirement age              | Retirement rates of 10% for all years of eligibility, with 100% retirement at age 65. Upon attainment of 20 years of service, the retirement rate is increased by an additional 25% for that year.  |
| Mortality                   | Mortality for Non-disabled participants - RP-2014 Total Employee and Healthy Annuitant Mortality table projected with Mortality improvement Scale MP-2017. For disabled participants, mortality is based on RP-2014 Disable Retiree Mortality Table projected with Mortality Improvement Scale MP-2017. |

**TOWN OF DARIEN, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
NON-POLICE POST-RETIREMENT MEDICAL PROGRAM  
LAST TEN FISCAL YEARS**

|  | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    | <u>2013</u>    | <u>2012</u>    | <u>2011</u>      | <u>2010</u>         |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------------|
| Actuarially determined contribution (1)                              | \$ 395,119     | \$ 446,816     | \$ 425,482     | \$ 606,153     | \$ 566,010     | \$ 367,484     | \$ 361,200     | \$ 452,050     | \$ 399,078       | \$ 586,352          |
| Contributions in relation to the actuarially determined contribution | <u>395,119</u> | <u>446,816</u> | <u>425,482</u> | <u>606,153</u> | <u>566,010</u> | <u>367,484</u> | <u>361,200</u> | <u>452,050</u> | <u>303,578</u>   | <u>1,081,222</u>    |
| Contribution Deficiency (Excess)                                     | \$ <u>-</u>    | \$ <u>95,500</u> | \$ <u>(494,870)</u> |
| Covered payroll  | \$ 48,644,707  | \$ 48,644,707  | \$ 45,122,787  | \$ 45,122,787  | \$ 42,742,437  | \$ 44,403,093  | \$ 45,934,076  | \$ 42,742,437  | \$ 42,742,437    | \$ 41,611,300       |
| Contributions as a percentage of covered payroll                     | 0.81%          | 0.92%          | 0.94%          | 1.34%          | 1.32%          | 0.83%          | 0.79%          | 1.06%          | 0.71%            | 2.60%               |

(1) Actuarially Determined Contributions prior to fiscal year ended June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

**Notes to Schedule**

Valuation date: July 1, 2017  
 Measurement date: June 30, 2019  
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method           Entry age normal  
 Amortization method           Level percent  
 Amortization period           19 years, closed  
 Asset valuation method       Market value  
 Inflation                         2.75%,  
 Healthcare cost trend rates   7.30% initial, decreasing to an ultimate rate of 4.5% over 58 years  
 Salary increases                Graded based on service for teachers and administrators, 3.50% for all others  
 Investment rate of return      6.50%, net of plan investment expense, including inflation  
 Retirement age                 Based on age, eligibility for pension benefits and gender.  
 Mortality

Mortality for Non-disabled participants - Teachers and Administrators: RP-2000 Total Employee and Healthy Annuitant Mortality table projected forward 19 years using scale AA. All Others: RP-2014 Mortality Table projected with Mortality Improvement Scale MP-2017. For disabled participants - Teachers and Administrators: PR-2000 Combined Healthy Mortality Table projected forward 19 years using scale AA. All others: mortality is based on RP-2014 Disable Retiree Mortality Table projected with Mortality Improvement Scale MP-2017.

**TOWN OF DARIEN, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
POLICE POST-RETIREMENT MEDICAL PROGRAM  
LAST THREE FISCAL YEARS\***

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|  | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|
| Annual money-weighted rate of return,<br>net of investment expense | 5.67%       | 4.78%       | 7.41%       |

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF DARIEN, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
NON-POLICE POST-RETIREMENT MEDICAL PROGRAM  
LAST THREE FISCAL YEARS\***

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|  | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|
| Annual money-weighted rate of return,<br>net of investment expense | 5.59%       | 5.26%       | 10.58%      |

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF DARIEN, CONNECTICUT  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHERS RETIREMENT PLAN  
LAST TWO FISCAL YEARS\***

|   | <u>2019</u>          | <u>2018</u>          |
|---|----------------------|----------------------|
| Town's proportion of the net OPEB liability   | 0.00%                | 0.00%                |
| Town's proportionate share of the net OPEB liability  | \$ -                 | \$ -                 |
| State's proportionate share of the net OPEB liability associated with the Town              | <u>29,342,043</u>    | <u>37,062,146</u>    |
| Total   | <u>\$ 29,342,043</u> | <u>\$ 37,062,146</u> |
| Town's covered payroll  | \$ 46,066,266        | \$ 45,642,348        |
| Town's proportionate share of the net OPEB liability as a percentage of its covered payroll | 0.00%                | 0.00%                |
| Plan fiduciary net position as a percentage of the total OPEB liability                     | 1.49%                | 1.79%                |

**Notes to Schedule**

|                               |   |
|-------------------------------|---|
| Changes in benefit terms      | Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.   |
| Changes of assumptions        | <p>The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date.</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p> |
| Actuarial cost method         | Entry age   |
| Amortization method           | Level percent of payroll  |
| Remaining amortization period | 30 years, open  |
| Asset valuation method        | Market value of assets  |
| Investment rate of return     | 4.25%, net of investment-related expense including price inflation  |

\* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

## APPENDIX B – OPINION OF BOND COUNSEL

May 4, 2020

Town of Darien, Connecticut  
2 Renshaw Road  
Darien, Connecticut 06820

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Darien, Connecticut (the “Town”) in connection with the issuance by the Town of its \$34,685,000 General Obligation Bonds, Issue of 2020, Series A dated May 4, 2020 (the “Bonds”). In such capacity, we have examined records of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated May 4, 2020 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, the Bonds will be valid and legally binding general bonds of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the Federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated April 15, 2020 and other offering material relating to the Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of Federal tax legislation, may affect the tax status of the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

**APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT**

**CONTINUING DISCLOSURE AGREEMENT**

**In Connection With the Issuance and Sale of  
\$34,685,000 General Obligation Bonds, Issue of 2020, Series A**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of May 4, 2020, by the Town of Darien, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$34,685,000 General Obligation Bonds, Issue of 2020, Series A dated May 4, 2020 (the “Bonds”).

**Section 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Continuing Disclosure Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated April 15, 2020, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

**Section 2. Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2020):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

- (A) the amounts of the gross and net taxable grand list;
- (B) the percentage and amount of the annual property tax levy collected and uncollected;
- (C) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;
- (D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;

- (E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3. Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4. Event Notices.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the security;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances;
- (ix) rating changes; and
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\* Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bond holders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

\* Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer’s obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Town of Darien, 2 Renshaw Road, Darien, CT 06820, Attn: First Selectman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF DARIEN, CONNECTICUT

By: \_\_\_\_\_  
Jayme J. Stevenson  
First Selectman

Municipal Advisory Services  
Provided By

