



State of the Town Address

Darien Board of Finance

Jim Palen, Chairman

December 6, 2021

Darien is financially healthy, regionally competitive and prepared for both the 'known' and 'unknown'

Aaa Moody's Rating

With the highest possible rating from Moody's, Darien is well positioned to access the capital markets to fund our capital needs.

\$26.2mm Fund Balance

Unencumbered fund balance provides ample liquidity to cover unexpected expenses and supports our Aaa rating. Our current balance is in excess of the BOF policy floor.

Ample Debt Capacity

Our current debt balance of \$62mm and declining debt service profile allows for continued funding of planned capital investments

Low Mill Rate

Darien's FY2022 mill rate of 16.84 is among the lowest of municipalities in the state of Connecticut, driven in part by our grand list

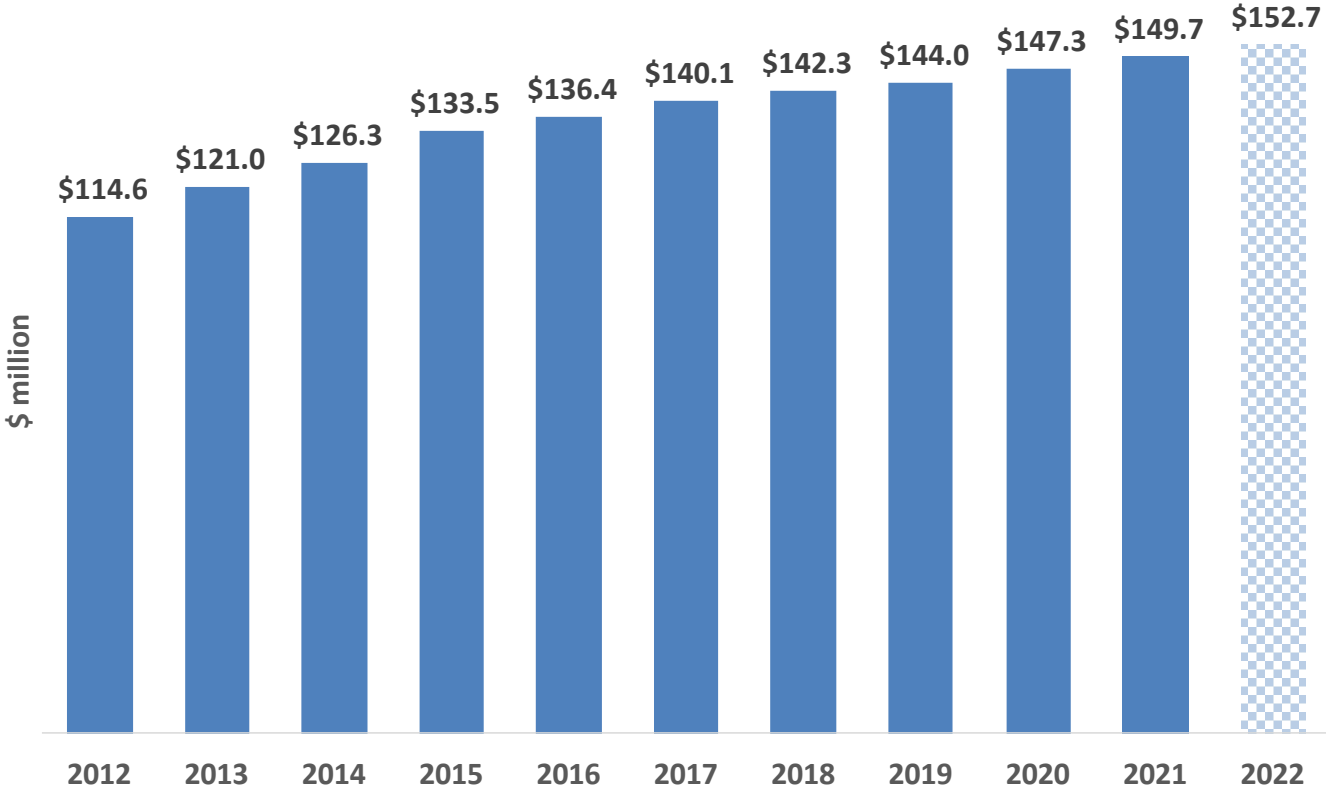
Demand for Real Estate

Darien continues to be a top destination for families looking for a suburban experience within the greater a NY Metro area

Darien is in great shape, so how do we keep it that way?

Overall general fund expenditures continue to rise, but the pace is trending lower; COVID has added variability.

1-Year CAGR - 2.0% + \$3.0mm
 5 Year CAGR - 1.7% + \$12.6mm
 10 Year CAGR - 2.9% + \$38.1mm

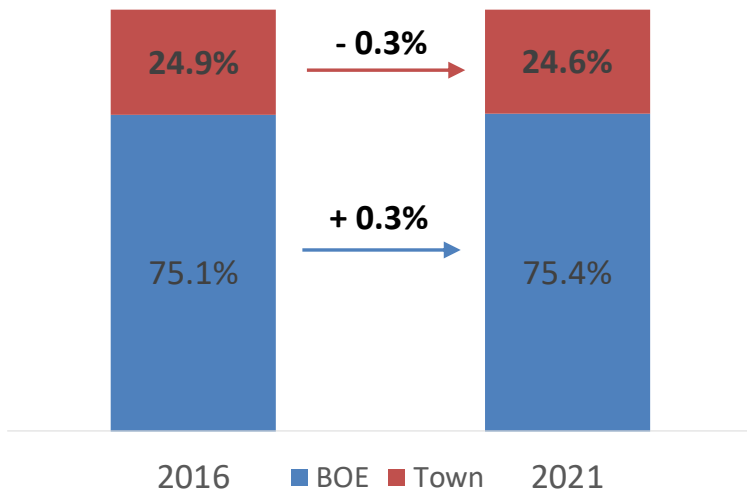
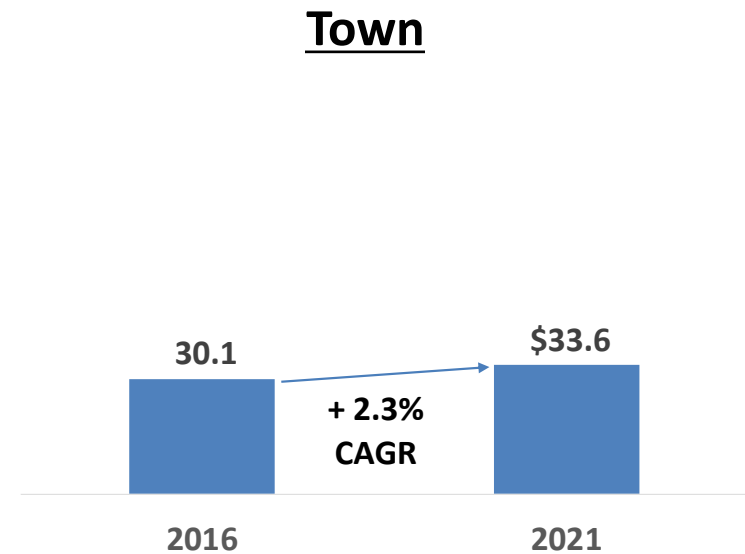
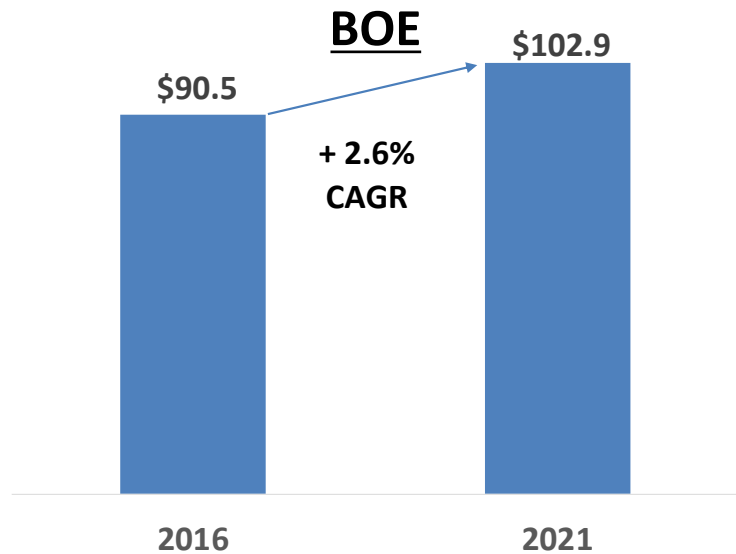


Considerations:

- COVID
- Federal Aid
- State Aid
- Off-Cycle Capital
- Union Contracts
- Student Population
- Population
- New Projects
- Grand List Growth

Notes: FY2022 represents adopted budget.

BOE net expenditures continue to drive overall increases in our budgeted operating expenses

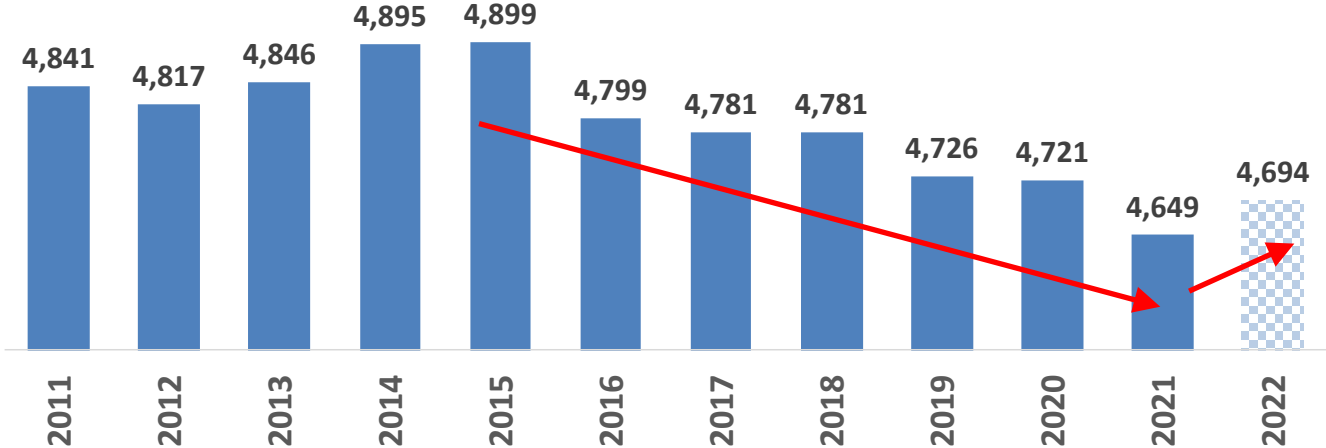


Observations:

BOE operating expense growth outpaces Town by 30 bps, but have recently ticked up much higher

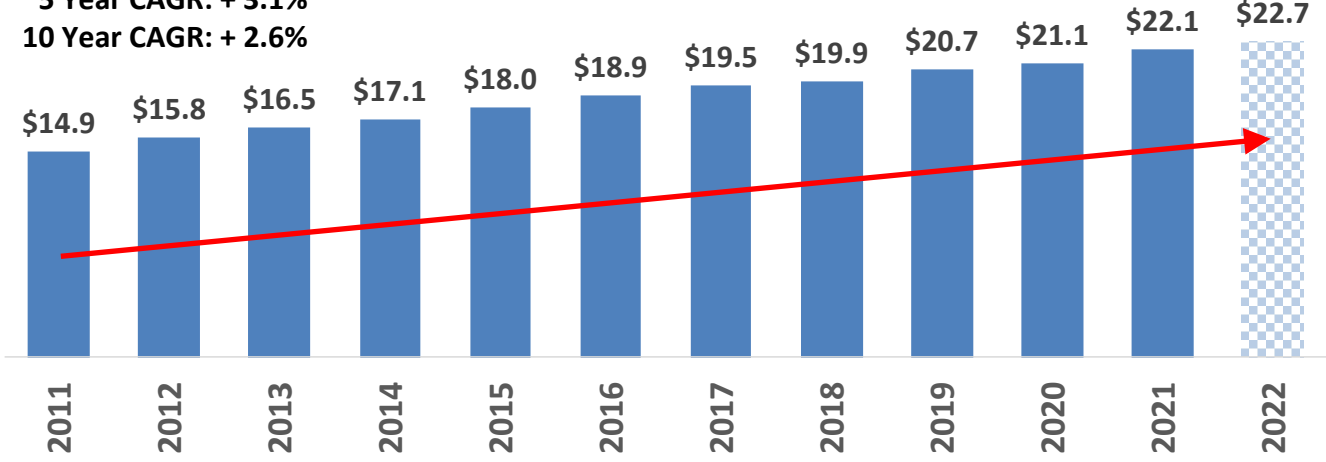
BOE continues to grow as a percentage of Darien's overall operating expenses

Total student enrollment has declined ...



... BOE expenditures per student continue to rise

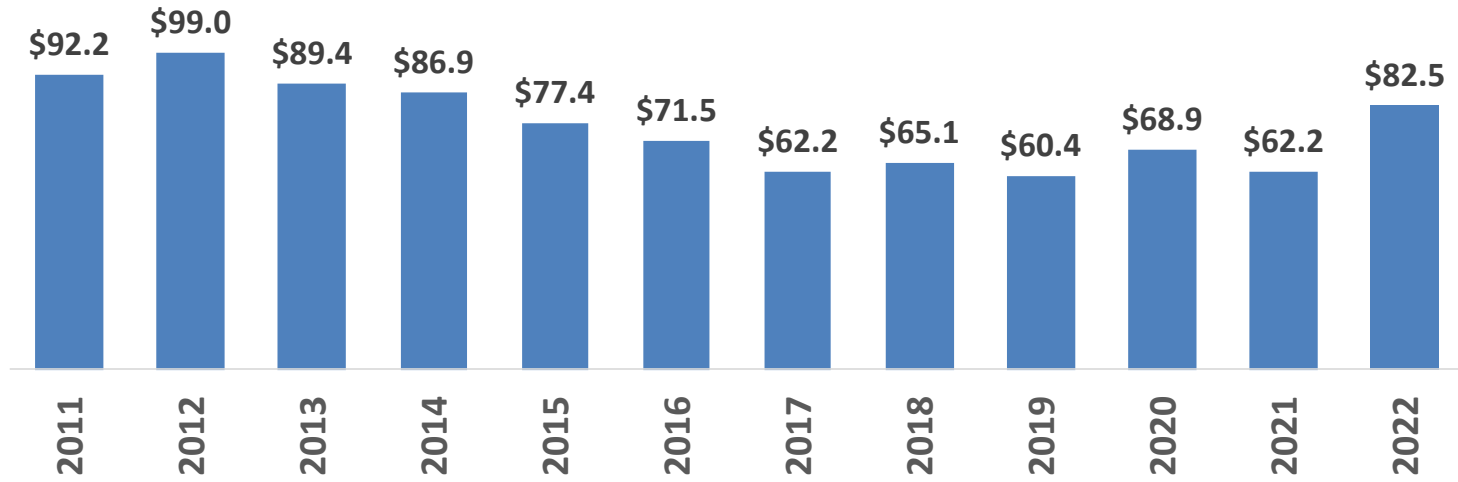
1-Year CAGR: + 3.7%
5 Year CAGR: + 3.1%
10 Year CAGR: + 2.6%



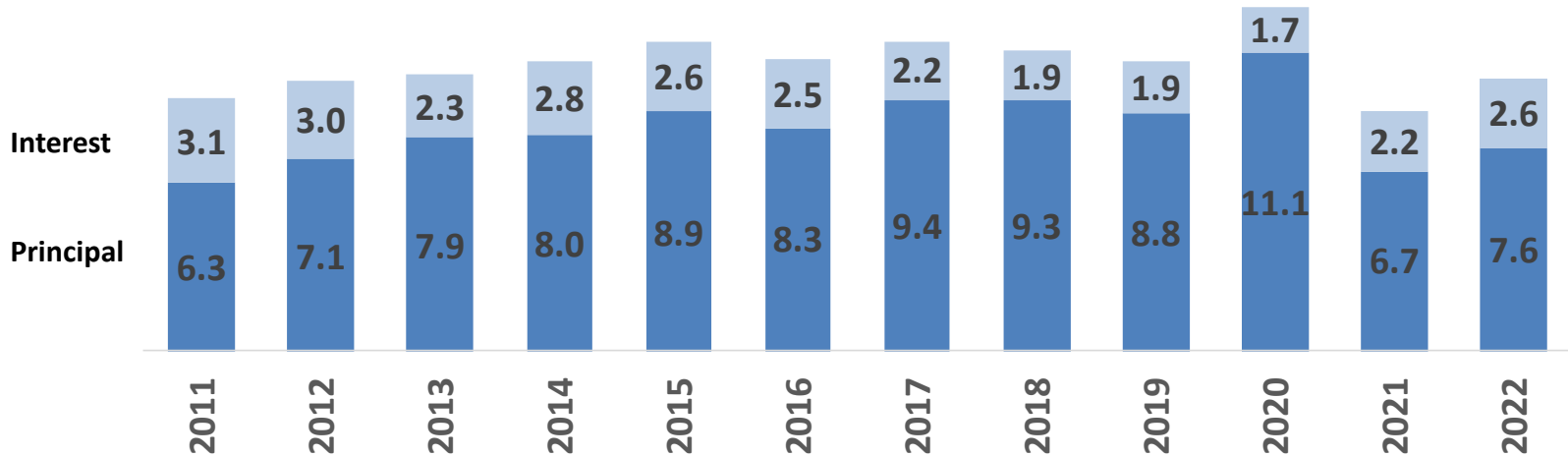
Notes: Operating expenses in 000's. FY2022 is projected or budgeted.

Total funded indebtedness and debt service

Outstanding Debt



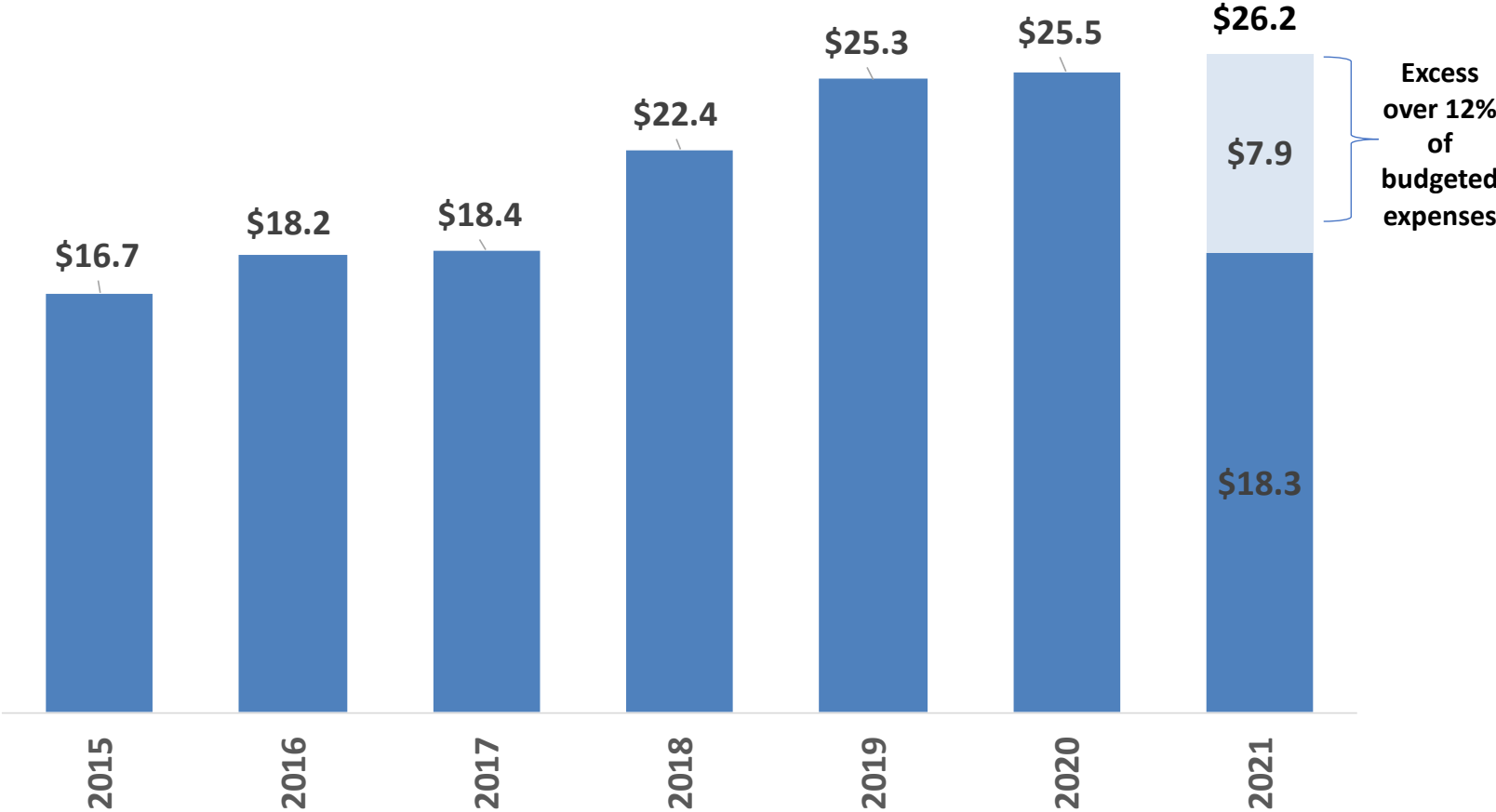
FY Debt Service



Notes: FY2020 debt service includes prepayment of \$1.7mm of debt.

Unassigned fund balance remains strong and provides ample liquidity for the unknown

FY Ending Unassigned Fund Balance



Overview of FY2021 Revenues & Expenditures

	Adjusted		Surplus / Deficit		Notes
	Budget	Actual	Amount	%age	
Revenues					
Property Taxes	\$ 138.5	\$139.8	\$ 1.2	0.9%	conservative assumptions
Other Revenues	8.8	9.9	1.1	12.6%	volume of real estate transactions
State Grants	0.5	0.8	0.3	61.7%	
Contribution from Fund Balance	4.6	-	(4.6)	-100.0%	no need to draw from fund balance
Total Revenue	\$ 152.4	\$150.4	\$ (1.9)	-1.3%	\$2.6mm of higher revenues
Expenditures					
Town	\$ 34.9	\$ 33.6	\$ (1.3)	-3.6%	town budget surplus
BOE	104.3	102.9	(1.4)	-1.3%	school budget surplus
Debt Service	8.9	8.9	(0.0)	0.0%	
Capital	4.3	4.3	-	0.0%	
Total Expenditures	\$ 152.4	\$149.7	\$ (2.6)	-1.7%	\$2.6mm of lower net expenses
Contribution to Fund Balance		\$ 0.7			\$2.7mm used for FY2022 capital

Long Term Aggregate Budget Guidance

Core Growth

- Existing personnel & contracts
- Current services
- Efficiencies in current operations

2.5% increase

New Growth

- Additional headcount
- Added capital investments
- Benefit changes

Make a clear and compelling case

Unknown & Unexpected

- Manage within existing budgets
- Track separately
- Avoid permanent solutions to short term situations
- Special Appropriations - they work

Keep stakeholders informed: Public, BOF and RTM

Overall target 3.0%

? %

Spending increases are expected to be partially offset by growth in grand list

Closing thoughts ...

FY2023 budget process is already underway

- We have new leaders on many of our boards and welcome working with all constituents – new views and new ideas are good.
- Success will come from collaboration, transparency, inclusion and civility among all those involved.
- New initiatives are likely to be put forward, but we must measure and evaluate the value and effectiveness of existing programs with the same rigor that we do for new programs.
- There are major capital projects at OX Ridge, Hindley, Royle and Holmes that are underway or planned – over \$140mm of investment in our schools – let's carefully consider new projects.
- Guidance is guidance, and it is designed to keep our town fiscally healthy, regionally competitive and deliver value and efficiency to our residents.