



State of the Town Address

Darien Board of Finance

Jim Palen, Chairman

December 12, 2022

Darien is in great financial condition, offers significant value to our residents and continues to invest.

Aaa Moody's Rating

Highest rating from Moody's.
Maintain capital projects and Great Island purchase.
Ample access to capital markets to fund our capital needs.

\$27.5mm Fund Balance

Unencumbered fund balance up \$1.3mm, \$8.4mm over target
Supports our Aaa credit rating.
Remains in excess of the BOF policy floor.

Ample Debt Capacity

Our current debt balance of \$84.6mm is conservative and allows for continued funding of planned capital investments and acquisition of Great Island, well under statutory limits.

Low Mill Rate

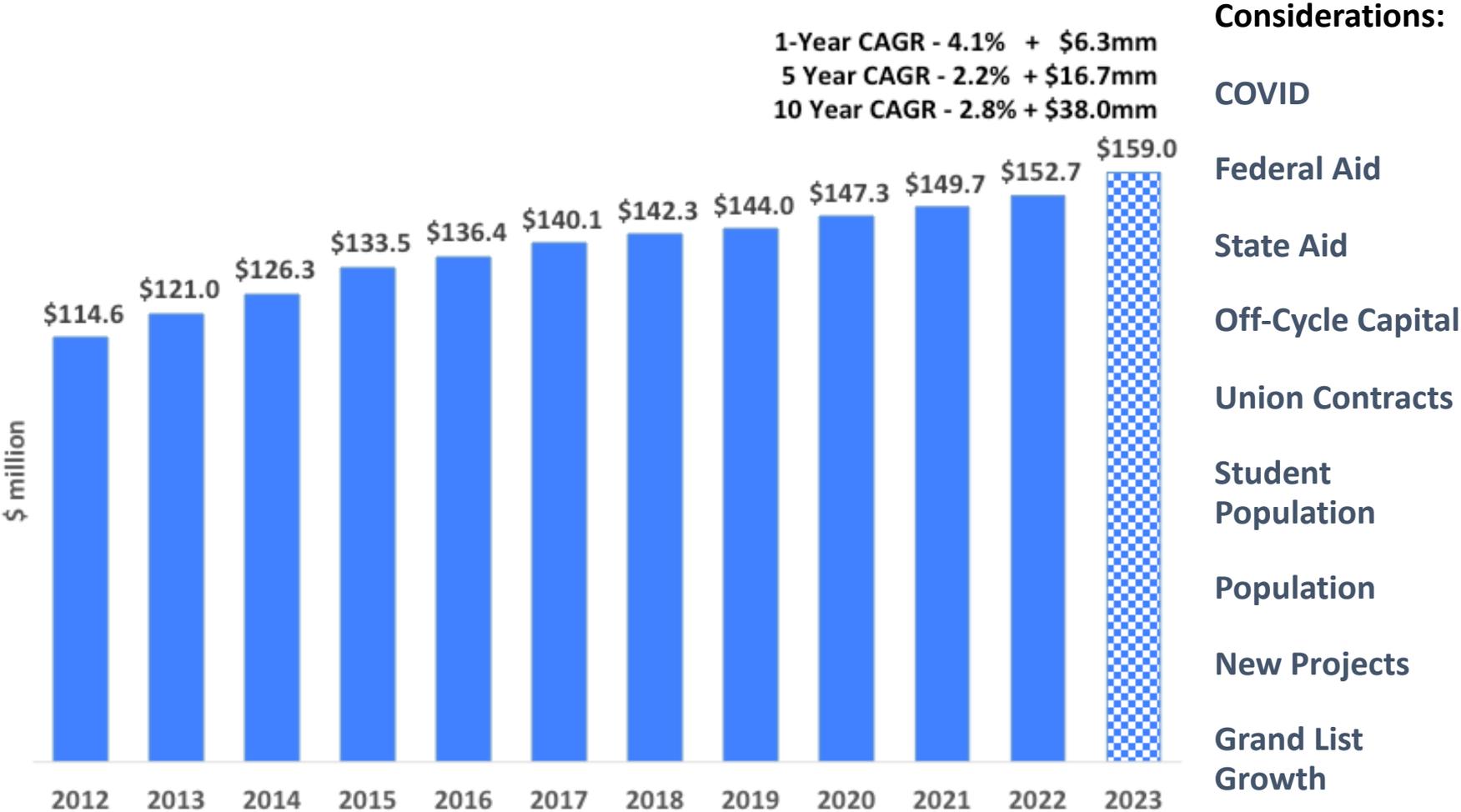
Darien's FY2023 mill rate of 17.23 remains among the lowest of municipalities in the state of Connecticut, driven in part by our grand list. FY2025 will be the first year based on new valuations.

Demand for Real Estate

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

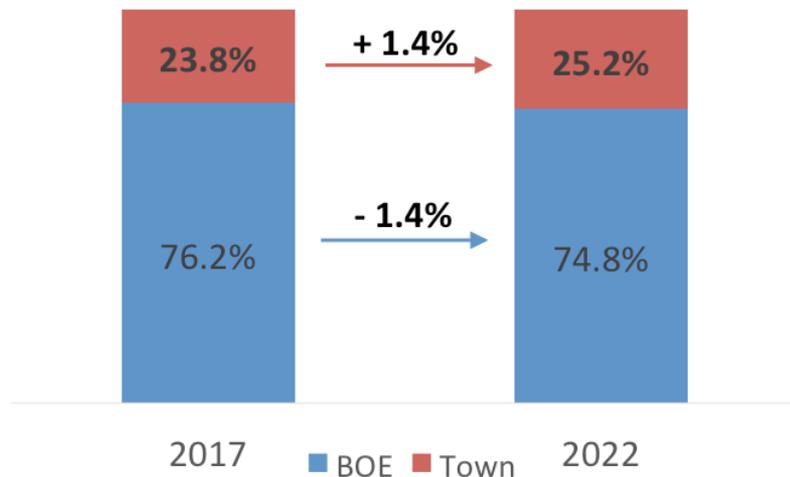
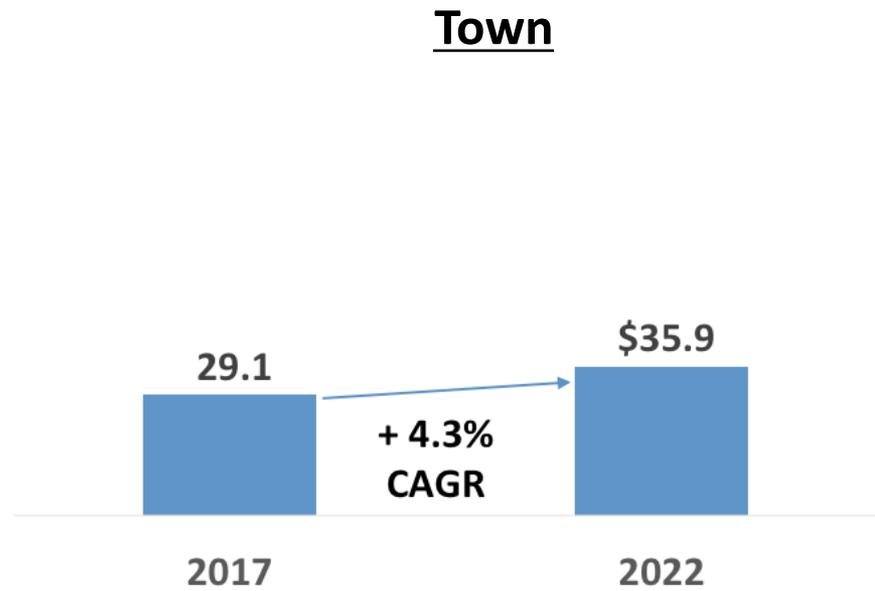
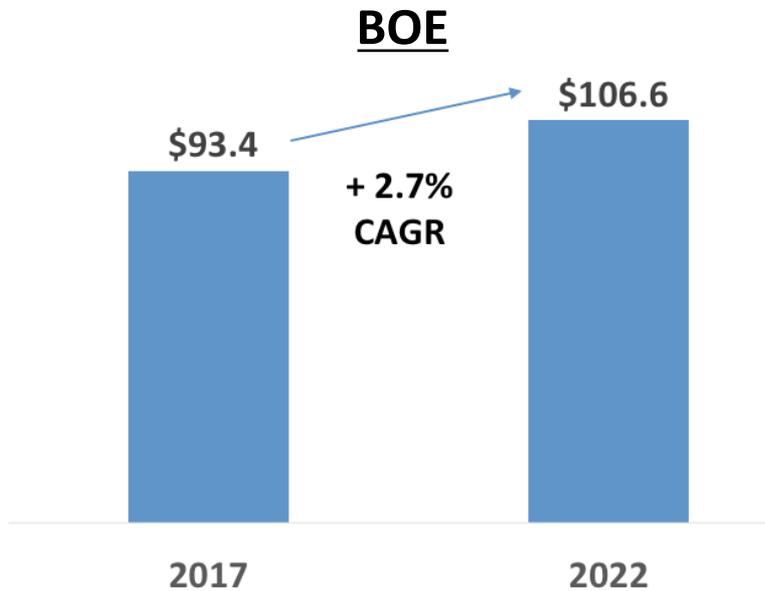
Darien survived the economic volatility of the pandemic and remains in great shape as we move into 2023.

Overall general fund expenditures continue to rise, but the pace is trending lower; Upcoming revaluation will show how this has compared to asset values.



Notes: FY2022 represents adopted budget.

BOE net expenditures drive overall increases in our budgeted operating expenses

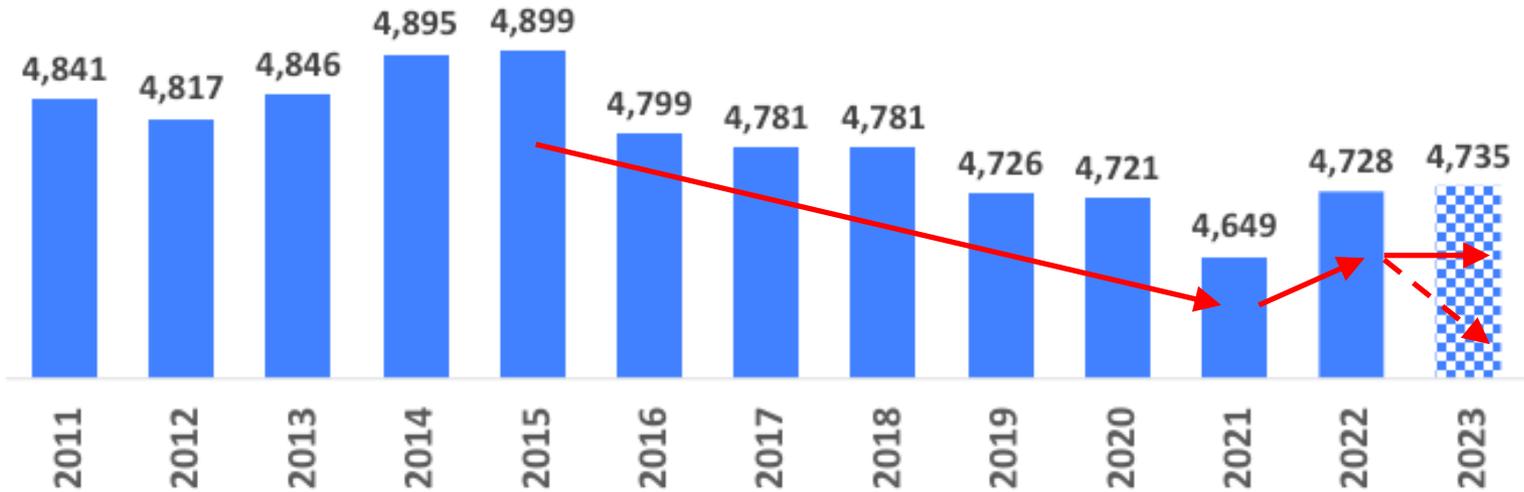


Observations:

5-Year Town operating expense growth outpaces BOE by 160 bps, but the BOE has recently trended higher up much higher

BOE continues to grow as a percentage of Darien's overall operating expenses, although on a 5-year trend it has come down.

Total student enrollment has declined ...



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... BOE expenditures per student continue to rise

1-Year CAGR: + 3.6%
5 Year CAGR: + 3.3%
10 Year CAGR: + 3.6%



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Total funded indebtedness and debt service

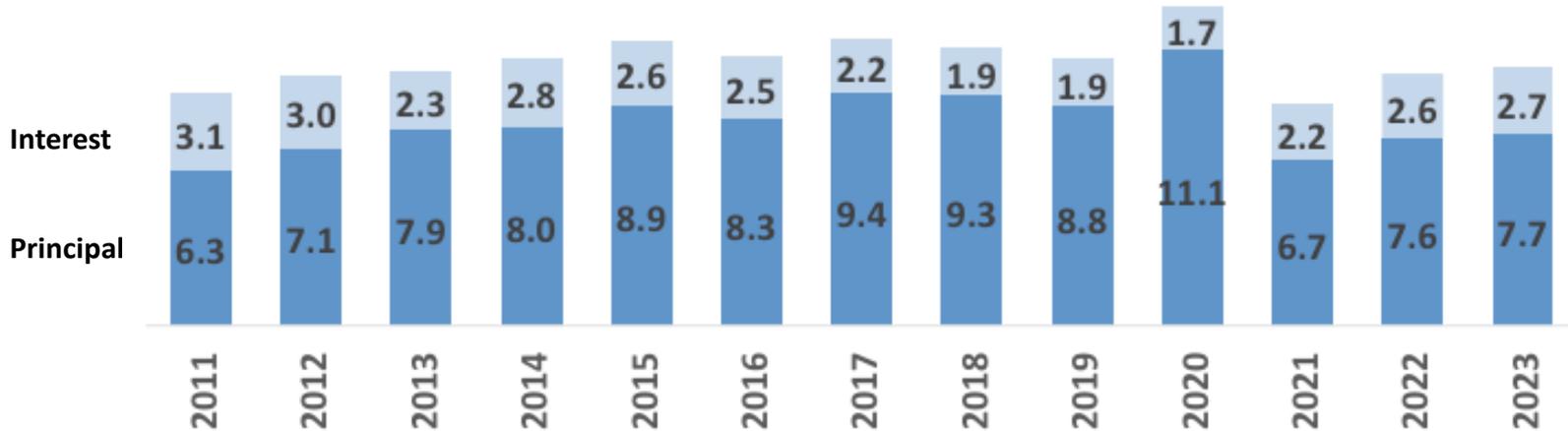
Outstanding Debt



Upcoming Large Project Bonding
+ 80mm+ HHR Projects
+ 103mm+ Great Island

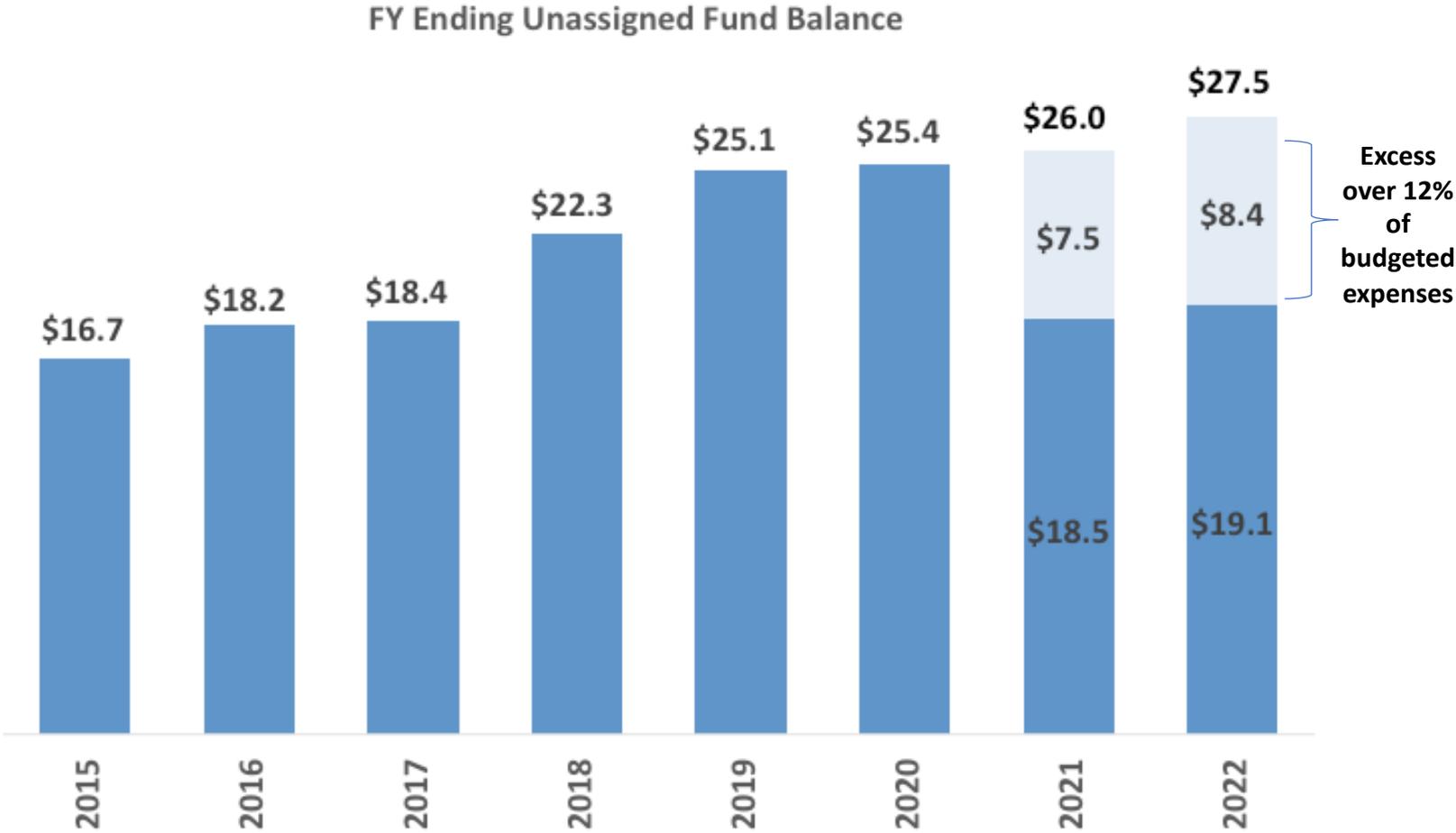
Upcoming Small Project Bonding:
+ 2mm+ Fire Apparatus
+ Other Capital

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



Town and BOE Budget Guidance

Core Growth

- Existing personnel, population, students & contracts
- Current services
- Efficiencies in current operations

New Growth

- Additional headcount
- Added capital investments
- Benefit changes
- Population & student growth

Unknown & Unexpected

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

Long-Term: 2.5% increase

Short-Term: 2.5-3.0% increase

Make clear and compelling case & revisit programs

Keep stakeholders informed: Public, BOF and RTM

Overall target

Long-Term: 3.0%

Short-Term: 3.0-3.5%

? %

Grand List Growth: \$100-\$150mm of Value per year over the next couple years will offset some of the near term inflationary pressures, but not all.

Closing thoughts ...

FY2024 budget process is already underway

- 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.
- Nearing completion of new OX Ridge school; Starting the Hindley, Royle and Holmes school projects – in total over \$140mm of investment in our schools and new planned acquisition of Great Island – 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. Budgeting should target the most accurate expectation of expenses – should not include reserves.
- BOF working relationship and collaboration with the Town's two operating and policy making boards (i.e., BOE and BOS) and the RTM remains excellent.
- Reminder to our all constituents, including the RTM – provide early feedback direction to us on issues that come before the BOF – public comment and email are both welcome. Success will come from collaboration, transparency, and civility among all those involved.

Darien Board of Finance Contacts

Jim Palen, Chair – jpalen@darienct.gov

Dan Bumgardner, Vice Chair – dbumgardner@darienct.gov

Taylor Carter, Secretary – tcarter@darienct.gov

Rob Cardone – rcardone@darienct.gov

Paul Hendrickson – phendrickson@darienct.gov

David Martin – dmartin@darienct.gov

John Wolcott – jwolcott@dariantct.gov