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# OFFICIAL STATEMENT

## NEW MONEY

## **MOODY'S RATING:**

(See "Ratings" herein)

*In the opinion of Bond Counsel, based on existing law and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended, (the "Code"), interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is not taken into account in the calculation of adjusted current earnings for purposes of the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable 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.*

## TOWN OF DARIEN, CONNECTICUT

**\$4,000,000**

### **GENERAL OBLIGATION BONDS (BANK QUALIFIED) BOOK-ENTRY-ONLY**

**Dated: January 15, 2010**

**Due: January 15, as shown below**

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 July 15, 2010 and semiannually thereafter on January 15 and July 15 in each year until maturity. 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.

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

The Bonds are being offered for sale in accordance with an official Notice of Sale dated January 11, 2010. Sealed bids and/or electronic bids via **PARITY**® for the Bonds will be received until 11:00 o'clock A.M. (E.S.T.) on Wednesday, January 20, 2010, at the office of the Finance Director, Darien Town Hall, 2 Renshaw Road, Darien, Connecticut 06820 as described in the Notice of Sale. (See "Appendix D" herein.)

### **MATURITIES AND AMOUNTS**

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2013	\$350,000	%	%	237217***	2017	\$525,000	%	%	237217***
2014	525,000			237217***	2018	525,000			237217***
2015	525,000			237217***	2019	525,000			237217***
2016	525,000			237217***	2020	500,000			237217***

*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 January 28, 2010.*

**Dated: January 11, 2010**

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 - "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.

Independent Bond and Investment Consultants LLC ("IBIC LLC"), the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. IBIC LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

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

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) timely notice of the occurrence of certain material events with respect to the Bonds 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 winning bidder'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.

**BOND COUNSEL**

**PULLMAN & COMLEY, LLC**

Hartford and Bridgeport, Connecticut  
(860) 424-4337

**INDEPENDENT FINANCIAL ADVISOR**

**INDEPENDENT BOND AND  
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut  
(203) 245-8715

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## BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the Notice of Sale.

<b>Date of Sale:</b>	Wednesday, January 20, 2010, at 11:00 A.M. (E.S.T.).
<b>Location of Sale:</b>	Office of the Finance Director, Darien Town Hall, 2 Renshaw Road, Darien, Connecticut 06820.
<b>Issuer:</b>	Town of Darien, Connecticut (the "Town").
<b>Issue:</b>	\$4,000,000 General Obligation Bonds (the "Bonds").
<b>Dated Date:</b>	January 15, 2010.
<b>Interest Due:</b>	July 15, 2010 and semiannually thereafter on January 15 and July 15 in each year.
<b>Principal Due:</b>	Serially, January 15, 2013-2020.
<b>Purpose and Authority:</b>	The Bonds are being issued to finance the New Darien High School Project and the Police Station Project undertaken by the Town and authorized by the Representative Town Meeting.
<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 of Darien, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Town has made an application to Moody's Investors Service, Inc. (Moody's) for a rating on the Bonds. The Town's current bond rating by Moody's is "Aaa". (See "Ratings" herein).
<b>Basis of Award:</b>	Lowest True Interest Cost ("TIC") as of the dated date.
<b>Continuing Disclosure:</b>	See Appendix C – "Continuing Disclosure Agreement" herein.
<b>Tax Exemption:</b>	See Appendix D – "Form of Legal Opinion of Bond Counsel" herein.
<b>Bank Qualification:</b>	The Bonds SHALL 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.
<b>Certifying Bank Registrar, Transfer and Paying Agent:</b>	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103 (email: <a href="mailto:ctmuniservices@usbank.com">ctmuniservices@usbank.com</a> ).
<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 form will be made on or about January 28, 2010, against payment in Federal Funds.
<b>Issuer Official:</b>	Questions regarding the Town and this Official Statement should be directed to Kathleen C. Buch, Finance Director, 2 Renshaw Road, Darien, Connecticut 06820 -Telephone (203) 656-7334.

## SECTION I - SECURITIES OFFERED

### Introduction

This Official Statement, including the cover page and appendices, has been prepared by the Town of Darien, Connecticut (the "Town") with assistance from the financial advisor in connection with the sale of \$4,000,000 General Obligation Bonds (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 their opinion) and it makes no representation that it has independently verified the same.

### Description of the Bonds

The Bonds will be dated January 15, 2010 and will mature in annual installments on January 15 in each of the years and in the principal amounts set forth on the 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 payable July 15, 2010 and semiannually thereafter on January 15 and July 15 in each year. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the last business day of June and December in each year.

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 and Paying Agent will be the U.S. Bank National Association, in Hartford, Connecticut 06103 (email: ctmuniservices@usbank.com). 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 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 January 15, 2015 are not subject to redemption prior to maturity. The Bonds maturing on January 15, 2016 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after January 15, 2015, 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>
January 15, 2015 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

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.

Purpose: Proceeds of the Bonds will be used to finance the following school and public safety projects:

<u>Projects</u>	<u>Amount of Total Authorization</u>	<u>Previously Bonded</u>	<u>Notes Outstanding</u>	<u>The Bonds (This Issue)</u>
New Darien High School	\$ 75,400,000	\$58,963,727	\$3,750,000	\$3,750,000
Police Station Project	17,680,000	-0-	250,000	250,000
Total	<u>\$93,080,000</u>	<u>\$58,963,727</u>	<u>\$4,000,000</u>	<u>\$4,000,000</u>

### School Projects

The State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Debt service reimbursement will continue under the old program for all projects approved prior to July 1, 1996.

Under the old program, the State of Connecticut will reimburse the Town for principal and interest costs for eligible school construction projects over the life of outstanding school bonds.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during construction. The following projects will be reimbursed at the estimated reimbursement rates shown below:

<u>Project</u>	<u>Amount of Total Authorization</u>	<u>Estimated Eligible Cost For Reimbursement</u>	<u>Reimbursement Rate %</u>	<u>Estimated Grant</u> <sup>(1)</sup>
New Darien High School	\$75,400,000	\$61,005,348	20.7%	\$12,628,107
Tokeneke Elementary School	<u>23,170,000</u>	<u>12,130,067</u>	<u>20.7%</u>	<u>2,510,924</u>
TOTAL	<u>\$98,570,000</u>	<u>\$73,135,415</u>	<u>20.7%</u>	<u>\$15,139,031</u>

(1) Estimated costs for entire authorization. Eligible costs to be determined during the course of the project.

### Ratings

The Town has made an application to Moody's Investors Services, Inc. ("Moody's") for rating on the Bonds. The Town's current underlying bond rating is "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 Pullman & Comley, LLC, Bond Counsel to the Town, under existing law, interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds is not taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

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 Compliance 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 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 the Bonds of certain maturities may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity is sold will constitute original issue discount. The offering price(s) relating to the yield(s) set forth on the cover page of this Official Statement for such Bonds are expected to be the initial offering price(s) to the public at which a substantial amount of each maturity of the Bonds are sold. Under existing law, original issue discount on the 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 Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bonds and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. 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 a Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bonds will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of original issue discount Bonds by certain corporations may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount 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 Bondowners purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds.

**Original Issue Premium.** The initial public offering prices of the Notes may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize note premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of the Bonds should consult their tax advisors regarding the amortization of premium and the 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, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. 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.

Legislation affecting the exclusion from gross income of interest on bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect upon the tax-exempt status or the market price of the Bonds.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable 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.

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

Accrued original issue discount on a 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 in the case of 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 premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof.

**Miscellaneous.** Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price for, or the marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding the foregoing matters.

**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent 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 opinions.

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.

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

**Qualification for Financial Institutions**

The Bonds SHALL 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.

**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 interest rate of the Bonds, in the aggregate principal amount of such interest rate, and will be deposited with DTC.

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, 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 Standard & Poor's highest rating of: AAA. 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) and [www.dtc.org](http://www.dtc.org).

Purchases of the 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 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.

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 Bonds 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).

Principal and interest payments on, and redemption premium, if any, with respect to 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 the Town or Paying 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, Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying 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 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 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 Resolution authorizing the Bonds provides for Town Officials to determine the form of issuance of fully registered certificates, including directly to Beneficial Owners. The Town may issue such certificates directly to Beneficial Owners 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 Bonds. 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.

## SECTION 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 2000 Bureau of Census, the median family income exceeded \$173,000 and the per capita income was \$77,519. 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, Wachovia Bank, Bank of America, TD BankNorth, Darien/Rowayton 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 was adopted in 1954 and was subsequently updated in 1967, 1984, 1996 and most recently in June 2006. Since 1967 Darien has witnessed significant changes in the use of its land, the composition of its population, and the economic function of the South Western Planning Region. This Region consists of the communities of Darien, Greenwich, New Canaan, Norwalk, Stamford, Weston, Westport and Wilton. The Planning and Zoning Commission uses the 1996 Town Plan to implement the policies necessary to achieve its most basic goal - the preservation of an attractive suburban living environment.

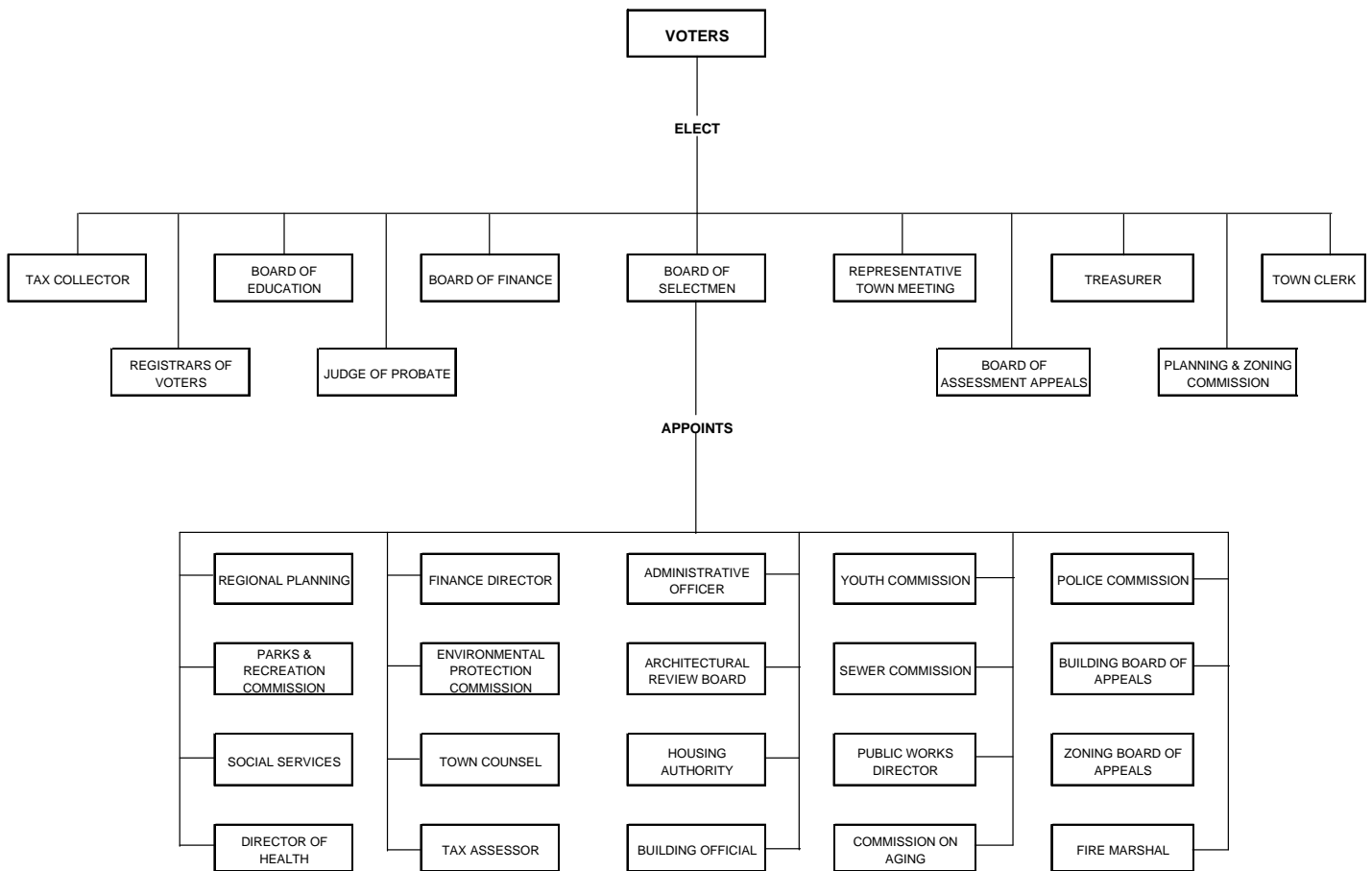
It is expected that population growth in Darien will be gradual due to the limited amount of land available for development (approximately 606.5 acres or 7.0% of the Town according to the Plan of Development). The values of new homes range from approximately \$500,000 to \$650,000 with many in the \$1,000,000 to \$3,000,000 bracket and some over the \$5,000,000 value.

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 530 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.

## 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 from 1961 to 1992.

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. He 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 Administrative Officer 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>
David M. Campbell, First Selectman	Elected 2 years	Less than one year
Murry Stegelmann, Chairman, Board of Finance	Elected 4 years	4.0
Karl Kilduff, Administrative Officer	Appointed Indefinite	1.5
Kathleen C. Buch, Finance Director	Appointed Indefinite	9.0
Joan D. Hendrickson, Treasurer	Elected 2 years	4.0
Donna E. Rajczewski, Town Clerk	Elected 2 years	10.0
Robert A. Locke, Tax Collector	Elected 2 years	10.0
Donald Fital, Superintendent of Schools	Appointed 3 years	4.0

## 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, 6 full-time civilian employees, several traffic agents, including 9 school crossing guards. Department rolling stock/equipment consists of 22 vehicles, including one underwater recovery vehicle, one boat and three trailers.

**Fire Protection:** Fire protection services are provided by three volunteer fire companies staffed by approximately 75 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 79 miles of mains, 14 pump stations and six pipeline crossings of the Noroton River 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. The Town is currently undertaking several sewer extension projects. The Town will assess benefiting owners for the annual costs of these projects.

**Solid Waste:** The Town recently executed a five year contract with City Carting Inc. of Stamford, CT. 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 new Agreement. The current tipping fee is \$74.88 per ton, and escalates annually at the rate of 4%.

**Utilities:** Electricity for the Town is provided by the Connecticut Light & Power Company, a subsidiary of Northeast Utilities.

**Social Services:** A five-member Board of Commissioners oversees the operation of the Social Services Department that provides financial and medical care to all Darien residents in need. In addition, counseling, information and referral, and elderly outreach services are offered. There is also a seven-member Youth Commission offering numerous youth social and instructional programs and an 11 member Commission on Aging offering various programs and services to Darien's elderly through a Senior Activities Center.

**Public Works:** The Department 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. Among department facilities are 13 parks consisting of 207 acres; 2 Town beaches, public boat launch ramp, 10 tennis courts, 5 paddle tennis courts, basketball court, 9 athletic fields, nature preserves with trails, 2 skating ponds (winter), 4 picnic areas, 3 gazebos, 4 pavilions, 4 children's play equipment areas with an additional one in planning, and general open space. Youth and adult recreation programs consist of: tennis and paddle lessons, basketball and baseball clinics and programs, golf lessons, piano and guitar lessons, indoor and outdoor soccer clinics, summer sports camps, Little Scientist programs, horseback riding lessons, adult drop-in volleyball and basketball, and community gardens. The department co-sponsors events and programs such as: Darien Junior sailing, school vacation activity programs, Hot-Shot Basketball, paddle tennis tournaments and movies on the beach.

**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/ Renovations</u>	<u>Enrollment 10/01/09</u>	<u>Capacity (1)</u>
<u>Elementary</u>					
Hindley School	K-5	1947	1976, 1995, 1996	532	550
Holmes School	K-5	1953	1995, 1996	483	550
Ox Ridge School	K-5	1966	1976, 1995, 1996	478	625
Royle School	K-5	1948	1958, 1976, 1995, 1996	444	550
Tokeneke School	K-5	2008		401	550
<u>Middle School</u>					
Middlesex Middle School (2)	6-8	1937	1952, 1976, 2000	1,156	1,200
<u>High School</u>					
Darien High School	9-12	2005		<u>1,284</u>	<u>1,300</u>
Total				<u>4,778</u>	<u>5,325</u>

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

(2) Includes two portable classrooms.

Source: Office of the Superintendent of Schools.

#### **School Enrollment History and Projections**

<b>Actual</b>				
<u>As of October 1</u>	<u>K-5</u>	<u>6-8</u>	<u>9-12</u>	<u>Total</u>
2000	2,158	805	814	3,777
2001	2,149	878	873	3,900
2002	2,250	955	911	4,116
2003	2,344	982	958	4,284
2004	2,362	1,065	951	4,378
2005	2,310	1,054	1,091	4,455
2006	2,345	1,100	1,142	4,587
2007	2,334	1,117	1,202	4,653
2008	2,341	1,133	1,253	4,727
2009	2,338	1,156	1,284	4,778
<b>Projected</b>				
2010	2,358	1,138	1,321	4,816
2011	2,325	1,151	1,318	4,794
2012	2,321	1,116	1,340	4,777
2013	2,295	1,132	1,328	4,755
2014	2,321	1,079	1,339	4,730

Source: Office of the Superintendent of Schools.



## Municipal Employment

Fiscal Year	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004 (1)</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Government	142	140	135	135	136	137	137	148	147	147
Board of Education	<u>790</u>	<u>716</u>	<u>721</u>	<u>721</u>	<u>698</u>	<u>669</u>	<u>665</u>	<u>595</u>	<u>551</u>	<u>536</u>
Totals	<u>932</u>	<u>856</u>	<u>856</u>	<u>856</u>	<u>834</u>	<u>806</u>	<u>802</u>	<u>743</u>	<u>698</u>	<u>683</u>

(1) The increase in Board of Education employees is primarily due to an increase in the number of teachers employed and to the addition of cafeteria workers not previously included in prior fiscal years.

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	44
Sewer Authority	4
Police Personnel	57
Parks and Recreation Department	<u>9</u>
Subtotal	142
<u>Board of Education</u>	
Certified Staff	484
Non-Certified Employees	<u>306</u>
Subtotal	<u>790</u>
Total Town Employees	<u>932</u>

Source: Town Officials

## Municipal Employees Bargaining Organizations

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
<b><u>GENERAL GOVERNMENT</u></b>		
29	AFSCME, Council # 4, Local 1303-292 Public Works	06/30/11
48	Darien Police Association, Inc. Police Department	06/30/10
29	AFSCME, Council #4, Local 1303-289 Support Personnel	06/30/11
36	Non-Bargaining General Government Employees	
<b><u>BOARD OF EDUCATION</u></b>		
24	Darien Administrators' Association Administrators	06/30/11
460	Darien Education Association Teachers	06/30/12
11	Darien Registered Nurses' Association Nurses	06/30/10
169	AFSCME, Council #4, Local 1303 Secretaries	06/30/10
30	AFSCME, Council #4, Local 1303 Custodians	06/30/12
14	Darien School Maintenance Association	06/30/12
26	Darien School Cafeteria Association Council #4 Local 1303-357	06/30/10
56	Non-Bargaining Board of Education Employees	

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.

## SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

### Population Trends

<u>Year</u>	<u>Town of Darien</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1960	18,437	653,589	2,535,234
1970	20,336	792,814	3,032,217
1980	18,892	807,143	3,107,576
1990	18,196	857,270	3,287,116
2000	19,607	882,567	3,405,565
2008	20,177	895,030	3,501,252

Source: U.S. Department of Commerce, Bureau of the Census; State of Connecticut, Department of Health.

### Age Characteristics of Population

	<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 years of age	2,028	10.3	64,005	7.2	223,344	6.6
5 - 19 years of age	4,568	23.3	180,568	20.5	702,358	20.6
20 - 24 years of age	349	1.8	42,982	4.9	187,571	5.5
25 - 44 years of age	5,528	28.2	272,538	30.9	1,032,689	30.3
45 - 64 years of age	4,698	24.0	205,311	23.2	789,420	23.2
Over 65 years of age	2,436	12.4	117,163	13.3	470,183	13.8
TOTAL	<u>19,607</u>	<u>100.0</u>	<u>882,567</u>	<u>100.0</u>	<u>3,405,565</u>	<u>100.0</u>

Median age	38.0	37.3	37.4
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Source: U. S. Department of Commerce, Bureau of the Census, 2000

### Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(1990)</u>	<u>(2000)</u>	<u>(1990)</u>	<u>(2000)</u>
Town of Darien	\$101,583	\$173,777	\$51,795	\$77,519
Fairfield County	57,990	77,690	26,161	38,350
Connecticut	49,199	65,521	20,189	28,766
United States	35,353	49,600	14,617	21,690

Source: U.S. Department of Commerce, Bureau of Census, 1990 and 2000 Census.

### 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>
\$ 0 to 9,999	18	0.3	7,783	3.4	33,423	3.8
10,000 to 14,999	20	0.4	4,924	2.1	23,593	2.7
15,000 to 24,999	139	2.6	13,948	6.1	63,262	7.1
25,000 to 34,999	93	1.7	16,063	7.0	75,413	8.5
35,000 to 49,999	244	4.5	25,941	11.3	120,134	13.6
50,000 to 74,999	481	8.9	42,367	18.4	198,924	22.5
75,000 to 99,999	457	8.4	31,974	13.9	141,981	16.0
100,000 to 149,999	882	16.3	38,421	16.7	132,177	14.9
150,000 to 199,999	627	11.6	17,177	7.5	42,472	4.8
200,000 or more	<u>2,448</u>	<u>45.3</u>	<u>31,253</u>	<u>13.6</u>	<u>54,368</u>	<u>6.1</u>
TOTAL	<u>5,409</u>	<u>100.0</u>	<u>229,851</u>	<u>100.0</u>	<u>885,747</u>	<u>100.0</u>

Source: U. S. Department of Commerce, Bureau of the Census, 2000.

**Educational Attainment**  
**Years of School Completed, Age 25 & Over**

	Town of Darien		Fairfield County		State of Connecticut	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	177	1.4	36,948	6.2	132,917	5.8
9th to 12th Grade	365	2.9	56,287	9.5	234,739	10.2
High School Graduate	1,338	10.5	140,262	23.5	653,300	28.4
Some College	1,330	10.5	91,775	15.4	402,741	17.5
Associate Degree	533	4.2	33,425	5.6	150,926	6.6
Bachelor Degree	5,088	40.2	137,383	23.0	416,751	18.2
Graduate or Professional Degree	<u>3,834</u>	<u>30.3</u>	<u>100,291</u>	<u>16.8</u>	<u>304,243</u>	<u>13.3</u>
TOTAL	<u>12,665</u>	<u>100.0</u>	<u>596,371</u>	<u>100.0</u>	<u>2,295,617</u>	<u>100.0</u>
Percent High School Graduate or Higher		95.7%		84.4%		84.0%
Percent Bachelor Degree or Higher		70.4%		39.9%		31.4%

Source: U. S. Department of Commerce, Bureau of the Census, 2000.

**Employment by Industry**

	Town of Darien		Fairfield County		State of Connecticut	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fishing, hunting and mining	20	0.2	1,024	0.2	7,445	0.5
Construction	275	3.3	27,627	6.5	99,913	6.0
Manufacturing	557	6.7	56,520	13.3	246,607	14.8
Wholesale trade	251	3.0	14,052	3.3	53,231	3.2
Retail trade	583	7.0	46,957	11.0	185,633	11.2
Transportation & warehousing, and utilities	115	1.4	13,636	3.2	64,662	3.9
Information	620	7.4	19,367	4.5	55,202	3.3
Finance, insurance, real estate, and rental & leasing	2,273	27.2	50,701	11.9	163,568	9.8
Professional, scientific, management, administrative, and waste management services	1,651	19.8	61,695	14.5	168,334	10.1
Educational, health & social services	1,158	13.8	78,620	18.4	366,568	22.0
Arts, entertainment, recreation, accommodation and food services	386	4.6	24,357	5.7	111,424	6.7
Other services (except public administration)	322	3.9	21,097	4.9	74,499	4.5
Public Administration	<u>131</u>	<u>1.6</u>	<u>10,985</u>	<u>2.6</u>	<u>67,354</u>	<u>4.0</u>
TOTAL	<u>8,342</u>	<u>100.0</u>	<u>426,638</u>	<u>100.0</u>	<u>1,664,440</u>	<u>100.0</u>

Source: U. S. Department of Commerce, Bureau of the Census, 2000

**Major Employers**

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Estimated Number of Employees</u>
Town of Darien	Municipality	932
Colangelo Synergy Marketing	Marketing	178
Rings' End, Inc.	Building Supplies	138
Zotos International	Hair Care Products - Corporate HQ	120
BMW of Darien	Automotive Sales and Service	85
Jet Blue	Commercial Airline	82
Rogers Casey	Investment Consulting Firm - Corporate HQ	79
Land Rover of Darien	Automotive Sales	70
U.S. Postal Service	Mail Delivery Services	48
Life Study Fellowship Foundation, Inc.	Publisher of Religious Materials - Corporate HQ	43

Source: Town Officials

## Unemployment Rate Statistics

<u>Yearly Average</u>	<u>Town of Darien</u>	<u>Bridgeport-Stamford Labor Market</u>	<u>State of Connecticut</u>	<u>United States</u>
1999	1.3%	2.1%	3.2%	4.2%
2000	1.0	1.4	2.3	4.0
2001	1.9	2.4	3.3	4.8
2002	2.3	3.2	4.3	5.8
2003	2.7	3.6	5.5	5.8
2004	2.0	2.9	4.7	5.5
2005 (1)	3.3	4.5	4.9	5.1
2006	2.8	3.9	4.3	4.6
2007	2.8	4.1	4.5	4.6
2008	3.9	5.3	5.8	5.8
<u>2009 Monthly</u>				
January	5.4	7.3	7.9	8.5
February	5.3	7.4	8.0	8.9
March	5.5	7.2	7.8	9.0
April	5.3	7.4	7.8	8.6
May	6.1	7.5	7.9	9.1
June	6.0	7.7	8.1	9.7
July	6.1	7.6	8.0	9.7
August	5.7	7.6	8.0	9.6
September	6.2	7.9	8.2	9.5
October	6.3	8.0	8.3	9.5
November	5.5	7.5	7.9	9.4

(1) Effective January 2005 the Bridgeport and Stamford Labor Markets have been combined.

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

## Number and Value of Building Permits

<u>Fiscal Year</u>	<u>Residential</u>		<u>Industrial/Commercial</u>		<u>Other Construction</u>		<u>Total</u>	
	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>
2010 (1)	138	\$ 30,191,000	24	\$ 9,640,975	109	\$ 2,222,000	271	\$ 42,053,975
2009	307	66,290,000	40	24,787,000	208	6,970,000	555	98,047,000
2008	445	115,472,000	59	23,002,000	316	7,516,000	820	145,990,000
2007	490	122,999,000	46	47,104,000	490	7,823,000	876	177,926,000
2006	461	142,336,000	51	9,029,000	389	8,256,000	901	159,621,000
2005	485	146,620,000	48	11,019,119	352	7,137,000	885	164,776,119
2004	464	113,373,000	55	9,641,000	307	5,634,000	826	128,648,000
2003	423	97,204,000	43	79,522,000	354	18,415,000	820	195,141,000
2002	458	87,306,000	68	15,196,000	345	5,705,000	871	108,207,000
2001	474	88,506,000	50	9,456,000	292	4,228,000	816	102,190,000

(1) As of November 30, 2009.

Source: Town Officials; Building Inspector's Office.

## Characteristics of Housing Units

	Town of Darien		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 1,000 to \$ 99,999	14	0.3	7,628	4.1	91,217	12.5
100,000 to 149,999	56	1.0	17,969	9.8	212,010	29.1
150,000 to 199,999	48	0.9	26,310	14.3	156,397	21.5
200,000 to 299,999	224	4.1	44,679	24.2	137,499	18.9
300,000 to 499,999	1,264	22.9	44,583	24.2	79,047	10.9
500,000 and over	<u>3,897</u>	<u>70.8</u>	<u>43,023</u>	<u>23.4</u>	<u>52,074</u>	<u>7.1</u>
	<u>5,503</u>	<u>100.0</u>	<u>184,192</u>	<u>100.0</u>	<u>728,244</u>	<u>100.0</u>

Source: U. S. Department of Commerce, Bureau of the Census, 2000

## Age Characteristics of Housing

	Town of Darien		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Built in 1939 or earlier	2,112	35.9	71,784	21.1	308,896	22.3
Built in 1940 – 1969	3,414	50.9	154,038	45.4	571,218	41.2
Built in 1970 – 1989	905	6.4	86,748	25.6	386,782	27.9
Built in 1990 – March 2000	<u>361</u>	<u>5.3</u>	<u>26,896</u>	<u>7.9</u>	<u>119,079</u>	<u>8.6</u>
	<u>6,792</u>	<u>100.0</u>	<u>339,466</u>	<u>100.0</u>	<u>1,385,975</u>	<u>100.0</u>

Source: U. S. Department of Commerce, Bureau of the Census, 2000.

## Number of Dwelling Units

<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>	% Increase <u>1990-2000</u>	% Increase <u>1980-2000</u>	% Increase <u>1970-2000</u>
6,792	6,653	6,340	4,790	2.1%	7.1%	41.8%

Source: U. S. Department of Commerce, Bureau of Census.

## SECTION IV - INDEBTEDNESS

### Computation of Statutory Debt Limit

As of January 28, 2010 (Pro Forma)

Total Receipts for fiscal year ended June 30, 2009 (including interest and lien fees)	\$95,906,000
Town of Darien Taxing Districts	535,000
State Reimbursement for Revenue Loss on: Tax Relief for Elderly	<u>5,000</u>

Base for Establishing Debt Limit (Thousands)	<u>\$96,436,000</u>
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### Debt Limit

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base)	\$216,981,000					
(4.50 times base)		\$433,962,000				
(3.75 times base)			\$361,635,000			
(3.25 times base)				\$313,417,000		
(3.00 times base)					\$289,308,000	
(7.00 times base) (1)						\$675,052,000

### Indebtedness (Including the Bonds)

Bonds Payable	\$ 1,212,500	\$ 76,509,500	\$ 4,903,000	\$ -0-	\$ -0-	\$ 82,625,000
The Bonds ( <i>This Issue</i> )	250,000	3,750,000	-0-	-0-	-0-	4,000,000
State of Connecticut Clean Water Fund Project Loan Obligation ("PLO") (2)	-0-	-0-	527,297	-0-	-0-	527,297
Authorized but Unissued Debt	<u>22,755,000</u>	<u>4,461,849</u>	<u>4,085,000</u>	<u>-0-</u>	<u>-0-</u>	<u>31,301,849</u>
Total Indebtedness	<u>24,217,500</u>	<u>84,721,349</u>	<u>9,515,297</u>	<u>-0-</u>	<u>-0-</u>	<u>118,454,146</u>
Less:						
Sewer Assessments (3)	-0-	-0-	( 4,441,142)	-0-	-0-	( 4,441,142)
School grants receivable (4)	<u>-0-</u>	<u>( 2,975,205)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 2,975,205)</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$192,763,500</u>	<u>\$352,215,856</u>	<u>\$356,560,845</u>	<u>\$313,417,000</u>	<u>\$289,308,000</u>	<u>\$564,014,201</u>

(1) Under Connecticut General Statutes, Town debt cannot exceed seven times the debt limit base or \$657,052,000.

(2) 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 January 28, 2010 the Town has a balance outstanding of \$527,297.

(3) Sewer Assessments receivable as of June 30, 2009.

(4) As of January 28, 2010, the State of Connecticut school construction progress payments for the new high school and the Tokeneke school projects are estimated to be \$12,628,107 and \$2,510,924, respectively, or 20.7% of eligible costs. The Town has received progress payments for the new high school and Tokeneke projects in the amount of \$11,479,067 and \$1,790,357. The Town anticipates receiving State of Connecticut principal subsidy grants in the amount of \$1,105,598 over the remaining life of outstanding school bonds approved prior to July 1, 1996. (See "School Projects" herein.)

## Calculation of Net Direct Indebtedness

As of January 28, 2010 (Pro Forma)

<b>Long-Term Indebtedness</b> (1)	
The Bonds ( <i>This Issue</i> )	\$ 4,000,000
General Purpose	1,212,500
Schools	76,509,500
Sewers	4,903,000
State of Connecticut CWF Project Loan Obligation	<u>527,297</u>
<b>Total Long-Term Indebtedness</b>	87,152,297
<b>Short-Term Indebtedness</b>	
Bond Anticipation Notes	<u>-0-</u>
<b>Total Direct Indebtedness</b>	87,152,297
<b>Exclusions:</b>	
(School building grants receivable) (2)	( 1,105,598)
(Sewer assessments receivable) (3)	( 4,441,142)
(Sewer reserve fund) (3)	<u>( 47,568)</u>
<b>Net Direct Indebtedness</b>	<u><u>\$81,557,989</u></u>

(1) Does not include authorized but unissued debt of \$31,301,849. (See "Authorized but Unissued Debt" herein).

(2) As of January 28, 2010 the Town estimates it has school building construction grants receivable in the amount \$1,105,598 for school projects approved prior to July 1, 1996. (See "School Projects" herein.).

(3) As of June 30, 2009.

Source: Town Officials.

## Current Debt Ratios

As of January 28, 2010 (Pro Forma)

Total Direct Indebtedness	\$87,152,297
Total Net Direct Indebtedness	\$81,557,989
Population (1)	20,177
Net Taxable Grand List (10/1/08)	\$8,698,446,472
Estimated Full Value	\$12,426,352,103
Equalized Net Taxable Grand List (2007) (2)	\$12,460,762,952
Per Capita Income (1999) (3)	\$77,519
<b>Total Direct Indebtedness:</b>	
Per Capita	\$4,319.39
To Net Taxable Grand List	1.00%
To Estimated Full Value	0.70%
To Equalized Net Taxable Grand List	0.70%
Per Capita to Per Capita Income	5.57%
<b>Total Net Direct Indebtedness:</b>	
Per Capita	\$4,042.13
To Net Taxable Grand List	0.94%
To Estimated Full Value	0.66%
To Equalized Net Taxable Grand List	0.65%
Per Capita to Per Capita Income	5.21%

(1) U.S. Bureau of Census.

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

(3) U.S. Department of Commerce, Bureau of Census, Census 2000.

## Historical Debt Statement

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
Population (1)	20,177	20,061	20,145	20,227	20,226
Net taxable grand list	\$ 6,606,255,385	\$ 6,504,163,707	\$ 6,405,574,735	\$ 6,325,991,597	\$6,222,450,581
Estimated full value	\$ 9,437,507,693	\$ 9,291,662,439	\$ 9,150,821,050	\$ 9,037,130,853	\$8,889,215,116
Equalized net taxable grand list (2)	\$12,460,762,952	\$12,768,925,522	\$12,464,978,529	\$11,659,514,242	\$8,889,571,516
Per capita income (3)	\$77,519	\$77,519	\$77,519	\$77,519	\$77,519
Short-term debt	\$ -0-	\$ -0-	\$15,000,000	\$ -0-	\$ -0-
Long-term debt	<u>89,722,365</u>	<u>97,939,665</u>	<u>84,551,128</u>	<u>90,051,770</u>	<u>84,096,608</u>
Total Direct Indebtedness	\$89,722,365	\$97,939,665	\$99,551,128	\$90,051,770	\$84,096,608
Net Direct Indebtedness	\$83,938,549	\$91,327,492	\$92,897,919	\$83,250,618	\$78,496,240

(1) U. S. Bureau of Census.

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

(3) U.S. Department of Commerce, Bureau of Census, Census 2000.

## Historical Debt Ratios

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
<b>Total Direct Indebtedness:</b>					
Per capita	\$4,446.76	\$4,882.09	\$4,941.73	\$4,452.06	\$4,157.85
To net taxable grand list	1.36%	1.51%	1.55%	1.42%	1.35%
To estimated full value	0.95%	1.05%	1.09%	1.00%	0.95%
To equalized net taxable grand list	0.72%	0.77%	0.80%	0.77%	0.95%
Debt per capita to per capita income	5.74%	6.30%	6.37%	5.74%	5.36%
<b>Net Direct Indebtedness:</b>					
Per capita	\$4,160.11	\$4,552.49	\$4,611.46	\$4,115.82	\$3,880.96
To net taxable grand list	1.27%	1.40%	1.45%	1.32%	1.26%
To estimated full value	0.89%	0.98%	1.02%	0.92%	0.88%
To equalized net taxable grand list	0.67%	0.72%	0.75%	0.71%	0.88%
Debt per capita to per capita Income	5.37%	5.87%	5.95%	5.31%	5.01%

## Outstanding Short-Term Indebtedness

The Town has \$4,000,000 in outstanding bond anticipation notes maturing on January 28, 2010 which will be retired with the proceeds of the Bonds.

## Capital Leases

The Town has outstanding operating lease agreements in the amount of \$1,410,974 as of June 30, 2009. These payments are not included in the outstanding bonded debt.

## 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.

## 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).

## Authorized but Unissued Debt

Projects	Amount Authorized	Prior Financings	BANs Outstanding	Paydowns / Grants	The Bonds (This Issue)	Authorized But Unissued (1)
New Darien High School	\$ 75,400,000	\$58,963,727	\$3,750,000	\$11,479,067	\$3,750,000	\$ 1,207,206
Town Sewer Extension Projects	2,100,000	715,000	-0-	-0-	-0-	1,385,000
Tokeneke Elementary School	23,170,000	18,125,000	-0-	1,790,357	-0-	3,254,643
Library Building Acquisition	4,200,000	875,000	-0-	-0-	-0-	3,325,000
Police Station Project	17,680,000	-0-	250,000	-0-	250,000	17,430,000
Weed Beach Project	2,000,000	-0-	-0-	-0-	-0-	2,000,000
Goodwives Sewer Project	<u>2,700,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,700,000</u>
Total	<u>\$127,250,000</u>	<u>\$78,678,727</u>	<u>\$4,000,000</u>	<u>\$13,269,424</u>	<u>\$4,000,000</u>	<u>\$31,301,849</u>

- (1) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments for the new high school and the Tokeneke school projects in amounts of \$12,628,107 and \$2,510,924, respectively, or 20.7% of eligible costs. The grants received will reduce the authorized but unissued debt by a similar amount. (See "School Projects" herein).

## Existing and Future Capital Project Financing

The Representative Town Meeting (the "RTM") adopted an appropriation and bond authorization of \$73,000,000 for the Darien High School project on October 22, 2001. The appropriation was sent to a vote by referendum held on December 4, 2001 and approved. The appropriation may be spent for the planning, acquisition and construction of the new Darien High School including engineering, administrative, legal, financing, capitalized interest and other expenses related to the project. This project was completed in May, 2009. (See "School Projects" herein).

On March 7, 2005, the RTM adopted an appropriation of \$23,170,000 for the planning, design and construction of a new Tokeneke Elementary School including engineering, administrative, legal, financing, capitalized interest and other expenses related to the project. The project is near completion. The Town anticipates less than \$1,000,000 in financing for the remaining balance in the next two years.

The RTM adopted an appropriation and bond authorization of \$2,100,000 for the design and construction of sewer extension projects on September 26, 2005. The appropriation may be spent for the planning, acquisition and construction of sewer extensions, upgrade and expansion including a pumping station, interceptor sewers, land acquisition and easements, and for engineering, administrative, and other expenses related to the project. No projects are anticipated at this time.

On April 28, 2008, the RTM adopted an appropriation and bond authorization of \$17,680,000 for an addition to and renovation of the Police Station and an appropriation of \$3,600,000 with authorization for up to \$2,000,000 in bonds for the purpose of renovations to Weed Beach, including but not limited to replacing the existing facilities. \$250,000 of the Notes will be used for the Police Station communications console. At this time, the Weed Beach project is on hold.

On September 28, 2009, the RTM adopted an appropriation and bond authorization of \$2,700,000 for the design and construction of a sewer extension on Goodwives River Road. The appropriation may be spent for the planning, acquisition and construction of sewer extensions, upgrade and expansion including a pumping station, interceptor sewers, land acquisition and easements, and for engineering, administrative, and other expenses related to the project.

### **Combined Schedule of Long Term Debt through Maturity**

As of January 28, 2010 (Pro Forma)

<u>Fiscal Year</u>	<u>Principal (1,2) Payments</u>	<u>Interest Payments</u>	<u>Total (1,2) Debt Service</u>	<u>The Bonds Principal</u>	<u>All Issues (1) Principal</u>
2010	\$ 6,838,154	\$ 3,123,948	\$ 9,962,102	\$ -0-	\$ 6,838,154
2011	6,264,024	3,080,520	9,344,544	-0-	6,264,024
2012	7,144,913	2,846,594	9,991,507	-0-	7,144,913
2013	7,080,820	2,582,587	9,663,407	350,000	7,430,820
2014	7,041,744	2,322,918	9,364,662	525,000	7,566,744
2015	6,977,688	2,084,191	9,061,879	525,000	7,502,688
2016	6,793,651	1,823,825	8,617,476	525,000	7,318,651
2017	6,634,633	1,546,146	8,180,779	525,000	7,159,633
2018	5,790,635	1,286,203	7,076,838	525,000	6,315,635
2019	4,966,657	1,071,444	6,038,101	525,000	5,491,657
2020	3,502,699	907,977	4,410,676	500,000	4,002,699
2021	4,341,747	756,350	5,098,097	-0-	4,341,747
2022	4,305,000	586,888	4,891,888	-0-	4,305,000
2023	4,015,000	423,519	4,438,519	-0-	4,015,000
2024	2,350,000	296,625	2,646,625	-0-	2,350,000
2025	2,250,000	203,750	2,453,750	-0-	2,250,000
2026	1,475,000	127,938	1,602,938	-0-	1,475,000
2027	975,000	78,000	1,053,000	-0-	975,000
2028	<u>975,000</u>	<u>39,000</u>	<u>1,014,000</u>	<u>-0-</u>	<u>975,000</u>
	<u>\$89,722,365</u>	<u>\$25,188,423</u>	<u>\$114,910,788</u>	<u>\$4,000,000</u>	<u>\$93,722,365</u>

(1) Does not reflect principal payments of \$5,570,068 made by the Town as of January 28, 2010.

(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 is paid through assessments to the benefiting property owners and is reimbursed to the General Fund by the Sewer Assessment Fund.

Source: Town Officials.

## **SECTION V - FINANCIAL DATA**

### **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 & Company, P.C., is the auditors, 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, 2009, 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 & Company, P.C., 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 has it given its consent to print the Financial Statements in this Official Statement

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, 1990-2008. 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**

All annual budgets are recommended by the Board of Selectmen and the Board of Finance for approval by the Representative Town Meeting ("RTM"). The Board of Finance is authorized to approve all inter-departmental budget transfers of \$1,000 and over that do not increase the operating budget. Additional appropriations or budget amendments are recommended by the Board of Finance for RTM approval. The Board of Selectmen approve all inter-departmental transfers under \$1,000 and recommends transfers over that amount for Board of Finance approval.

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.

During the budget reviews the Board of Finance meets in special session as frequently as twice a week. 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 RTM. The RTM then 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 power to increase it.

### **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.

An actuarial valuation is prepared biennially; the most recent actuarial valuation was performed as of July 1, 2008. The pension benefit obligation and net assets were as follows:

	<u>Town Plan</u>	<u>Police Plan</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits	144	52	196
Terminated employees not yet receiving benefits	6	-0-	6
Current employees:	386	51	437
 Total Actuarial Pension Benefit Obligation	 \$35,427,363	 \$28,911,419	 \$64,338,782
Net Actuarial Assets Available for Benefits	<u>31,440,757</u>	<u>24,830,877</u>	<u>56,271,634</u>
Under (Over) Funded Pension Benefit Obligation	<u>\$ 3,986,606</u>	<u>\$ 4,080,542</u>	<u>\$ 8,067,148</u>

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.

For further information on the Town's Pension Plans, see Appendix A, page 36.

### **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 for 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 CT towards the cost of their coverage.

The Town of Darien'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. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	Police Post-Retirement <u>Medical Program</u>	Non-Police Post-Retirement <u>Medical Program</u>	<u>Total</u>
Annual required contribution ("ARC")	\$609,468	\$595,699	\$1,205,167
Interest on net OPEB obligation	35,059	-0-	35,059
Adjusted to ARC	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Annual OPEB cost	644,527	595,699	1,240,226
Contribution made	<u>(142,018)</u>	<u>(193,371)</u>	<u>( 335,389)</u>
Increase in net OPEB obligation	502,509	402,328	904,837
Net OPEB obligation, beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net OPEB obligation, end of year	<u>\$502,509</u>	<u>\$402,328</u>	<u>\$ 904,837</u>

As of July 1, 2007, the most recent actuarial valuation date, the Police plan was 0% funded. The actuarial accrued liability for benefits was approximately \$4.3 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability ("UAAL") of approximately \$4.3 million. As of July 1, 2007, the most recent actuarial valuation date, the Non-Police plan was 0% funded. The actuarial accrued liability for benefits was approximately \$5.3 million, and the actuarial value of assets was \$-0-, resulting in an UAAL of approximately 5.3 million.

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 July 1, 2007 actuarial valuation of the Police Plan, the aggregate cost method was used. The actuarial assumptions include a 7.5% investment rate of return assuming a trust fund will be established, 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 July 1, 2007 actuarial valuation of the Non-Police Plan, the projected unit credit method was used. The actuarial assumptions include a 5.5% investment rate of return due to the lack of a trust fund at June 30, 2009 though one was established 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 further information on the Town's OPEB Plans, see Appendix A, page 33.

## **Investment Policies and Procedures**

Under the Town Charter and under Connecticut General Statutes Sections 7-400 and 7-402, the Town may invest in (a) obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all the federal land banks, the Tennessee Valley Authority, or any other agency of the United States government, (b) certain mutual funds and money market mutual funds investing in such obligations or repurchase agreements fully collateralized by such obligations and (c) certain state and municipal bonds and notes, and may make deposits with certain "qualified public depositories".

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; and (3) 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 employees 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.

## **Assessment Practices**

The Town last revalued its real property effective October 1, 2008. Under Section 12-62 of the Connecticut General Statutes, the Town must view all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical in section. The maintenance of an equitable tax base and the location and 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 real and personal property and motor vehicles located within the Town on October 1. Each year a Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal 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, is undertaken, the Assessor's Office receives a copy of the permit issued by the building official. A physical appraisal is then completed and the structure 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.

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An Assessor's check and audit is completed periodically. Assessments for personal property are computed at 70% of present value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an 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 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.

## 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.

## Tax Levies and Collections

FY Ending 6/30	Net Taxable (1) Grand List	Total Tax Rate (In Mills)	Adjusted Tax Levy	Collected	Uncollected Taxes	
				End of Each FY	End of Each FY	As of 06/30/09
2010 (1)	\$8,698,446,472	11.37	\$98,340,626	In Process	In Process	In Process
2009	6,606,255,385	14.55	96,009,567	99.2%	\$805,270	\$805,270
2008	6,504,163,707	13.87	90,029,920	99.4%	535,799	274,358
2007	6,405,574,735	13.40	85,538,313	99.4	523,066	155,035
2006	6,325,991,597	13.02	82,211,465	99.5	425,037	79,578
2005	6,222,450,581	11.95	74,228,392	99.5	358,633	76,851
2004	4,254,707,418	16.00	67,767,842	99.5	353,729	23,394
2003	4,263,934,623	14.98	62,757,798	99.4	402,871	21,168
2002	4,239,958,267	14.02	58,772,372	99.3	385,359	11,285
2001	4,201,293,840	13.06	56,073,945	99.2	423,032	10,939

(1) The Town has recently undergone a revaluation, effective October 1, 2008. The basis of assessment is 70% of estimated full value as of October 1, 2008 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)

Grand List Dated	Real Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/01/08	\$8,373,304	\$122,304	\$204,330	\$8,699,938	\$1,492	\$8,698,446
10/01/07	6,310,307	78,793	218,603	6,607,703	1,448	6,606,255
10/01/06	6,220,427	75,743	209,534	6,505,704	1,540	6,504,164
10/01/05	6,125,771	71,788	209,838	6,407,397	1,823	6,405,574
10/01/04	6,054,081	63,740	209,890	6,327,712	1,720	6,325,992
10/01/03	5,965,862	63,259	195,169	6,224,291	1,840	6,222,450
10/01/02	4,050,625	71,176	196,384	4,318,186	2,066	4,316,119
10/01/01	4,012,273	63,178	190,198	4,265,649	1,715	4,263,934
10/01/00	3,988,428	69,207	184,032	4,241,667	1,709	4,239,958
10/01/99	3,960,726	66,267	176,357	4,203,351	2,057	4,201,293

Source: Town Officials.

## Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town according to the Grand List dated October 1, 2008 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 Amount</u>	<u>Estimated Taxes</u>
Connecticut Light & Power Company	Utility	\$ 57,430,880	\$ 653,000
Wee Burn Country Club, Inc.	Country Club	48,402,600	567,700
Country Club of Darien	Country Club	46,730,840	531,300
Darien Financing LLC / Avalonbay	Apartment Complex	36,191,260	411,500
Woodway Country Club	Country Club	25,616,900	291,260
Rivoire Estate, Helen M. et. al.	Real Estate & PP	22,249,220	252,900
Zotos International	Beauty Products Manufacturer	21,202,980	241,000
U.B. Darien Inc.	Shopping Center	19,209,740	226,400
9 Old Kings Highway LLC	Real Estate	17,352,860	197,300
Parklands Office Park LLC	Office Park	15,457,820	175,750
Total		<u>\$309,845,100</u> (1)	<u>\$3,548,110</u> (2)

(1) Represents 3.56% of the net taxable Grand List of \$8,698,446,472 dated October 1, 2008.

(2) Represents 3.61% of the total adjusted tax levy of \$98,340,626 for fiscal year 2009-10.

Source: Town Officials.

## 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 2005-2009 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> (1)	<u>Property Tax Revenues</u>	<u>Property Tax As a % of General Fund Revenues</u>
2010 (Adopted Budget)	\$104,511,165	\$97,791,290	93.6%
2009	110,720,620	96,223,301	86.9
2008 (1)	126,548,548	90,532,664	71.5
2007	101,017,507	85,836,854	85.0
2006	95,791,482	82,435,320	86.1
2005	84,192,068	74,865,805	88.9
2004	76,793,471	68,132,134	88.7
2003	70,953,312	63,354,902	89.3
2002	67,484,563	59,399,547	88.0
2001	63,609,482	55,288,801	86.9

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$24,671,119 an increase of approximately \$20,800,000.

Source: Town annual audited financial statements 2001-2009; Fiscal year 2009-10 Town Budget Document.



## Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u> (1)	<u>Federal &amp; State Aid</u> (1)	<u>Aid As a Percentage Of General Fund Revenue</u>
2010 (Adopted Budget)	\$104,511,165	\$ 2,317,098	2.2%
2009	110,720,620	10,883,824	9.8
2008 (1)	126,548,548	29,590,967	23.4
2007	101,017,507	8,088,165	8.0
2006	95,791,482	7,049,443	7.4
2005	84,192,068	4,494,316	5.3
2004	76,793,471	4,162,409	5.4
2003	70,953,312	4,237,478	6.0
2002	67,484,563	4,122,584	6.1
2001	63,609,482	3,686,968	5.8

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$24,671,119 an increase of approximately \$20,800,000.

Source: Town annual audited financial statements 2001-2009; Fiscal year 2009-10 Town Budget Document.

## Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>Debt Service</u>	<u>Public Safety</u>	<u>General Overhead</u>	<u>General Government</u>
2010 (Adopted Budget)	65.9%	9.7%	6.9%	5.5%	2.5%
2009	69.1	9.9	6.5	4.1	2.5
2008 (1)	73.8	8.2	5.5	3.6	2.3
2007	68.9	9.6	6.6	4.5	2.8
2006	68.7	10.1	6.6	4.4	2.8
2005	68.2	9.0	7.9	3.8	2.8
2004	68.3	8.6	7.5	3.7	3.2
2003	68.3	8.1	8.1	3.7	3.2
2002	67.2	8.1	7.8	3.1	3.5
2001	66.6	8.4	8.2	2.9	3.0

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$24,671,119 an increase of approximately \$20,800,000.

Source: Town annual audited financial statements 2001-2009; Fiscal year 2009-10 Town Budget Document.

**Comparative General Fund Operating Statement**  
(Budget and Actual – Budgetary Basis)

	Fiscal Year 2008-09			2009-10
	Final Budget	Actual Operations	Variance Favorable (Unfavorable)	Adopted Budget
<b>REVENUES</b>				
Property taxes	\$ 95,079,515	\$ 96,223,301	\$1,143,786	\$ 97,791,290
Licenses and permits	2,615,900	1,835,466	( 780,434)	2,219,450
Intergovernmental revenue	2,401,450	2,598,494	197,044	2,317,098
Charges for services	839,994	828,049	( 11,945)	1,501,247
Fines and forfeits	18,000	23,117	5,117	36,000
Investment income	750,000	607,963	( 142,037)	375,000
Other revenues	<u>216,893</u>	<u>355,539</u>	<u>138,646</u>	<u>271,080</u>
<b>TOTAL REVENUES</b>	<u>101,921,752</u>	<u>102,471,929</u>	<u>550,177</u>	<u>104,511,165</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,736,796	2,683,166	53,630	2,614,517
Community environment	688,609	657,633	30,976	684,714
Public safety	7,115,450	7,031,769	83,681	7,221,508
Health and social services	1,157,386	1,055,197	102,189	1,103,120
Library	2,944,275	2,944,275	-0-	3,061,349
Parks and recreation	1,141,073	1,089,668	51,405	1,140,639
Public works	2,937,505	2,880,502	57,003	3,866,413
Board of education - operations	66,376,977	66,374,844	2,133	68,700,458
General overhead and miscellaneous	4,718,103	4,420,488	297,615	5,742,476
Debt service	<u>10,928,736</u>	<u>10,553,660</u>	<u>375,076</u>	<u>10,068,756</u>
<b>TOTAL EXPENDITURES</b>	<u>100,744,910</u>	<u>99,691,202</u>	<u>1,053,708</u>	<u>104,203,950</u>
Excess (deficiency) of revenues over expenditures	<u>1,176,842</u>	<u>2,780,727</u>	<u>1,603,885</u>	<u>307,215</u>
Other financing sources (uses):				
Operating transfers in	1,301,120	1,290,808	( 10,312)	1,231,257
Operating transfers out	( 5,523,121)	( 5,523,121)	-0-	( 2,638,472)
Appropriation of fund balance	<u>3,045,159</u>	<u>-0-</u>	<u>( 3,045,159)</u>	<u>1,100,000</u>
Total other financing sources (uses)	<u>( 1,176,842)</u>	<u>( 4,232,313)</u>	<u>( 3,055,471)</u>	<u>( 307,215)</u>
Excess of Revenues and other financing sources over expenditures and other financing uses	<u>\$ -0-</u>	<u>\$ ( 1,451,586)</u>	<u>\$ (1,451,586)</u>	<u>\$ -0-</u>

Source: Annual audited financial statements, fiscal year 2009-10 adopted budget; Town Officials.

## Comparative Balance Sheets - General Fund

<b>ASSETS</b>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Cash and cash equivalents	\$ 11,729,096	\$15,506,364	\$21,067,101	\$14,170,597	\$9,380,864
Receivables:					
Net taxes and assessments receivable	734,533	865,062	1,046,224	1,021,114	1,395,358
Intergovernmental	2,308,567	2,119,334	1,811,306	1,581,267	1,432,272
Due from other funds	815,016	312,316	259,213	5,264,217	11,751,912
Other receivables	<u>510,014</u>	<u>680,476</u>	<u>585,798</u>	<u>512,957</u>	<u>579,155</u>
<b>TOTAL ASSETS</b>	<u>\$16,169,227</u>	<u>\$19,483,552</u>	<u>\$24,769,642</u>	<u>\$22,550,152</u>	<u>\$24,539,561</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 1,576,737	\$ 2,247,238	\$ 2,784,784	\$ 1,879,005	\$ 1,481,914
Due to other funds	709,608	253,105	1,884,691	251,448	4,140,915
Deferred revenue	<u>3,205,476</u>	<u>3,118,393</u>	<u>3,093,219</u>	<u>2,831,880</u>	<u>2,836,853</u>
<b>TOTAL LIABILITIES</b>	<u>5,591,821</u>	<u>5,618,736</u>	<u>7,722,694</u>	<u>4,962,333</u>	<u>8,459,414</u>
<b>FUND BALANCE</b>					
Reserve for encumbrances	393,437	228,555	267,274	177,432	81,204
Unreserved					
Designated for subsequent year budget	400,000	245,538	1,100,000	1,100,000	1,100,000
Undesignated	<u>9,883,969</u>	<u>13,390,723</u>	<u>15,679,674</u>	<u>16,310,387</u>	<u>14,898,943</u>
<b>TOTAL FUND BALANCES</b>	<u>10,677,406</u>	<u>13,864,816</u>	<u>17,046,948</u>	<u>17,587,819</u>	<u>16,080,147</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$16,169,227</u>	<u>\$19,483,552</u>	<u>\$24,769,642</u>	<u>\$22,550,152</u>	<u>\$24,539,561</u>

Source: Town annual audited financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund**

<b>REVENUES</b>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Property taxes	\$74,865,805	\$82,435,320	\$ 85,836,854	\$ 90,532,664	\$ 96,223,301
Intergovernmental	4,494,316	7,049,443	8,088,165	29,590,967	10,883,824
Charges for services	3,894,009	4,700,112	896,064	880,662	828,049
Interest on investments	502,587	1,284,672	1,960,870	1,555,071	607,963
Miscellaneous	<u>435,351</u>	<u>321,935</u>	<u>4,235,554</u>	<u>3,989,184</u>	<u>2,177,483</u>
<b>TOTAL REVENUES</b>	<u>84,192,068</u>	<u>95,791,482</u>	<u>101,017,507</u>	<u>126,548,548</u>	<u>110,720,620</u>
<b>EXPENDITURES</b>					
General government	2,267,068	2,542,803	2,594,173	2,824,737	2,686,202
Community environment	451,367	456,932	560,108	637,009	649,454
Public safety	6,253,552	5,932,932	6,165,758	6,655,942	7,017,493
Health and social services	882,569	944,571	1,041,417	1,078,685	1,054,142
Library	2,185,753	2,299,729	2,388,326	2,516,090	2,944,275
Parks and recreation	940,582	936,235	940,417	1,010,925	1,076,491
Public works	2,161,461	2,063,582	2,280,824	2,649,652	2,869,383
Schools	54,247,986	61,983,774	64,441,577	89,629,028	74,728,039
General overhead	3,018,432	3,946,860	4,170,159	4,425,521	4,416,840
Debt service	<u>7,184,784</u>	<u>9,144,288</u>	<u>8,933,828</u>	<u>9,980,921</u>	<u>10,663,660</u>
<b>TOTAL EXPENDITURES</b>	<u>79,593,554</u>	<u>90,251,706</u>	<u>93,516,587</u>	<u>121,408,510</u>	<u>108,105,979</u>
Excess (deficiency) of revenues over expenditures	<u>4,598,514</u>	<u>5,539,776</u>	<u>7,500,920</u>	<u>5,140,038</u>	<u>2,614,641</u>
Operating financing sources (uses)					
Operating transfers in	1,054,910	408,612	500,032	1,668,248	1,290,808
Operating transfers (out)	( 2,443,848)	( 3,082,053)	( 4,818,820)	( 6,442,847)	( 5,523,121)
Issuance of refunding bonds	-0-	30,215,000	-0-	-0-	30,343,888
Payment to escrow agent	-0-	(29,893,925)	-0-	-0-	( 30,233,888)
Bond premium	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>175,432</u>	<u>-0-</u>
Total other financing sources (uses)	<u>( 1,388,938)</u>	<u>( 2,352,366)</u>	<u>( 4,318,788)</u>	<u>( 4,599,167)</u>	<u>( 4,122,313)</u>
Net change in fund balance	3,209,576	3,187,410	3,182,132	540,871	( 1,507,672)
Fund Balance, July 1	<u>7,467,830</u>	<u>10,677,406</u>	<u>13,864,816</u>	<u>17,046,948</u>	<u>17,587,819</u>
Fund Balance, June 30	<u>\$10,677,406</u>	<u>\$13,864,816</u>	<u>\$ 17,046,948</u>	<u>\$ 17,587,819</u>	<u>\$ 16,080,147</u>

Source: Town annual audited financial statements.

## **SECTION VI – ADDITIONAL INFORMATION**

### **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.

### **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 within six months of the end of its fiscal year. 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) timely notice of the occurrence of certain material events with respect to the Bonds 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 winning bidder'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). To date the Town has not failed to meet any of its undertakings under such agreements.

### **Financial Advisor**

The Town has retained Independent Bond and Investment Consultants LLC ("IBIC LLC") of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although IBIC LLC has assisted in the preparation of the Official Statement, IBIC LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. IBIC LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, underwriting, trading or distributing municipal securities or other public securities.

### **Documents Accompanying Delivery of the Bonds**

Upon the delivery of the Bonds, the winning bidder 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, Treasurer, and the Finance Director, which will be dated January 28, 2010 for the Bonds and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief 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. A receipt for the purchase price of the Bonds;

4. The approving opinion of Pullman & Comley, LLC, Bond Counsel;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C; and
6. The Town has prepared an Official Statement for the Bonds which is dated January 11, 2010. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Town will provide the winning bidder 100 copies of the Official Statement prepared at the Town's expense and delivered not later than seven (7) business days of the of the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. If the Town's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter of the Bonds.

### **Concluding Statement**

Additional information may be obtained upon request from the office of the Finance Director, Attention: Ms. Kathleen C. Buch, Finance Director at (203) 656-7334 or from Independent Bond and Investment Consultants LLC at (203) 245-7264.

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: \_\_\_\_\_  
**DAVID M. CAMPBELL**  
*First Selectman*

By: \_\_\_\_\_  
**JOAN D. HENDRICKSON**  
*Treasurer*

By: \_\_\_\_\_  
**KATHLEEN C. BUCH**  
*Finance Director*

**January 11, 2010**

## APPENDIX A - FINANCIAL STATEMENTS

### TOWN OF DARIEN, CONNECTICUT

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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, 2009, 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.



Accounting | Tax | Business Consulting

## Independent Auditors' Report

Board of Finance  
Town of Darien  
Darien, Connecticut

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, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Blum, Shapiro & Company, P.C.

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Management's discussion and analysis on pages A-3 through A-9 and budgetary comparison information on pages A-44 through A-50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

December 16, 2009

**TOWN OF DARIEN, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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, 2009. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to VI. All amounts are expressed in thousands unless otherwise noted.

**FINANCIAL HIGHLIGHTS**

- Net assets of our governmental activities increased by \$778 or 0.07%.
- During the year, the Town had expenses that were \$778 less than the \$119,533 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$118,756 with no new programs added this year.
- The General Fund reported a fund balance this year of \$16,080.
- The resources available for appropriation were \$2,505 less than budgeted for the General Fund. Expenditures were kept within spending limits.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The statement of net assets 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 VI. 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 assets 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 assets and changes in them. The Town's net assets, 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 assets 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 assets 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 two categories: governmental 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.
- *Fiduciary Funds (Exhibits V and VI)* - 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 assets increased from a year ago increasing from \$116,619 to \$117,397. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**TABLE 1**  
**NET ASSETS**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2008</b>
Current assets	\$ 30,206	\$ 37,353
Capital assets, net of accumulated depreciation	181,141	182,551
Total assets	<u>211,347</u>	<u>219,904</u>
Long-term liabilities outstanding	90,469	98,301
Other liabilities	3,481	4,984
Total liabilities	<u>93,950</u>	<u>103,285</u>
Net Assets:		
Invested in capital assets, net of debt	93,214	84,591
Unrestricted	<u>24,183</u>	<u>32,028</u>
Total Net Assets	<u>\$ 117,397</u>	<u>\$ 116,619</u>

Net assets of the Town's governmental activities increased by 0.06%. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$32,028 at June 30, 2008 to \$24,184 at the end of this year.

This change in unrestricted governmental net assets resulted primarily because of continuing investments in capital assets. The Town's investment in capital assets is \$93,214. This amount represents the original cost of assets, less accumulated depreciation and is net of any debt outstanding that was used to acquire those assets.

**TABLE 2**  
**CHANGE IN NET ASSETS**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2008</b>
Revenues:		
Program revenues:		
Charges for services	\$ 9,965	\$ 12,741
Operating grants and contributions	11,544	30,283
Capital grants and contributions	528	4,495
General revenues:		
Property taxes	96,462	90,507
Grants and contributions not restricted to specific purposes	162	227
Unrestricted investment earnings	585	1,924
Other general revenues	288	252
Total revenues	<u>119,534</u>	<u>140,429</u>
Program expenses:		
General government	3,989	3,977
Community environment	939	902
Public safety	11,410	11,433
Health and social services	1,341	1,354
Library	2,944	2,516
Parks and recreation	1,811	1,776
Public works	5,290	5,488
Board of Education	84,964	96,894
Sewer operations	3,044	4,316
Solid waste	1,293	1,198
Debt service	1,731	4,329
Total program expenses	<u>118,756</u>	<u>134,183</u>
Special item - loss on school conversion		(6,207)
Increase in Net Assets	\$ <u>778</u>	\$ <u>39</u>

The Town's total revenues (excluding special items) were \$119,533. The total cost of all programs and services was \$118,756. Our analysis below considers the operations of governmental activities.

### ***Governmental Activities***

Property taxes were 80.7% of revenues and charges for services accounted for 8.3%. Capital grants of \$528 were primarily grants from the State of Connecticut for school construction projects and infrastructure. Operating grants and contributions decreased by over 60%. This is due to the fact that in 2007-2008, the State of Connecticut increased the amount it contributes to the State of Connecticut Teachers' Retirement System on behalf of the Town of Darien for that year only. While this contribution is made on an annual basis, the amount contributed in FY 2008 was substantially increased over prior years and was not repeated. The 2008-2009 property tax collection rate was 99.2%. Licenses and permits decreased by \$1,652 primarily due to decreases in

Town Clerk fees and Building Permit Revenue. Intergovernmental revenue decreased due to elimination of the Housing Authority Pilot Grant. School principal and interest subsidy grants on pre-1996 construction projects continue to decline, which corresponds to the decline in the debt service for older school projects. Investment income decreased due to the decrease in interest rates.

On the expense side, general government was down, primarily due to a decrease in legal expenses. Education expenses are the most significant component accounting for 71.5%. The grant to the Public Library increased significantly to assist them with higher operating costs related to the new Library building. Board of Education increased because of increased enrollment, negotiated wage increases, increased medical expenses and increased Special Education expenses. Debt service decreased as a result of a refunding and a decision to postpone certain capital projects.

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.

**TABLE 3**  
**GOVERNMENTAL ACTIVITIES**  
(In Thousands)

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
General government	\$ 3,989	\$ 3,977	\$ 3,185	\$ 2,173
Public safety	11,410	11,433	8,582	7,583
Public works	5,290	5,488	4,739	2,886
Education	84,964	96,894	72,006	62,906
Library	2,944	2,516	2,944	2,516

## **TOWN FUNDS FINANCIAL ANALYSIS**

### ***Governmental Funds***

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$19,856, which is a decrease from last year's total of \$25,341. The most significant component of the change in fund balance came from the Capital Projects Fund. The Capital Projects fund balance decreased by \$6,129. The fund had expenditures of \$7,955.

### ***General Fund Budgetary Highlights***

Additional appropriations for the year were \$1,962. A contingency of \$725 was included in the original budget. This contingency covered items such as unsettled labor contracts and other unexpected expenses. Additional appropriations were primarily for capital projects and other post employment benefit funding.

Actual revenues were lower than budgetary estimates by approximately \$2,761. Town Clerk fees were \$544 lower than budget. Building Permit revenue was \$225 lower than budget and investment income was \$142 lower than budget. The budget assumed that \$3,045 of fund balance would be used to offset expenses, however only \$1,532 of that was needed. Some revenue accounts exceeded the budget estimates, such as Property Tax collections. Actual expenditures were less than budgetary estimates by \$1,229. The largest single contributor to this was the Debt Service budget.

The Town's General Fund balance of \$16,080 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$15,999. This is principally because budgetary fund balance does not include \$81 of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At June 30, 2009, the Town had \$181,141 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 \$1,410, or 0.8%, over last year.

**TABLE 4**  
**CAPITAL ASSETS AT YEAR END (Net of Depreciation)**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2008</b>
Land	\$ 10,904	\$ 10,904
Buildings	147,671	149,288
Land improvement	2,579	1,407
Machinery and equipment	4,528	6,380
Infrastructure	12,257	11,146
Construction in progress	3,202	3,426
Totals	<u>\$ 181,141</u>	<u>\$ 182,551</u>

This year's major additions included:

Heights Road Drainage System - in progress	\$ 216
LaForge Road Drainage System - in progress	605
Weed Beach Playground	269

The Town's fiscal-year 2009-2010 capital budget calls for it to spend another \$6,989 for capital projects, principally for drainage projects, capital equipment and replacement. As of October, 2008, capital projects exceeding \$100,000 that have not already commenced have been placed on hold due to economic conditions. 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, 2009, the Town had \$89,722 in bonds and notes outstanding versus \$97,940 last year.

Debt was reduced due to principal payments and a refunding. Current year debt principal paid amounted to \$7,112.

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 \$675,052 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 9 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 2010 budget tax rates, and fees that will be charged for services. One of those factors is the economy. Unemployment in the Town now stands at 5.2% versus 4.0% a year ago. This compares with the State's unemployment rate of 8.0% and the national rate of 9.5%.

The decrease in inflation in the Darien area was slightly lower than the national Consumer Price Index (CPI). The Town's CPI decrease was .6% for fiscal year 2009 which is lower than the average U.S. Town rate decrease of 1.4%.

These indicators were taken into account when adopting the General Fund budget for 2009-10. Amounts available for appropriation in the General Fund budget are \$106,842, an increase of 1.6% over the final 2009 budget of \$105,187. Property taxes (benefiting from the 2009 rate increases and growth in the grand list) are expected to lead this increase. The Town will use these increases in revenues to finance programs currently offered and to off-set the effect that we expect inflation to have on program costs. Increased personnel costs and increased support of the Public Library are the largest areas of expenditure increase. Fund balance will provide \$1,100 to support the budget. As part of the 2009-10 budget, the Solid Waste Management Fund was closed and related revenues and expenditures were made part of the General Fund budget. At this time, the administration anticipates there may be revenue shortfalls due to economic conditions and is planning accordingly.

If these estimates are realized, the Town's budgetary General Fund balance is expected to remain stable by June 30, 2010.

### **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 ASSETS

JUNE 30, 2009

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 18,364,220
Investments	1,317,581
Receivables, net	10,261,046
Inventories	10,341
Prepaid expenses	32,238
Deferred charges	220,890
Capital assets not being depreciated	14,106,540
Capital assets being depreciated, net of accumulated depreciation	167,034,185
Total assets	<u>211,347,041</u>
Liabilities:	
Accounts and other payables	3,134,699
Unearned revenue	188,726
Unamortized bond premiums	157,889
Noncurrent liabilities:	
Due within one year	7,921,393
Due in more than one year	82,547,340
Total liabilities	<u>93,950,047</u>
Net Assets:	
Invested in capital assets, net of related debt	93,213,796
Unrestricted	<u>24,183,198</u>
Total Net Assets	<u>\$ 117,396,994</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF DARIEN, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

A-11

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental activities:					
General government	\$ 3,988,731	\$ 782,084	\$ 21,929	\$	\$ (3,184,718)
Community environment	938,761	56,306			(882,455)
Public safety	11,410,290	2,754,907	68,979	4,888	(8,581,516)
Health and social services	1,341,031	94,067	384,083	35,349	(827,532)
Library	2,944,275				(2,944,275)
Parks and recreation	1,810,794	319,744		165,000	(1,326,050)
Public works	5,290,150	254,141		296,753	(4,739,256)
Board of Education	84,964,309	1,940,339	10,992,086	26,165	(72,005,719)
Sewer operations	3,044,181	2,824,228			(219,953)
Solid waste	1,293,169	939,455			(353,714)
Interest on long-term debt	1,730,564		76,977		(1,653,587)
Total Governmental Activities	\$ 118,756,255	\$ 9,965,271	\$ 11,544,054	\$ 528,155	(96,718,775)
General revenues:					
Property taxes					96,461,917
Grants and contributions not restricted to specific programs					161,335
Unrestricted investment earnings					585,108
Miscellaneous					287,953
Total general revenues					97,496,313
Change in net assets					777,538
Net Assets, Beginning of Year					116,619,456
Net Assets, End of Year					\$ 117,396,994

The accompanying notes are an integral part of the financial statements

## TOWN OF DARIEN, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>General</u>	<u>Sewer Operating</u>	<u>Sewer Assessment</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,380,864	\$ 5,395,101	\$ 588,259	\$	\$ 2,999,996	\$ 18,364,220
Investments					1,317,581	1,317,581
Receivables, net	3,380,954	387,693	4,441,141	1,869,607	181,651	10,261,046
Due from other funds	11,751,912	3,131		4,178,392	287,832	16,221,267
Inventories					10,341	10,341
Prepaid expenses	<u>25,831</u>	<u></u>	<u></u>	<u>6,407</u>	<u></u>	<u>32,238</u>
Total Assets	<u>\$ 24,539,561</u>	<u>\$ 5,785,925</u>	<u>\$ 5,029,400</u>	<u>\$ 6,054,406</u>	<u>\$ 4,797,401</u>	<u>\$ 46,206,693</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 1,481,914	\$ 38,683	\$ 42,844	\$ 529,491	\$ 181,778	\$ 2,274,710
Due to other funds	4,140,647	21,866		11,653,959	404,795	16,221,267
Deferred revenue	<u>2,836,853</u>	<u>387,693</u>	<u>4,441,142</u>	<u></u>	<u>188,726</u>	<u>7,854,414</u>
Total liabilities	<u>8,459,414</u>	<u>448,242</u>	<u>4,483,986</u>	<u>12,183,450</u>	<u>775,299</u>	<u>26,350,391</u>
Fund balances:						
Reserved for inventory					10,341	10,341
Reserved for encumbrances	81,204	77,183		406,210	2,325	566,922
Reserved for benefits					2,398,824	2,398,824
Unreserved, reported in:						
General Fund	15,998,943					15,998,943
Special Revenue Funds		5,260,500	545,414		1,610,612	7,416,526
Capital Project Funds				(6,535,254)		(6,535,254)
Total fund balances	<u>16,080,147</u>	<u>5,337,683</u>	<u>545,414</u>	<u>(6,129,044)</u>	<u>4,022,102</u>	<u>19,856,302</u>
Total Liabilities and Fund Balances	<u>\$ 24,539,561</u>	<u>\$ 5,785,925</u>	<u>\$ 5,029,400</u>	<u>\$ 6,054,406</u>	<u>\$ 4,797,401</u>	<u>\$ 46,206,693</u>

(Continued on next page)

## TOWN OF DARIEN, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

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

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

Fund balances - total governmental funds	\$ 19,856,302
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 255,683,762	
Less accumulated depreciation	<u>(74,543,037)</u>	
Net capital assets		181,140,725

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	1,023,303
Interest receivable on property taxes	472,105
Assessments receivable	4,441,142
Sewer use receivables	331,223
Sewer use accrued interest	56,470
Receivable from the state for school construction projects	1,341,445

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 obligation	(904,837)
Bonds and notes payable	(89,722,365)
Interest payable on bonds and notes	(859,989)
Compensated absences	(1,636,967)
Deferred charges issuance costs	220,890
Bond premium	(157,889)
Deferred charges refunding	<u>1,795,436</u>

Net Assets of Governmental Activities (Exhibit I)	<u><u>\$ 117,396,994</u></u>
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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, 2009

	<u>General</u>	<u>Sewer Operating</u>	<u>Sewer Assessment</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 96,223,301	\$	\$	\$	\$	\$ 96,223,301
Intergovernmental	10,883,824			4,888	1,003,809	11,892,521
Charges for services	828,049	2,494,163	614,527		4,593,290	8,530,029
Income on investments	607,963	81,712	750	1,707	(107,023)	585,109
Miscellaneous	2,177,483			249,524	115,673	2,542,680
Total revenues	<u>110,720,620</u>	<u>2,575,875</u>	<u>615,277</u>	<u>256,119</u>	<u>5,605,749</u>	<u>119,773,640</u>
Expenditures:						
Current:						
General government	2,686,202				110,009	2,796,211
Community environment	649,454					649,454
Public safety	7,017,493				1,121,826	8,139,319
Health and social services	1,054,142				32,264	1,086,406
Library	2,944,275					2,944,275
Parks and recreation	1,076,491				14,198	1,090,689
Public works	2,869,383				470,242	3,339,625
Board of Education	74,728,039				2,965,262	77,693,301
Sewer operations		3,044,181				3,044,181
Solid waste					1,293,169	1,293,169
General overhead	4,416,840					4,416,840
Capital outlay				8,211,491		8,211,491
Debt service	10,663,660					10,663,660
Total expenditures	<u>108,105,979</u>	<u>3,044,181</u>	<u>-</u>	<u>8,211,491</u>	<u>6,006,970</u>	<u>125,368,621</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,614,641</u>	<u>(468,306)</u>	<u>615,277</u>	<u>(7,955,372)</u>	<u>(401,221)</u>	<u>(5,594,981)</u>
Other Financing Sources (Uses):						
Transfers in	1,290,808			3,917,880	1,768,378	6,977,066
Transfers out	(5,523,121)	(53,807)	(1,180,460)	(16,853)	(202,825)	(6,977,066)
Issuance of refunding bonds	30,343,888					30,343,888
Payment to escrow agent	(30,233,888)					(30,233,888)
Total other financing sources (uses)	<u>(4,122,313)</u>	<u>(53,807)</u>	<u>(1,180,460)</u>	<u>3,901,027</u>	<u>1,565,553</u>	<u>110,000</u>
Net Change in Fund Balances	(1,507,672)	(522,113)	(565,183)	(4,054,345)	1,164,332	(5,484,981)
Fund Balances, Beginning of Year	<u>17,587,819</u>	<u>5,859,796</u>	<u>1,110,597</u>	<u>(2,074,699)</u>	<u>2,857,770</u>	<u>25,341,283</u>
Fund Balances, End of Year	<u>\$ 16,080,147</u>	<u>\$ 5,337,683</u>	<u>\$ 545,414</u>	<u>\$ (6,129,044)</u>	<u>\$ 4,022,102</u>	<u>\$ 19,856,302</u>

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## TOWN OF DARIEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

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)	\$ (5,484,981)
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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	4,336,252
Depreciation expense	(5,693,104)

The statement of activities reports losses arising from the trade-in or disposal of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in or disposal of capital assets.	(53,555)
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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:

School building grant receipts	(233,643)
Property tax receivable - accrual basis change	154,756
Property tax interest and lien revenue - accrual basis change	83,860
Sewer use - accrual basis change	61,742
Sewer assessment receivable - accrual basis change	(326,462)

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 assets. Also, governmental funds report the effect of issuance costs, 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:

Issuance of refunding bonds	(28,445,000)
Bond and note principal payments	36,662,300

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.

Deferred charges - refunding	1,105,000
Compensated absences	14,414
Net OPEB obligation	(904,837)
Accrued interest	204,741
Amortization of deferred charge on refunding	(599,129)
Amortization of issuance costs	(113,588)
Amortization of premiums	8,772

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>777,538</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF DARIEN, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2009

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$ 578,196	\$ 378,325
Investments:		
Unit trusts	784,758	
Equity securities	32,563,658	
Mutual funds	21,522,343	
Receivables:		
Interest and dividends	<u>144,430</u>	
Total assets	55,593,385	\$ <u><u>378,325</u></u>
Liabilities:		
Accounts and other payables	<u>202,803</u>	\$ <u><u>378,325</u></u>
Net Assets:		
Held in trust for pension benefits	\$ <u><u>55,390,582</u></u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF DARIEN, CONNECTICUT

## FIDUCIARY FUNDS

## COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS

## PENSION TRUST FUNDS

## FOR THE YEAR ENDED JUNE 30, 2009

## Additions:

## Contributions:

Employer	\$ 2,032,297
Plan members	<u>1,137,203</u>
Total contributions	<u>3,169,500</u>

## Investment income (loss):

Net depreciation in fair value of investments	(5,030,459)
Interest and dividends	<u>1,903,828</u>
Net investment loss	<u>(3,126,631)</u>

Total additions	<u>42,869</u>
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## Deductions:

Benefits	3,076,385
Administration	<u>470,480</u>
Total deductions	<u>3,546,865</u>

Net Decrease In Net Assets	(3,503,996)
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Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>58,894,578</u>
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Net Assets Held in Trust for Pension Benefits, End of Year	<u><u>\$ 55,390,582</u></u>
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The accompanying notes are an integral part of the financial statements



## **TOWN OF DARIEN, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS**

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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 assets 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.

The various funds included in the financial statements are described below:

### **Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed.

*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.

*Special Revenue Funds* account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

*Capital Project Funds* account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

### **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Pension Trust Funds* account for the Darien Retirement System. There are two pension funds, Town and Police.

*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.

## **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 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.

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 current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due.

Property taxes, 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 Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The Sewer Operating Fund accounts for the operations of the Town's Sanitary Sewer System.

The Sewer Assessment Fund 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 fund types:

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.

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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **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.

#### **E. Receivables and Payables**

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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

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 \$77,340 has been established as an allowance for uncollectible taxes. At June 30, 2009, this represents 5.25% of all property taxes receivable.

## **F. 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.

## **G. 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 (amount not rounded) 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 estimated fair market 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:

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

## **H. Compensated Absences**

Employees are paid by prescribed formula for absence due to vacation or sickness. Days may be carried forward under the prescribed formula.

The Town and Board of Education liability for vacation pay is based upon the carry-forward of unused vacation days up to the number of vacation days earned during the two most recent years of employment for Town employees other than police, and unused vacation days up to one week for police.

The Town pays one-third of unused accumulated sick leave in excess of 150 days for Town employees and police officers at retirement. The liability reported in the financial statements is based upon one-third of the days accumulated in excess of this limit.

The Board of Education liability for sick leave payments is incurred only upon retirement of custodians and maintenance workers who have been employed for over ten years. The liability represents 1.25 times the number of years employed times the employee's daily pay or the employee's accumulated sick leave balance, whichever is lower. The liability is reported in the government-wide statement of net assets.

## **I. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

## **A. 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 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 a Representative Town Meeting 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 operating budget includes proposed expenditures and the means of financing them.
- The legal level of control (the lowest level at which expenditures cannot exceed the appropriation) is at the department level for the General Fund and at the fund level for Special Revenue Funds. The department head approves budget transfers of \$1 to \$300 within the department. The Board of Selectmen approves interdepartment budget transfers of \$301 to \$999 and the Board of Finance approves inter and intradepartment budget transfers of \$1,000 and above.
- Any subsequent appropriations that alter the total operating budget must be approved by the RTM.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- 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 their budget at their 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 Representative Town Meeting during the course of the year. Additional appropriations totaling \$1,992,012 were approved during the year.
- Generally, all unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward.

The Sewer Operating Fund, a major fund, has an annual legally adopted budget. Other nonmajor funds with annually adopted budgets are the Solid Waste Management Fund, Parking Operations Fund and the Animal Control Fund. 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.

### 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 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) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are 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.

#### 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*, \$11,312,908 of the Town’s bank balance of \$13,313,647 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,078,673
Collateralized, held by banks	<u>1,234,235</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 11,312,908</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, 2009 the Town's cash equivalents amounted to \$6,623,008. 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.

	<u>Standard and Poor's</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm	
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	AA	AAA

## B. Investments

Investments as of June 30, 2009 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Unit trusts	\$ 784,758
Common stock	32,563,658
Pooled open-end mutual fund accounts:	
Pension trust funds	21,522,343
Nonmajor governmental funds	<u>1,317,581</u>
Total	\$ <u>56,188,340</u>

*Interest Rate Risk* - The Town's investment policy limits the maximum investment maturity to one year.

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

*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 which must be provided by financial institutions on an annual basis to become or remain qualified for investment transactions. At June 30, 2009, the Town had \$32,563,658 worth of uninsured and unregistered common stock that was held by the Bank of America or by its trust department or agent that was not in the Town's name.



#### 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 Operating</u>	<u>Sewer Assessment</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Interest on delinquent taxes	\$ 472,105	\$	\$	\$	\$	\$ 472,105
Taxes	1,472,698					1,472,698
Accounts	80,099	331,223			172,842	584,164
Special assessments			4,441,141			4,441,141
Intergovernmental	1,432,272			1,869,607	8,809	3,310,688
Interest receivable		56,470				56,470
Investment income	1,120				144,430	145,550
Gross receivables	<u>3,458,294</u>	<u>387,693</u>	<u>4,441,141</u>	<u>1,869,607</u>	<u>326,081</u>	<u>10,482,816</u>
Less allowance for property tax uncollectibles	<u>(77,340)</u>					<u>(77,340)</u>
Net Total Receivables	<u>\$ 3,380,954</u>	<u>\$ 387,693</u>	<u>\$ 4,441,141</u>	<u>\$ 1,869,607</u>	<u>\$ 326,081</u>	<u>\$ 10,405,476</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 1,023,303	\$
Interest and delinquent property tax	472,105	
Special assessments not yet due	4,441,142	
Grant drawdowns prior to meeting all eligibility requirements		98,729
School building grants	1,341,445	
Sewer use receivables	331,223	
Interest on sewer use receivable	56,470	
Fees collected in advance		<u>89,997</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 7,665,688</u>	<u>\$ 188,726</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,904,283	\$	\$	\$	\$ 10,904,283
Construction in progress	<u>3,425,773</u>	<u>1,617,558</u>		<u>(1,841,074)</u>	<u>3,202,257</u>
Total capital assets not being depreciated	<u>14,330,056</u>	<u>1,617,558</u>	<u>-</u>	<u>(1,841,074)</u>	<u>14,106,540</u>
Capital assets being depreciated:					
Buildings	186,830,187	1,939,345		793,691	189,563,223
Land improvements	2,602,349	272,562		1,047,383	3,922,294
Machinery and equipment	10,433,466	482,698	260,595		10,655,569
Infrastructure	<u>37,412,047</u>	<u>24,089</u>			<u>37,436,136</u>
Total capital assets being depreciated	<u>237,278,049</u>	<u>2,718,694</u>	<u>260,595</u>	<u>1,841,074</u>	<u>241,577,222</u>
Less accumulated depreciation for:					
Buildings	37,542,121	4,350,714			41,892,835
Land improvements	1,195,051	148,208			1,343,259
Machinery and equipment	5,686,946	647,406	207,040		6,127,312
Infrastructure	<u>24,632,855</u>	<u>546,776</u>			<u>25,179,631</u>
Total accumulated depreciation	<u>69,056,973</u>	<u>5,693,104</u>	<u>207,040</u>	<u>-</u>	<u>74,543,037</u>
Total capital assets being depreciated, net	<u>168,221,076</u>	<u>(2,974,410)</u>	<u>53,555</u>	<u>1,841,074</u>	<u>167,034,185</u>
Governmental Activities Capital Assets, Net	<u>\$ 182,551,132</u>	<u>\$ (1,356,852)</u>	<u>\$ 53,555</u>	<u>\$ -</u>	<u>\$ 181,140,725</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 159,880
Community environment	29,386
Public safety	301,531
Health and social services	159
Parks and recreation	88,527
Public works	751,933
Education	<u>4,361,688</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,693,104</u>

## Construction Commitments

The Town has active construction projects as of June 30, 2009. A summary of capital projects is as follows:

	<u>Project Authorization</u>	<u>Project Expenditures</u>		<u>Encumbrances</u>	<u>Balance</u>
		<u>2008/2009</u>	<u>Cumulative</u>		
Public Works Garage	\$ 1,200,000	\$ 23,408	\$ 1,200,000	\$	\$ -
Clean Water Fund	1,500,000		1,093,433		406,567
Sewer Line Expansion	9,515,000	3,131	5,087,823	770	4,426,407
High School Building	75,799,440		74,919,921		879,519
Capital Nonrecurring Expenditures	120,322,003	4,355,116	13,697,741	228,918	6,395,344
Parking Capital	494,565	45,864	75,508	78,084	340,973
Library Acquisition	4,125,000		3,885,290		239,710
Weed Beach	3,600,000	320,949	345,526	19,111	3,235,363
Police Station Addition	1,768,000	479,086	815,630	9,700	1,431,45
Tokeneke School	23,170,000	896,152	22,717,899		452,101

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2009 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 11,619,343
General Fund	Nonmajor Governmental Funds	112,563
General Fund	Sewer Operating Fund	20,006
Capital Projects Fund	General Fund	3,886,160
Capital Projects Fund	Nonmajor Governmental Funds	292,232
Nonmajor Governmental Funds	Capital Projects Fund	31,485
Nonmajor Governmental Funds	General Fund	254,487
Nonmajor Governmental Funds	Sewer Operating Fund	1,860
Sewer Operating Fund	Capital Projects Fund	3,131
Total		<u>\$ 16,221,267</u>

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

Interfund Transfers:

	<b>Transfers In</b>			<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental</b>	<b>Transfers Out</b>
Transfers out:				
General Fund	\$	\$ 3,754,743	\$ 1,768,378	\$ 5,523,121
Sewer Operating Fund	53,807			53,807
Sewer Assessment Fund	1,180,460			1,180,460
Capital Projects	16,853			16,853
Nonmajor Governmental Funds	39,688	163,137		202,825
Total Transfers In	\$ <u>1,290,808</u>	\$ <u>3,917,880</u>	\$ <u>1,768,378</u>	\$ <u>6,977,066</u>

All transfers represent routine transactions that occur annually to move resources from one fund to another.

## 7. LEASES

### Operating Leases

The Town leases some office equipment under operating leases. Total costs for such leases were \$358,565 for the year ended June 30, 2009. These leases are cancelable at any time before the expiration date of the year 2014. The future minimum lease payments for these leases are as follows:

#### Year Ending June 30,

2010	\$ 358,555
2011	345,626
2012	311,243
2013	29,816
2014	<u>7,169</u>
Total	\$ <u>1,052,409</u>

## 8. LONG-TERM DEBT

### Governmental Activities

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 97,345,000	\$ 28,445,000	\$ 36,620,000	\$ 89,170,000	\$ 6,795,000
Clean water notes	594,665		42,300	552,365	43,154
Less deferred amounts:					
Refunding bonds	(1,289,565)	(1,105,000)	(599,129)	(1,795,436)	
Total bonds and notes payable	<u>96,650,100</u>	<u>27,340,000</u>	<u>36,063,171</u>	<u>87,926,929</u>	<u>6,838,154</u>
Compensated absences	1,651,381	1,376,660	1,391,074	1,636,967	1,083,239
Net OPEB obligation	<u></u>	<u>904,837</u>	<u></u>	<u>904,837</u>	<u></u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 98,301,481</u>	<u>\$ 29,621,497</u>	<u>\$ 37,454,245</u>	<u>\$ 90,468,733</u>	<u>\$ 7,921,393</u>

Bonds and notes outstanding by issue at June 30, 2009 were:

<u>Description</u>	<u>Year of Maturity</u>	<u>Interest Rate (%)</u>	<u>Balance Outstanding June 30, 2009</u>
General Obligation Bonds:			
Middle School expansion	2019	4.0-5.125	\$ 615,616
Advance refunding	2018	4.0-5.125	1,260,000
Darien High School	2022	3.5-5.00	360,000
Darien High School	2024	3.0-5.0	1,750,000
Refunding - 2005	2024	3.0-4.75	28,478,000
DHS & Tokeneke	2025	3.75-5.75	5,950,000
DHS & Tokeneke	2028	3.25-5.0	17,693,750
Library	2028	3.25-5.0	831,250
Refunding - 2009	2018	2.0-5.0	27,000,000
Total general obligation bonds			<u>83,938,616</u>
Special Assessment Debt with Town Commitment:			
Nolan Lane	2019	4.0-5.125	24,384
Peach Hill	2022	3.5-5.00	70,000
Harbor/Ring's End	2022	3.5-5.00	70,000
Refunding - 2005	2024	3.0-4.75	1,072,000
Multiple Sewers	2025	3.75-5.75	2,550,000
Refunding - 2009	2018	2.0-5.0	1,445,000
Total special assessment debt with town commitment			<u>5,231,384</u>
State Loans:			
Clean Water	2022	2	<u>552,365</u>
Total State Loans			<u>552,365</u>
Total Outstanding			<u>\$ 89,722,365</u>

During fiscal year 2009, 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 \$1,180,460, 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.

The following is a summary of long-term debt principal and interest maturities. The State of Connecticut will provide future payments to subsidize the debt cost. Principal debt subsidies of \$1,341,445 and interest subsidies of \$207,327 will be received over the life of the outstanding debt.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 6,838,154	\$ 3,123,948
2011	6,264,025	3,080,520
2012	7,144,913	2,846,594
2013	7,080,820	2,582,586
2014	7,041,745	2,322,918
2015-2019	31,163,262	7,811,810
2020-2024	18,514,446	2,971,358
2025-2028	<u>5,675,000</u>	<u>448,687</u>
Total	<u>\$ 89,722,365</u>	<u>\$ 25,188,421</u>

#### Authorized Unissued Bonds

At June 30, 2009, the Town had \$1,385,000 of authorized, unissued bonds for sewer line extension projects, \$16,915,000 for the Darien High School Building Project, \$5,045,000 for the Tokeneke Elementary School Project, \$3,325,000 for the purchase of the Darien Library Building, \$17,680,000 for the Police Station Project, and \$2,000,000 for the Weed Beach Project. The Darien High School and the Tokeneke Elementary School Projects are partially offset by State of Connecticut grants. This amount is approximately 20.7% of total eligible costs.

#### Debt Limit

The Town's total indebtedness does not exceed the limit of \$675 million allowed by State Statute.

#### Refundings

On March 26, 2009, the Town issued \$20,730,000 in general obligation bonds, and on May 5, 2009, the Town issued 7,715,000 in general obligation bonds, with an average interest rate of 2.46% to refund outstanding bonds with an average rate of 3.94%. The bonds refunded were as follows: \$7,900,000 of outstanding 1999 general obligation bonds, \$8,125,000 of outstanding 2003 general obligation bonds, \$13,525,000 of outstanding 2004 general obligation bonds. The net proceeds of \$30,344,862 (after payment of expenses of \$110,000) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds have been removed from the Statement of Net Assets. The transaction generated a cash flow savings of \$1,827,793 and a present value savings of \$1,500,678.

In prior years, and the current year, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2009, \$28,130,000 of the defeased debt is outstanding.

#### Compensated Absences

The liability for compensated absences decreased by \$14,414 this year. These liabilities are paid by the General Fund, Sewer Operating Fund, Parking Operations Fund and Solid Waste Fund.

## **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 omissions; 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, 2009, 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 MIRMA 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 in 2008/09 was \$601,457. The premium is subject to payroll audit at the close of the coverage period. MIRMA'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 and Town dental plan and prescription drug plan.

A third party administers the Town's self-insurance program. There is no stop loss coverage. The Town's General Fund funds the claims through annual appropriations. The claims liability of \$-0- reported at June 30, 2009 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 indicates 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 claim accrual is based on the ultimate costs of settling the claim which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. 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:

	<u>Claims Payable July 1,</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30,</u>
2007-2008	\$ -	\$ 1,682,903	\$ 1,682,903	\$ -
2008-2009	-	2,101,395	2,101,395	-

## 10. FUND BALANCE

### Reservations

Descriptions of the various reservations of the Town's governmental funds' fund balance accounts are as follows:

Reserved for Inventory - to segregate a portion of fund balance equal to the inventory.

Reserved for Encumbrances - to segregate a portion of fund balance for expenditure upon vendor performance.

Reserved Benefits - to segregate fund balance in the retiree benefit funds for future retiree medical benefits.

A summary of reserved fund balances at June 30, 2009 is presented below:

General Fund:	
Reserved for encumbrances	\$ 81,204
Sewer Operating:	
Reserved for encumbrances	77,183
Capital Projects Fund:	
Reserved for encumbrances	406,210
Nonmajor Governmental Funds:	
Reserved for inventory	10,341
Reserved for encumbrances	2,325
Reserved for benefits	<u>2,398,824</u>
Total	\$ <u>2,976,087</u>

### Deficits

The Capital Projects fund has a fund balance deficit of \$6,129,044. The deficit will be funded when the projects are permanently funded.

## 11. OTHER POST EMPLOYMENT BENEFITS

### 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.



At July 1, 2008, Police plan membership consisted of the following:

	<b><u>Post-Retirement Medical Program</u></b>
Retired participants	16
Spouses	0
Active plan members	<u>48</u>
Total Participants	<u><u>64</u></u>

At July 1, 2008, Non-Police plan membership consisted of the following:

	<b><u>Post-Retirement Medical Program</u></b>
Retired participants	84
Spouses	14
Active plan members	<u>765</u>
Total Participants	<u><u>863</u></u>

## **B. Funding Policy**

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 for 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 CT towards the cost of their coverage.

### C. Annual OPEB Cost and Net OPEB Obligations

The Town of Darien'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. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

		<b>Police Post-Retirement Medical Program</b>	<b>Non-Police Post-Retirement Medical Program</b>
Annual required contribution (ARC)	\$	609,468	\$ 595,699
Interest on net OPEB obligation		35,059	-
Adjustment to annual required contribution		-	-
Annual OPEB cost		644,527	595,699
Contributions made		142,018	193,371
Increase in net OPEB obligation		502,509	402,328
Net OPEB obligation, beginning of year		-	-
Net OPEB Obligation, End of Year	\$	<u>502,509</u>	\$ <u>402,328</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2009 is presented below. Data is only presented for the fiscal year ended June 30, 2009, due to this being the year of transition.

#### Police

<b>Fiscal Year Ended</b>		<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/09	\$	644,527	\$ 142,018	22.03%	\$ 502,059

#### Non-Police

<b>Fiscal Year Ended</b>		<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/09	\$	595,699	\$ 193,371	32.5%	\$ 402,328

As of July 1, 2007, the most recent actuarial valuation date, the Police plan was 0% funded. The actuarial accrued liability for benefits was approximately \$4.3 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$4.3 million. As of July 1, 2007, the most recent actuarial valuation date, the Non-Police plan was 0% funded. The actuarial accrued liability for benefits was approximately \$5.3 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately 5.3 million.

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 July 1, 2007 actuarial valuation of the Police Plan, the aggregate cost method was used. The actuarial assumptions include a 7.5% investment rate of return assuming a trust fund will be established, 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 July 1, 2007 actuarial valuation of the Non-Police Plan, the Projected unit credit method was used. The actuarial assumptions include a 5.5% investment rate of return due to the lack of a trust fund at June 30, 2009, though one was established 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.

## 12. EMPLOYEE RETIREMENT SYSTEMS AND 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 policemen) and noncertified Board of Education employees.

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

At July 1, 2008 (date of the last valuation), membership in the Town Plan consisted of:

Retirees, disabled members and beneficiaries currently receiving benefits	144
Terminated members entitled to benefits but not yet receiving them	6
Current active members	<u>386</u>
Total	<u><u>536</u></u>

The Town Plan provides retirement benefits, as well as death and disability benefits. All benefits vest after ten years of employment. If any employee leaves covered employment 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 Representative Town Meeting for non-bargaining unit employees.

## Town of Darien Police Pension Fund

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

At July 1, 2008, membership in the Police Plan consisted of:

Retirees, disabled members and beneficiaries currently receiving benefits	52
Current active members	<u>51</u>
Total	<u>103</u>

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.

### **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. 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.

#### Valuation of Investments

An actuarial asset valuation method is used to smooth out fluctuations in fair value. The actuarial asset value recognizes the appreciation (realized and unrealized gains and losses) in any one year over five years at a rate of 20% per year.

### **C. Contributions**

Town employees are required to contribute 5% of their annual salary. The 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.

#### D. Schedule of Funding Progress

Town							
Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Under (Over) Funded AAL (OAAL) (b-a)	Percentage Funded (a/b)	Covered Payroll (c)	Under (Over) Funded AAL as a % of Covered Payroll ((b-a)/c)	
2008	\$ 31,440,757	\$ 35,427,363	\$ 3,986,606	88.7%	\$ 16,210,000	24.6%	
2007*	29,087,137	32,962,616	3,875,479	88	15,191,006	25.5	

\* The ARC is calculated using the aggregate actuarial cost method. Information in this schedule is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan beginning with the valuation date 7/1/2007.

Police							
Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Under (Over) Funded AAL (OAAL) (b-a)	Percentage Funded (a/b)	Covered Payroll (c)	Under (Over) Funded AAL as a % of Covered Payroll ((b-a)/c)	
2008	\$ 24,830,877	\$ 28,911,419	\$ 4,080,542	85.9%	\$ 3,896,000	104.7%	
2007*	23,459,042	27,775,450	4,316,408	84.5	3,598,772	120.0	

\* The ARC is calculated using the aggregate actuarial cost method. Information in this schedule is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan beginning with the valuation date 7/1/2007.

**E. Schedule of Employer Contributions**

<b>Town</b>				
<b>Year Ended June 30,</b>		<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2009	\$	1,231,739	\$ 1,231,739	100.0%
2008		1,197,070	1,141,561	95.4%
2007		1,037,442	1,133,022	109.2%
2006		1,127,980	1,127,980	100.0%
2005		953,347	898,319	94.2%
2004		875,362	712,456	81.4%

<b>Police</b>				
<b>Year Ended June 30,</b>		<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2009	\$	800,558	\$ 800,558	100.0%
2008		807,655	807,655	100.0%
2007		675,337	675,337	100.0%
2006		585,335	585,335	100.0%
2005		490,221	490,221	100.0%
2004		191,138	191,138	100.0%

**F. Actuarial Assumptions**

The data presented in the schedule of funding progress (Note 12.D) and schedule of employer contributions (Note 13.E) were determined as part of the actuarial valuation at the date indicated.

Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	July 1, 2008
Actuarial cost method	Aggregate (Entry Age method used for Schedule of Funding Progress)
Asset valuation method	5 Years smoothed market
Actuarial assumptions:	
Rate of return	7.5%
Projected salary increases	4.5%
COLA	None

## G. Annual Pension Cost and Net Pension Asset

The Town's annual pension cost and net pension obligation to the PERS for the current year were as follows:

	<b>Town Plan</b>	<b>Police Plan</b>
Annual required contribution	\$ 1,231,739	\$ 800,558
Adjustment to annual required contribution		
Annual pension cost	1,231,739	800,558
Contributions made	1,231,739	800,558
Decrease in net pension asset	-	-
Net pension obligation, beginning of year	-	-
Net Pension Obligation, End of Year	\$ -	\$ -

## H. Trend Information

<b>Town</b>			
<b>Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
2009	\$ 1,231,739	100.0%	\$ -
2008	1,197,070	95.4%	-
2007	1,037,442	109.2%	(55,509)

<b>Police</b>			
<b>Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
2009	\$ 800,558	100%	\$ -
2008	807,655	100%	-
2007	675,337	100%	-

# **I. Separate Plan Financial Information**

<b>Schedule of Plan Net Assets</b> <b>For the Year Ended June 30, 2009</b>			
	<b>Police</b>	<b>Town</b>	<b>Total Pension Trust Funds</b>
Assets:			
Cash and cash equivalents	\$ 161,056	\$ 417,140	\$ 578,196
Investments, at fair value:			
Unit trusts	342,285	442,473	784,758
Equity securities	14,204,204	18,359,454	32,563,658
Mutual funds	9,417,242	12,105,101	21,522,343
Receivables:			
Investment income	63,178	81,252	144,430
Total assets	<u>24,187,965</u>	<u>31,405,420</u>	<u>55,593,385</u>
Accounts payable	88,535	114,268	202,803
Total liabilities	<u>88,535</u>	<u>114,268</u>	<u>202,803</u>
Net Assets:			
Net Assets Held in Trust	<u>\$ 24,099,430</u>	<u>\$ 31,291,152</u>	<u>\$ 55,390,582</u>



**Schedule of Changes in Plan Net Assets  
For the Year Ended June 30, 2009**

	<b>Police</b>	<b>Town</b>	<b>Total Pension Trust Funds</b>
Additions:			
Contributions:			
Employer	\$ 800,558	\$ 1,231,739	\$ 2,032,297
Plan members	249,582	887,621	1,137,203
Total contributions	<u>1,050,140</u>	<u>2,119,360</u>	<u>3,169,500</u>
Investment income (loss):			
Net depreciation in fair value of investments	(2,175,179)	(2,855,280)	(5,030,459)
Interest and dividends	838,883	1,064,945	1,903,828
Total investment loss	<u>(1,336,296)</u>	<u>(1,790,335)</u>	<u>(3,126,631)</u>
Total additions	<u>(286,156)</u>	<u>329,025</u>	<u>42,869</u>
Deductions:			
Benefits	1,452,166	1,624,219	3,076,385
Administration	<u>235,327</u>	<u>235,153</u>	<u>470,480</u>
Total deductions	<u>1,687,493</u>	<u>1,859,372</u>	<u>3,546,865</u>
Net decrease	(1,973,649)	(1,530,347)	(3,503,996)
Net Assets at Beginning of Year	<u>26,073,079</u>	<u>32,821,499</u>	<u>58,894,578</u>
Net Assets at End of Year	<u>\$ 24,099,430</u>	<u>\$ 31,291,152</u>	<u>\$ 55,390,582</u>

**J. Teachers' Retirement Plan**

All Town teachers participate in the State of Connecticut Teachers' Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$35,739,843.

The retirement system for teachers is funded by the State based upon the recommendation of the Teacher's Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2009, the Town has recorded in the General Fund intergovernmental revenue schools and schools expenditures in the amount of \$5,519,176 as payments made by the State of Connecticut on behalf of the Town. The State of Connecticut significantly decreased its contribution this year. The contribution decreased by \$19.2 million this year. The Town does not have any liability for teacher pension.

The State of Connecticut Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

### **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 which 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.

### **14. SUBSEQUENT EVENTS**

On October 28, 2009, the Town issued \$4,000,000 of Bond Anticipation Notes that mature on January 28, 2010 and bear interest of 0.3%.

On September 28, 2009, the Representative Town Meeting voted to establish trust funds for the Police Retiree Medical and the Non-Police Retiree Benefit Plan.

## 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, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Property taxes:				
Property taxes current	\$ 94,437,432	\$ 94,437,432	\$ 95,379,298	\$ 941,866
Property taxes prior	290,000	290,000	426,963	136,963
Suspense tax collections	1,000	1,000	2,922	1,922
Telecommunication property tax	121,083	121,083	96,412	(24,671)
Interest and liens	230,000	230,000	317,706	87,706
Total property taxes	<u>95,079,515</u>	<u>95,079,515</u>	<u>96,223,301</u>	<u>1,143,786</u>
Licenses and permits:				
Town Clerk	1,300,000	1,300,000	755,860	(544,140)
Building, plumbing and other	1,183,400	1,183,400	958,716	(224,684)
Food establishment	60,000	60,000	52,199	(7,801)
Private disposal and water supply	36,600	36,600	27,700	(8,900)
Fire Marshal's revenue	4,000	4,000	6,941	2,941
Other	31,900	31,900	34,050	2,150
Total licenses and permits	<u>2,615,900</u>	<u>2,615,900</u>	<u>1,835,466</u>	<u>(780,434)</u>
Intergovernmental:				
Capital improvement grant	110,761	110,761	110,176	(585)
Housing Authority	74,000	74,000	75,553	1,553
Taxes on State-owned land	76,684	76,684	72,561	(4,123)
Pequot distribution	19,938	19,938	20,192	254
Disabled persons	100	100	175	75
Circuit breaker	44,694	44,694	56,527	11,833
Elderly tax relief	10,000	10,000	5,101	(4,899)
Veterans' exemption			1,934	1,934
Court fines	15,000	15,000	20,005	5,005
Boating safety enforcement	18,700	18,700	18,715	15
Infrastructure - Town aid	166,784	166,784	166,677	(107)
State school reimbursement	302,204	302,204	302,261	57
Education cost-sharing grant	1,547,898	1,547,898	1,743,772	195,874
Transportation	687	687	650	(37)
Other	14,000	14,000	4,195	(9,805)
Total intergovernmental	<u>2,401,450</u>	<u>2,401,450</u>	<u>2,598,494</u>	<u>197,044</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, 2009

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Charges for services:				
Sale of codes, regulations, etc.	\$ 3,000	\$ 3,000	\$ 1,371	\$ (1,629)
GIS fees	100	100		(100)
Planning and zoning application	18,450	18,450	15,830	(2,620)
ZBA application fees	20,240	20,240	14,616	(5,624)
EPC application fees	30,000	30,000	15,160	(14,840)
Other planning fees	9,300	9,300	4,858	(4,442)
EMS Services	500	500		(500)
Services for Sewer Commission Authority	42,000	42,000	42,000	-
Services for Parking Fund	68,039	68,039	56,956	(11,083)
Parking meters and permits	117,650	117,650	135,443	17,793
Youth Commission fees	201,110	201,110	209,293	8,183
Beach parking permits	198,630	198,630	197,160	(1,470)
Boat launch fees	8,275	8,275	8,350	75
Parks and recreation	112,700	112,700	114,233	1,533
Other	10,000	10,000	12,779	2,779
Total charges for services	839,994	839,994	828,049	(11,945)
Fines and forfeits	18,000	18,000	23,117	5,117
Investment income	750,000	750,000	607,963	(142,037)
Miscellaneous:				
Metro mobile rent	100,000	100,000	154,316	54,316
Coin operated Xerox machine	11,000	11,000	19,101	8,101
Commission on Aging - van	35,393	35,393	35,349	(44)
Other rents	20,500	20,500	25,364	4,864
Insurance recoveries	20,000	20,000	37,879	17,879
Other	30,000	30,000	83,530	53,530
Total miscellaneous	216,893	216,893	355,539	138,646
Total revenues	101,921,752	101,921,752	102,471,929	550,177

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## 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, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other financing sources:				
Transfers in:				
Sewer Assessment Fund	\$ 1,180,460	\$ 1,180,460	\$ 1,180,460	\$ -
Sewer Operating Fund	53,807	53,807	53,807	-
Other Funds	50,000	66,853	56,541	(10,312)
Total transfers in	1,284,267	1,301,120	1,290,808	(10,312)
Appropriation of fund balance	1,100,000	3,045,159		(3,045,159)
Total other financing sources	2,384,267	4,346,279	1,290,808	(3,055,471)
Total Revenues and Other Financing Sources	\$ <u>104,306,019</u>	\$ <u>106,268,031</u>	103,762,737	\$ <u>(2,505,294)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State  
Teachers' Retirement System for Town teachers are not budgeted.

5,519,176

Under liquidation of prior year encumbrances is recorded as miscellaneous  
revenue for budgetary reporting. This amount is excluded for financial  
reporting purposes.

(36,639)

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.

2,766,154

Issuance of refunding bonds is not budgeted.

30,343,888

Total Revenues and Other Financing Sources as Reported on the Statement  
of Revenues, Expenditures and Changes in Fund Balances - Governmental  
Funds - Exhibit IV\$ 142,355,316

## TOWN OF DARIEN, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General government:				
Selectmen's office	\$ 169,033	\$ 171,849	\$ 168,214	\$ 3,635
Administrative Officer	323,136	338,514	336,097	2,417
Human Resources	113,568	120,328	119,882	446
RTM	1,880	5,187	5,186	1
Financial management	372,862	405,904	404,486	1,418
Board of Finance	32,760	33,425	33,425	-
Tax Assessor	267,966	351,276	340,265	11,011
Tax Collector	229,859	240,157	236,329	3,828
Legal services	375,254	439,224	439,222	2
Town Clerk	240,365	250,849	243,613	7,236
Registrar of Voters	110,593	122,578	114,124	8,454
Information services	247,805	247,805	237,582	10,223
Probate court	9,700	9,700	4,741	4,959
Total general government	2,494,781	2,736,796	2,683,166	53,630
Community environment:				
Development Planning	546,005	576,972	567,804	9,168
Planning and Zoning	31,167	31,167	23,903	7,264
Zoning Appeals	5,520	5,270	4,557	713
Environmental Protection	7,140	8,072	6,889	1,183
Regional Planning	7,003	7,003	7,003	-
Beautification	34,000	34,000	27,591	6,409
Celebrations and observances	21,500	21,500	18,278	3,222
Harbor Master	375	875	708	167
Revitalize Downtown Darien	3,750	3,750	900	2,850
Total community environment	656,460	688,609	657,633	30,976
Public safety:				
Building Department	303,660	322,297	320,890	1,407
Police Department:				
Administration	468,245	488,085	487,682	403
Criminal Investigation	446,035	416,813	414,674	2,139
Patrol	3,447,043	3,591,824	3,590,764	1,060
Records	276,927	270,151	265,954	4,197
Youth	172,685	163,728	163,615	113
Marine Patrol	10,450	10,450	10,380	70
Training	140,816	142,063	141,376	687
Traffic and School Crossing	69,880	66,520	66,022	498
Fleet Services	174,808	183,525	160,192	23,333
Station maintenance and communication	185,805	200,377	193,796	6,581
Miscellaneous	600	606	605	1
Total Police Department	5,393,294	5,534,142	5,495,060	39,082

(Continued on next page)

## TOWN OF DARIEN, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Fire service and emergency medical service:				
Darien Fire Department	\$ 128,378	\$ 128,378	\$ 127,034	\$ 1,344
Noroton Fire Department	148,790	145,734	145,585	149
Noroton Heights Fire Department	135,680	139,735	137,951	1,784
Board of Fire Commissioners	81,120	76,521	72,724	3,797
Fire Marshal	306,528	316,778	287,591	29,187
Hydrants and main rental	275,000	347,968	347,968	-
Disaster Preparedness	18,800	18,800	16,149	2,651
Emergency medical service	85,097	85,097	80,817	4,280
Total fire service and emergency medical service	<u>1,179,393</u>	<u>1,259,011</u>	<u>1,215,819</u>	<u>43,192</u>
Total public safety	<u>6,876,347</u>	<u>7,115,450</u>	<u>7,031,769</u>	<u>83,681</u>
Public works:				
Administration	319,669	331,264	317,015	14,249
Roadway and walkway maintenance	1,906,795	2,077,665	2,039,961	37,704
Public building management	373,198	456,076	454,012	2,064
Parking facility	77,294	72,500	69,514	2,986
Total public works	<u>2,676,956</u>	<u>2,937,505</u>	<u>2,880,502</u>	<u>57,003</u>
Health and social services:				
Social services	200,538	206,748	199,268	7,480
Social service - outside assistance	13,000	13,000	12,864	136
Senior Center	224,210	248,287	247,276	1,011
Senior transportation	35,676	35,676	35,349	327
Youth programs	291,638	294,735	291,614	3,121
Youth services grants	70,575	70,575	70,575	-
Other outreach services	4,100	4,100	4,100	-
Health Department	297,265	284,265	194,151	90,114
Total health and social services	<u>1,137,002</u>	<u>1,157,386</u>	<u>1,055,197</u>	<u>102,189</u>
Parks and recreation:				
Administration	328,830	342,523	339,887	2,636
Beach and court facilities	184,766	175,447	161,597	13,850
Maintenance and repair	324,056	355,994	345,026	10,968
Organized recreation activities	32,031	31,741	29,354	2,387
Grounds, fields, building	234,478	235,368	213,804	21,564
Total parks and recreation	<u>1,104,161</u>	<u>1,141,073</u>	<u>1,089,668</u>	<u>51,405</u>
Overhead and miscellaneous:				
Employee benefits	3,646,664	3,646,664	3,637,197	9,467
Risk management	922,723	922,723	783,291	139,432
Contingency	724,750	148,716		148,716
Total overhead and miscellaneous	<u>5,294,137</u>	<u>4,718,103</u>	<u>4,420,488</u>	<u>297,615</u>

(Continued on next page)

## TOWN OF DARIEN, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Library	\$ 2,944,275	\$ 2,944,275	\$ 2,944,275	\$ -
Board of Education - operations	66,376,977	66,376,977	66,374,844	2,133
Debt service:				
Schools	9,749,149	9,553,309	9,709,993	(156,684)
Town	725,908	713,408	181,649	531,759
Sewer	685,931	662,019	662,018	1
Servicing bonds	2,000			-
Total debt service	11,162,988	10,928,736	10,553,660	375,076
Total expenditures	100,724,084	100,744,910	99,691,202	1,053,708
Other financing uses:				
Transfers out:				
Animal Control	55,355	60,782	60,782	-
Refuse disposal	200,000	200,000	200,000	-
Retiree medical	426,436	1,507,596	1,507,596	-
Capital nonrecurring expenditures	2,870,144	3,754,743	3,754,743	-
Total other financing uses	3,551,935	5,523,121	5,523,121	-
Total	\$ 104,276,019	\$ 106,268,031	105,214,323	\$ 1,053,708

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State

Teachers' Retirement System for Town teachers are not budgeted.

5,519,176

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.

19,447

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.

2,766,154

Payment to escrow agent is not budgeted.

30,233,888

Refunding bond issuance costs are not budgeted.

110,000

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

\$ 143,862,988



## 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, 2009

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Licenses and permits	\$ 14,000	\$ 14,000	\$ 10,950	\$ (3,050)
Charges for services	2,820,232	2,820,232	2,446,036	(374,196)
Fines and forfeits	50,000	50,000	37,177	(12,823)
Investment income	200,000	200,000	81,712	(118,288)
Total revenues	<u>3,084,232</u>	<u>3,084,232</u>	<u>2,575,875</u>	<u>(508,357)</u>
Expenditures:				
Sewer operations:				
Administration	313,712	294,496	280,931	(13,565)
Collection and pumping	1,223,988	1,254,437	854,129	(400,308)
Treatment service	1,800,000	1,800,240	1,800,240	-
Overhead and miscellaneous	192,725	181,252	178,207	(3,045)
Total expenditures	<u>3,530,425</u>	<u>3,530,425</u>	<u>3,113,507</u>	<u>(416,918)</u>
Deficiency of revenues over expenditures	(446,193)	(446,193)	(537,632)	(91,439)
Other financing sources (uses):				
Operating transfers out	(53,807)	(53,807)	(53,807)	-
Appropriation of fund balance	<u>500,000</u>	<u>500,000</u>		<u>(500,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>-</u>	\$ <u>-</u>	(591,439)	\$ <u>(591,439)</u>
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.			<u>69,326</u>	
GAAP Fund Balance change, End of Year			\$ <u>(522,113)</u>	

## APPENDIX B - OPINION OF BOND COUNSEL

January \_\_, 2010

Town of Darien  
2 Renshaw Road  
Darien, CT 06820

**Re:     \$4,000,000 General Obligation Bonds**  
**Dated January \_\_, 2010**

Ladies and Gentlemen:

We have acted as bond counsel to the Town of Darien, Connecticut (the "Town") and have examined a record of proceedings relative to the sale and issuance of the Town's \$4,000,000 General Obligation Bonds dated January \_\_, 2010 (the "Bonds").

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Town and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents, and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon representations of the Town contained in the certified proceedings of the Town, including the Tax Regulatory and Compliance Agreement (the "Agreement") and other certifications received from the Town, all dated as of January \_\_, 2010 in connection with the issuance and delivery of the Bonds, without undertaking to verify the same by independent investigation.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall not be included in the gross income of the owners thereof for federal income tax purposes under the Code.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Bonds (except the matters set forth as our opinion in the Official Statement), and we express no opinion relating thereto.

We are of the following opinion:

1. When certified as provided thereon by a duly authorized official of U.S. Bank National Association, Hartford, Connecticut, the Bonds will be the valid and binding general obligations of the Town payable as to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town. All ad valorem taxes are without limitation as to rate or amount except as to certain classified property such as certified forest land taxable at a limited rate pursuant to Section 12-97 of the Connecticut General Statutes and dwelling houses of qualified elderly persons of low income taxable at limited amounts pursuant to Section 12-129b of the Connecticut General Statutes. Subject to conformity with Section 12-129d of the Connecticut General Statutes, the State of Connecticut is obligated to pay 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.

2. Under existing law, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code and such interest will not be treated as a preference item for purpose of calculating the federal alternative minimum tax for individuals or corporations and is not taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

In rendering the foregoing opinion 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 and with requirements of the Code as to such tax matters.

3. Under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and excludable 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.

4. The Bonds have been designated to be and are qualified tax-exempt obligations of the Town under Section 265(b)(3) of the Code.

It is to be understood that 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 heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Very truly yours,

PULLMAN & COMLEY, LLC

## APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

### **\$4,000,000 TOWN OF DARIEN, CONNECTICUT GENERAL OBLIGATION NOTES JANUARY 15, 2010**

#### **CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement ("Agreement") is executed and delivered as of the \_\_\_\_ day of January, 2010 by the Town of Darien, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of the \$4,000,000 General Obligation Bonds, dated January 15, 2010 (the "Bonds") for the benefit of the beneficial owners from time to time of the Bonds.

#### **Section 1. Definitions.**

In addition to the terms defined above, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this 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 9 hereof.

"Final Official Statement" means the official statement of the Town, prepared in connection with the Bonds.

"Listed Event" shall mean any of the events listed in Section 3 of this Agreement.

"MSRB" means the Municipal Securities Rulemaking Board established under the 1933 Securities Act, 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.

"SID" means any state information depository established or designated by the State of Connecticut and recognized by the SEC from time to time. As of the date of this Agreement, no SID has been established or designated by the State of Connecticut.

#### **Section 2. Annual Financial Information.**

(a) The Town agrees to provide or cause to be provided to the MSRB and any SID, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2010) as follows:

(i) Audited financial statements of the Town's general fund, special revenue fund, debt service fund and capital projects funds (the "Governmental Funds") for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town is required to prepare audited financial statements of its various funds and accounts. The modified accrual basis of accounting is followed for the Town's general fund with major revenues recorded when measurable and available and expenditures recorded when incurred.

(ii) To the extent not included in the financial statements described in (i) above, financial information and operating data within the meaning of the Rule included in the material under the headings "Indebtedness" and "Financial Data" in the Official Statement for the Bonds provided, however, that reference to such headings in the Official Statement as a means of identifying such financial information and operating data shall not prevent the Town from reorganizing such material in subsequent official statements.

(b) The financial statements and other financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Town's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to the MSRB, any SID, or the SEC including Official Statements of the Town which will be available from the MSRB's internet website, EMMA, or filed with the SEC. If the document to be cross-referenced is a final official statement, it must be available from the MSRB. 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.

(d) The Town reserves the right (i) to provide financial statements which are not audited if audited financial statements are no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated statutory accounting principles as in effect from time to time, provided that the Town agrees that the exercise of any such right will be done in a manner consistent with the Rule.

### **Section 3. Material Events.**

The Town agrees to provide or cause to be provided, in a timely manner, to the MSRB and any SID, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds;
- (h) Bond calls;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds; and
- (k) rating changes.

### **Section 4. Notice of Failure to Provide Annual Financial Information.**

The Town agrees to provide or cause to be provided, in a timely manner, to the MSRB and any SID, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

### **Section 5. Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

### **Section 6. Termination.**

Pursuant to the Bonds, the obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

### **Section 7. Enforcement.**

The Town acknowledges that its undertakings set forth in Sections 2 and 3 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to undertakings set forth in Section 2 of this Agreement or five business days with respect to undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Finance Director, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. For purposes of this section, notice to the Town should be made to the Finance Director, Town of Darien, 2 Renshaw Road, Darien, Connecticut 06820.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

**Section 8. Miscellaneous.**

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver (i) is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) the Agreement as so amended or waived 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 change in circumstances, and (iii) is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB and any SID. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

**Section 9. 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

*(Remainder of page left intentionally blank)*

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

TOWN OF DARIEN

By: \_\_\_\_\_  
David Campbell  
First Selectman

By: \_\_\_\_\_  
Joan D. Hendrickson  
Treasurer

By: \_\_\_\_\_  
Kathleen C. Buch  
Finance Director

## APPENDIX D – NOTICE OF SALE

**Notice Of Sale  
Town Of Darien, Connecticut  
\$4,000,000 General Obligation Bonds  
dated January 15, 2010**

SEALED BIDS AND ELECTRONIC BIDS VIA **PARITY**<sup>®</sup> will be received by the TOWN OF DARIEN, CONNECTICUT, (the "Town") at the office of the Finance Director, Darien Town Hall, 2 Renshaw Road, Darien, Connecticut 06820, until 11:00 A.M. (E.T.) on Wednesday,

January 20, 2010

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

\$4,000,000 General Obligation Bonds  
dated January 15, 2010

The Bonds are payable annually on January 15, in the principal amounts and years as set forth below:

<u>Amount</u>	<u>Due</u>
\$350,000	2013
\$525,000	2014-2019
\$500,000	2020

Interest on the Bonds will be payable on July 15, 2010 and semiannually thereafter on the 15th day of January and July in each year until maturity. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be delivered to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium (if any) and interest on the Bonds will be payable by the Town to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. 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 to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the beneficial owners of the Bonds or their nominees. (The record dates for the Bonds will be the last day of June and December, or the preceding business day if such day is not a business day.)

The Bonds maturing on or before January 15, 2015 are not subject to redemption prior to maturity. The Bonds maturing on January 15, 2016 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after January 15, 2015, either in whole or in part at any time, in such order of maturity and amount as the Town may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth as follows, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
January 15, 2015 and thereafter	100%



Except for those proposals submitted electronically via **PARITY**<sup>®</sup>, all proposals for the purchase of the Bonds shall be submitted on forms furnished by the Town. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall NOT specify (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than two (2) percentage points or (c) the price for any serial maturity which is less than 98.5. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery, if any. No bid for less than par and accrued interest will be considered.

Unless all bids are rejected the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to January 15, 2010, the dated date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the Town will determine by lot which of such bidders will be awarded the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

Except for those proposals submitted electronically via **PARITY**<sup>®</sup>, all proposals must be enclosed in sealed envelopes and marked "Bid For the Town of Darien Bonds" and addressed to David Campbell, First Selectmen, Town of Darien, Darien Town Hall, 2 Renshaw Road, Connecticut 06820. The Bonds will be certified by the Registrar, Transfer Agent and Paying Agent which shall be U.S. Bank National Association.

Electronic bids for the purchase of the Bonds may be submitted through the facilities of **PARITY**<sup>®</sup> until 11:00 A.M. (E.T.) on Wednesday, January 20, 2010. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**<sup>®</sup>, including any fee charged, may be obtained from **PARITY**<sup>®</sup>, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 404-8102 - email notice: [PARITY@i-Deal.com](mailto:PARITY@i-Deal.com)). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**<sup>®</sup> is communicated to the Town, it shall constitute an irrevocable offer in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via **PARITY**<sup>®</sup>, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY<sup>®</sup>, the use of PARITY<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**<sup>®</sup> shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The Town is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 404-8102. If any provision of this Notice of Sale shall conflict with information provided by **PARITY**<sup>®</sup>, this Notice of Sale shall control.

The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit 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 provisions of the Connecticut General Statutes. 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.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The winning bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them. A signed copy of the Official Statement prepared for this Bond issue will also be furnished together with a certificate of the Town relating to the accuracy and completeness of the Official Statement.

The opinion of Bond Counsel will provide: (i) that the Bonds will be valid general obligations of the Town when duly certified; (ii) that, assuming the accuracy of and continued compliance by the Town with its representations and covenants contained in a certain Tax Regulatory and Compliance Agreement (the "Agreement") relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and other certifications received from the Town, as to which bond counsel has made no independent verification, under existing law interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to the Code and such interest will not be treated as a preference item for purposes of calculating the federal alternative minimum tax for individuals or corporations and is not taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations and, (iii) that interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excludable 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. In rendering the legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Agreement entered into by the Town for the benefit of the owners of the Bonds and further, will assume continuing compliance by the Town with the covenants and procedures set forth in the Agreement. Copies of the opinion will be printed upon each of the Bonds, and a signed opinion will be filed with the Paying Agent.

The Town has prepared a Preliminary Official Statement dated January 11, 2010 for the Bonds, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. Bidders must acknowledge in their respective bids that they have received and reviewed such Preliminary Official Statement. The Town will make available to the winning purchaser 50 copies of the Official Statement, dated January 20, 2010, as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Independent Bond and Investment Consultants, LLC, by the fifth business day after the day bids on the Bonds are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriting, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the 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) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder'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 Bonds will be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for Federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

It shall be the responsibility of the purchaser to furnish to Pullman & Comley, LLC, Hartford, Connecticut, in writing before delivery of the Bonds the reoffering prices at which a substantial portion of the bonds of each maturity initially were sold. The completed certificate should be delivered to Marie V. Phelan, Esq. Pullman & Comley, LLC, 90 State House Square, Hartford, Connecticut 06103 (860) 424-4337.

The Bonds will be delivered to DTC in New York, New York on or about January 28, 2010 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Bonds prior to delivery and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning purchaser to obtain such numbers and to supply them to the Town in a timely manner.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

For more information regarding this issue and the Town, reference is made to the Preliminary Official Statement dated January 11, 2010. Bid forms and copies of the Official Statement may be obtained from Kathleen C. Buch, Director of Finance, Town of Darien, Darien Town Hall, 2 Renshaw Road, Darien, Connecticut 06820 (203) 656-7334 or from Mr. Mark Chapman, Independent Bond and Investment Consultants LLC, (203) 245-8715.

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David Campbell  
First Selectman

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Joan D. Hendrickson  
Treasurer

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Murry Stegelmann  
Designee of the Board of Finance

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Kathleen C. Buch  
Finance Director

January 11, 2010

## PROPOSAL FOR BONDS

January 20, 2010

Town of Darien  
Darien Town Hall  
2 Renshaw Road  
Darien, CT 06820

Subject to the provisions of the Notice of Sale dated January 11, 2010 which Notice is made a part of this proposal, we offer to purchase all \$4,000,000 Bonds of the Town of Darien comprising the issue described in said Notice and to pay therefor par and accrued interest to date of delivery, plus a premium of \$\_\_\_\_\_, provided that the Bonds maturing January 15 in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Amount	Year of Maturity	Interest Rate	Amount	Year of Maturity	Interest Rate
\$350,000	2013	_____ %	\$525,000	2017	_____ %
\$525,000	2014	_____ %	\$525,000	2018	_____ %
\$525,000	2015	_____ %	\$525,000	2019	_____ %
\$525,000	2016	_____ %	\$500,000	2020	_____ %

We acknowledge receipt of the Official Statement referred to in the Notice of Sale and have reviewed such Official Statement prior to the submission of our bid.

Name of Bidder \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Telephone Number \_\_\_\_\_

Signature of Officer or  
Authorized Agent \_\_\_\_\_

The following is our computation of the percent true interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$\_\_\_\_\_ Bonds under such proposal:

Percent True Interest Cost \_\_\_\_\_ %  
(four decimals)