

# Comprehensive Annual Financial Report

of the

## **Town of Darien Connecticut**

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Fiscal Year Ended June 30, 2006

Prepared by:  
Finance Department  
Kathleen Clarke Buch  
Finance Director

**TOWN OF DARIEN, CONNECTICUT**

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*November 28, 2006*

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To the Members of the Board of Finance  
of the Town of Darien

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Darien, Connecticut for the year ended June 30, 2006. This report was prepared by the Town's Finance Department, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, is accurate in all material aspects and that it is presented in a manner designed to illustrate fairly the financial position and results of operations of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The CAFR is presented in three sections: introductory, financial, and statistical. This report follows the format for annual financial reports that the Governmental Accounting Standards Board suggests and the Government Finance Officers Association promotes through its Certificate of Achievement for Excellence in Financial Reporting program. The introductory section includes this transmittal letter, the Town's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, as well as the auditors' report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the Connecticut Single Audit Act. Information related to these audits, including the schedule of federal awards, state financial assistance, findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations are issued under separate covers and not included in this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. Internal control policies and procedures are recognized as important elements of the Town's accounting system. Such controls are designed to establish reasonable, but not absolute, assurance that assets are protected against loss from unauthorized use or disposition and to provide the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits to be derived; and (2) the valuation of these costs and benefits requires estimates and judgments by management. Management believes that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Board of Finance appointed the accounting firm of Scully & Wolf, LLP as the Town's independent auditor for the year 2005-2006. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Federal and State Single Audit Acts. The auditors' report on the basic financial statements is in the financial section of this report. The auditors' reports related specifically to the Federal and State Single Audits are issued in separate reports.

Please refer to Management's Discussion and Analysis (MD&A), which follows the independent auditor's report for further information. The MD&A provides an introduction, overview and analysis of the basic financial statements.

### **ORGANIZATION AND SERVICES**

The Town of Darien is located in lower Fairfield County on Long Island Sound. It is situated between Stamford and Norwalk and bordered on the north by New Canaan. Less than one hour from New York City, Darien is on the main line of the Metro North Commuter Railroad, and is served by the Connecticut Turnpike (I-95), the Merrit Parkway (R-15) and the Boston Post Road (US Route 1).

The Town of Darien 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.

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROLS**

The Town and the Board of Education maintain a comprehensive budgetary reporting system to monitor the results of budget operations and ensure budgetary control and compliance with approved budgets.

All annual budgets are recommended by the Board of Selectmen and Board of Education to the Board of Finance, which, following careful review, recommends final budgets for approval by the RTM. The Board of Finance approves interdepartment budget transfers of \$1,000 and above. The Board of Education has freedom of transfer within the approved Education budget, according to State law. Necessary and justified additional appropriations are recommended by the Board of Finance for RTM approval.

Purchase orders are encumbered and considered as expenditures for budget reporting purposes to ensure the availability of budget appropriations. Purchase orders are not released unless funding is available. Open encumbrances, reflecting goods and services not received are shown as a reservation of fund balance in the financial statements under generally accepted accounting principles (GAAP).

## **ECONOMIC CONDITION AND OUTLOOK**

Darien is a community with high per capita income and housing values. Unemployment in Darien is lower than the state and national averages, standing at 3.0 percent compared to 4.4 and 4.6 for the state and nation. This is in keeping with the trends of the last ten years and is expected to remain stable.

Inflation in Darien is higher than the national average. There is no predominant industry or employer in Darien. As a suburb of New York City, many residents are executives, professional, technical and managerial people employed in New York City and at industrial and corporate headquarters of nationally known firms located in surrounding Fairfield County communities. Darien is an active retail community, despite its proximity to larger retail centers, with several shopping centers and many specialty shops. The Town of Darien recently became part of the Connecticut Main Street Center program. The Town provided funding for Darien Revitalization Inc., which, through the Main Street program, will work to assist downtown businesses to improve their marketing and appearance and attract new and increased business.

The tax base is primarily residential (approximately 95%) with a limited number of commercial office and retail buildings. The value of local construction decreased slightly to \$159,621,000, in 2005-2006 representing a 3.1% decrease over the previous year. A total of 901 building permits were issued. Building permits have steadily increased over the last ten years, both in number issued and in value, with a slight distortion in 2003, when permits were issued for the new Darien High School. Growth in Darien will continue to be gradual, due to the limited amount of land available for development.

Property taxes comprise 90.44% of Town General Fund revenues and the current property tax collection rate remains strong at 99.5%. Delinquent collections also remain strong, so that the ratio of total tax collections to the current tax levy is 99.7%.

Intergovernmental revenues represent a small portion of Town revenues, reflecting only 2.17% in the current year. As a result of the Town's heavy reliance on property taxes and continually increasing student enrollment projections, the Board of Finance is preparing a five year financial plan that assumes property tax increases averaging slightly more than 5% for the period. School enrollment is expected to increase 3.4% over the next five years, raising education operating costs, but with no further need for additional classroom space. The new high school construction was completed during the summer of 2005, with the school being occupied in September, 2005. Construction has begun on a new Tokeneke Elementary School. The property tax mill rate enacted for 2006-2007, 13.4, represented an increase of 2.9% which was under the projected average.

## **LONG-TERM FINANCIAL PLANNING**

A five year financial forecast is prepared by the Board of Finance and presented to the Representative Town Meeting each year at the State of the Town meeting in December. The plan addresses both operating and capital expenditures as well as revenues. It is based, in part, on the Five & Six Year Capital Projections prepared by the Board of Education and Board of Selectmen. Factors considered in the Five Year Forecast include student population growth, interest rates for investments and planned debt offerings, locally generated revenues, state grants, inflation rates, planned benefit changes, personnel changes and grand list growth. While not a budget, this document is referred to during the budget process.

The Board of Finance has adopted a Fund Balance Policy. This is also a consideration in development of the Five Year Forecast. The Fund Balance Policy calls for the Town to maintain fund balance within an appropriate range, measured as a percentage of revenues. This allows the Town to maintain sufficient fund balance to provide protection in case of unforeseen emergencies, to moderate mill rate increases and to avoid excessive accumulation.

The Town and Board of Education are covered under a fully insured medical insurance plan. Dental and pharmaceutical coverage is self-insured and is being viewed as a manageable financial risk. The Town is responsible for property losses due to fire and other disasters up to \$10,000 and auto collision of \$1,000 per vehicle and is fully insured for claims in excess of those amounts. The Town carries Workers' Compensation insurance as mandated by law.

A safety committee exists to review safety measures and make recommendations for improvement when necessary. These programs combined with periodic OSHA and insurer safety inspections are used by the Town to control accidental injury losses and provide a safe environment for employees and the public.

### **MAJOR INITIATIVES**

In fiscal year 2005-2006 the Town of Darien continued its practice of regular replacement of equipment for the Public Works Department, Parks & Recreation Department, Police Department and Volunteer Fire Departments. The Town funds accounts for such replacements on a regular basis to avoid large swings in the budget. During FY 2005-2006, over \$350,000 was expended in these programs.

The Town continued with the installation of the new Land Use Software program. \$111,000 was spent on the project in this fiscal year. The program serves the Building, Planning, Zoning and Health Departments as well as the Fire Marshal's Office and the Assessor's Office.

The new Darien High School was completed early in the fiscal year. The building opened for use in September. Demolition of the old school was completed, but work continues on the playing fields.

Construction has begun on a new Tokeneke Elementary School. The project cost is estimated at \$23 million, with construction expected to be completed in 2008.

Other school projects include the installation of air conditioning on the third floor of the Middlesex Middle School a second turf field at the High School and a new roof on the Hindley Elementary School. The combined cost of these projects is over \$1,400,000.

The Town continues to install new sewer lines as needed and as requested. The projects are funded through property assessments. Over \$1,000,000 was spent on such projects in FY 2006.

## CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Darien for its Comprehensive Annual Financial Report (CAFR) for each of the last sixteen fiscal years. The Certificate of Achievement is a prestigious national award, which recognizes conformance with the highest standards for preparation of State and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

## ACKNOWLEDGEMENTS

The preparation of this report on a timely basis was made possible by the cooperation and dedicated services of the entire staff of the Finance Department. The efforts of all those who contributed to the preparation of this report are sincerely appreciated.

Appreciation is further extended to the Board of Finance for their support in the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kathleen Clarke Buch".

Kathleen Clarke Buch  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Town of Darien Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**TOWN OF DARIEN**  
**PRINCIPAL OFFICIALS**  
**AS OF JUNE 30, 2006**

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**BOARD OF SELECTMEN:**

*Evonne M. Klein, First Selectman*  
*Paul B. Hendrickson*  
*Linda S. Santarella*  
*Barbara L. Thorne*  
*Susan Young*

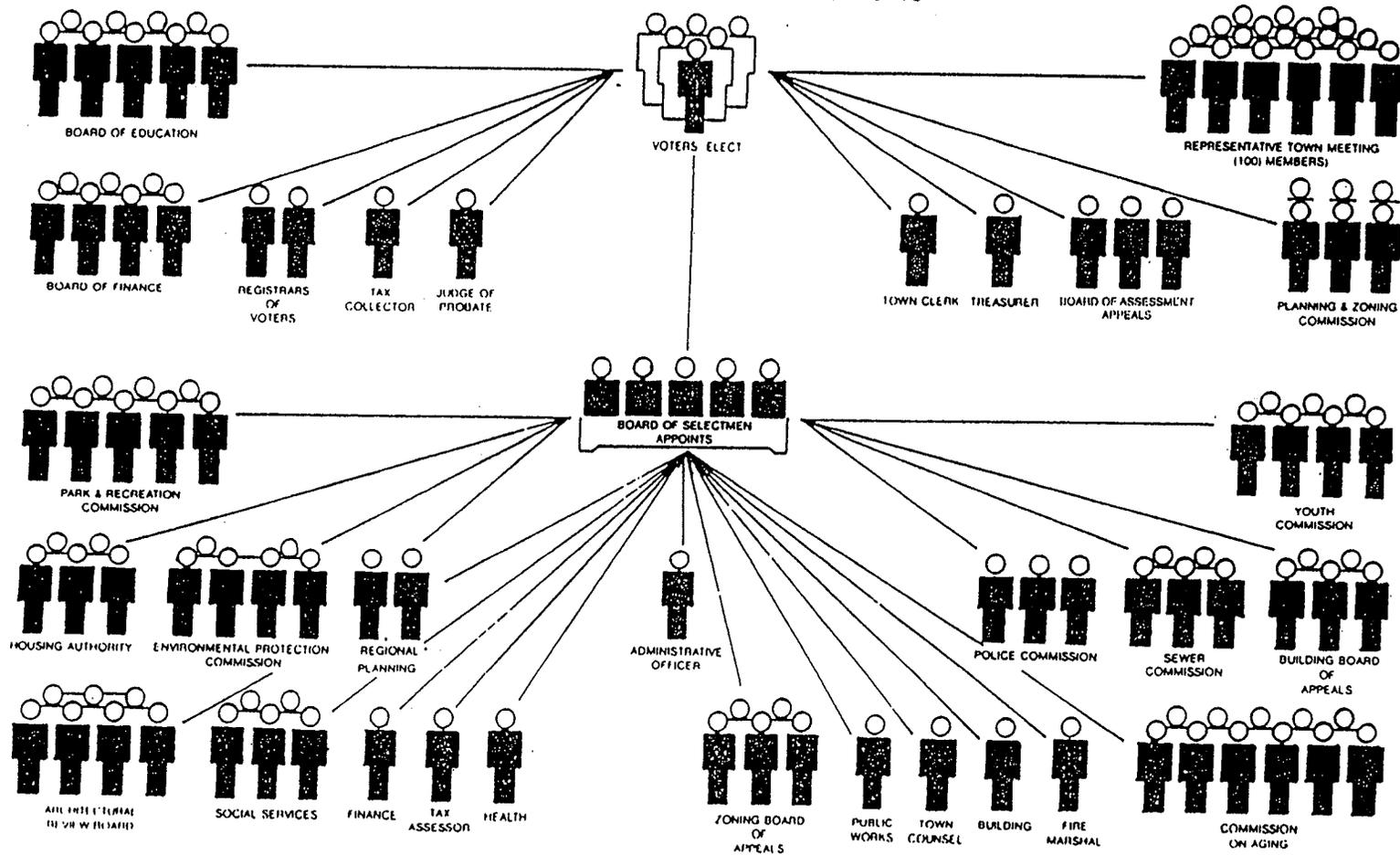
**BOARD OF FINANCE:**

*Peter Hovell, Chairman*  
*Thomas Volpe, Vice Chairman*  
*Barbara Cook*  
*D. Craig Curtis*  
*Kathy Hammell*  
*Martha Banks*

*Administrative Officer*  
*Finance Director*  
*Treasurer*  
*Superintendent of Schools*  
*Tax Collector*  
*Assessor*  
*Town Clerk*

*John Crary*  
*Kathleen Clarke Buch*  
*Joan Hendrickson*  
*Donald Fiftal*  
*Robert Locke*  
*Anthony Homicki*  
*Donna E. Rajczewski*

# HOW YOUR TOWN FUNCTIONS



\*One appointed by Planning and Zoning Commission



*Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033*

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, 2006, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, as of June 30, 2006, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2006 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 11 through 18 and 49 through 55 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

September 22, 2006

A handwritten signature in black ink that reads "Scully + Wolf LLP". The signature is written in a cursive, flowing style.

## TOWN OF DARIEN, CONNECTICUT

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006**

This discussion and analysis of the Town of Darien, Connecticut's ("Town") financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2006. Please read this MD&A in conjunction with the transmittal letter beginning on page 1 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 \$8,525, or 9.7 percent.
- During the year, the Town had expenses that were \$8,525 less than the \$107,395 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$98,870 with no new programs added this year.
- The General Fund reported a fund balance this year of \$13,865.
- The resources available for appropriation were \$2,533 more 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 Exhibit 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 Exhibit 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 non-financial 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:

- *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 (Exhibit 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 at the bottom of the fund financial statements.
- *Fiduciary funds (Exhibit 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 \$88,789 to \$97,314. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental activities.

<b>Table 1</b>		
<i>Net Assets</i>		
<i>(in thousands)</i>		
	<b>Governmental</b>	
	<b>Activities</b>	
	<u>2006</u>	<u>2005</u>
Current and other assets .....	\$ 36,263	\$ 31,192
Capital assets.....	<u>156,511</u>	<u>150,241</u>
Total assets .....	<u>192,774</u>	<u>181,433</u>
Long-term debt outstanding.....	89,827	84,645
Other liabilities.....	<u>5,633</u>	<u>7,999</u>
Total liabilities.....	<u>95,460</u>	<u>92,644</u>
Net assets:		
Invested in capital assets, net of debt.....	66,459	66,144
Unrestricted.....	<u>30,855</u>	<u>22,645</u>
Total net assets.....	<u>\$ 97,314</u>	<u>\$ 88,789</u>

Net assets of the Town’s governmental activities increased by 9.6 percent. 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 \$22,645 at June 30, 2005 to \$30,855 at the end of this year.

This change in unrestricted governmental net assets resulted primarily because of increased revenue collections in the area of prior year taxes, town clerk fees, investment income and building fees. The Town has a significant school construction project underway at this time. The Town’s investment in capital assets is \$66,459. 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**  
**Changes In Net Assets**  
**(in thousands)**

	<b>Governmental Activities</b>	
	<u>2006</u>	<u>2005</u>
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services.....	\$ 9,855	\$10,827
Operating grants and contributions.....	6,183	5,407
Capital grants and contributions .....	6,559	4,120
<b>General revenues:</b>		
Property taxes .....	82,426	74,497
Grants and contributions not restricted to specific purposes .....	276	293
Unrestricted investment earnings.....	1,709	867
Other general revenues .....	<u>387</u>	<u>469</u>
<b>Total revenues .....</b>	<u>107,395</u>	<u>96,480</u>
<b>Program expenses:</b>		
General government .....	3,546	3,127
Community environment.....	643	655
Public safety .....	9,344	9,145
Health and social services.....	1,252	1,079
Library .....	2,300	2,186
Parks and recreation.....	1,500	1,296
Public works .....	3,526	3,297
Education.....	70,118	60,356
Sewer operations.....	2,114	2,140
Solid waste.....	1,580	1,418
Debt service .....	<u>2,947</u>	<u>3,421</u>
<b>Total program expenses.....</b>	<u>98,870</u>	<u>88,120</u>
<b>Increase in net assets.....</b>	<u>\$ 8,525</u>	<u>\$ 8,360</u>

The Town's total revenues (excluding special items) were \$107,395. The total cost of all programs and services was \$98,870. Our analysis below considers the operations of governmental activities.

***Governmental Activities***

Property taxes were 76.8% of revenues and Charges for Services accounted for 9.2%. Capital Grants of \$6,559 were primarily grants from the State of Connecticut for school construction projects (\$1,812). The 2005-2006 property tax collection rate was 99.5%. Licenses and permits increased by \$544 primarily due increases in Building Permit fees. Intergovernmental revenue increased slightly due to an increase in the Education cost Sharing 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 increased due to the increase in available funds and interest rates.

On the expense side General Government was up, primarily due to an increase in legal expenses. Education expenses are the most significant component accounting for 64.7%. Public Works declined due to lower costs for roadway and walkway maintenance. Education increased because of increased enrollment, negotiated wage increases, increased medical expenses and the opening of the new high school. Debt service increased as a result of new debt issued for school construction projects.

Table 3 presents the cost of each of the Town’s five largest programs – general government, public safety, public works, education and 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)***

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General government.....	\$3,546	\$3,127	\$1,478	\$845
Public safety.....	\$9,344	\$9,145	\$7,166	\$7,536
Public works.....	\$3,526	\$3,297	\$(430)	\$2,216
Education .....	\$70,118	\$60,356	\$62,619	\$49,931
Library.....	\$2,300	\$2,186	\$2,300	\$2,186

## **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 \$23,295, which is an increase from last year's total of \$18,000. The most significant component of the change in fund balance came from the General Fund. The Capital Projects fund balance increased by \$887. This resulted from bonding of \$10 million, transfers of \$2.6 million and capital grants from the State of Connecticut of \$701. The fund had expenditures of \$13,961.

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

Additional appropriations for the year were \$473. A contingency of \$535 was included in the original budget. This contingency covered items such as unsettled labor contracts and other unexpected expenses. Additional appropriations were for a variety of purposes, including legal expenses, pension contributions and school project financing.

Actual revenues were higher than budgetary estimates, by approximately \$2,532. Town Clerk fees exceeded budgetary estimates by \$837. This increase was due primarily to an increase in the conveyance tax volume. There were also increases in other accounts, such as building permit fees and investment income.

Actual expenditures were less than budgetary estimates by \$818. The largest single contributor to this was the debt service, due to a refinancing of a portion of the Town's outstanding bonds.

The Town's General Fund balance of \$13,865 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$13,636. This is principally because budgetary fund balance does not include \$229 of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At June 30, 2006, the Town had \$156,511 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 increase (including additions and deductions) of \$6,270, or 4.2 percent, over last year.

**Table 4**  
*Capital Assets at Year-end (Net of Depreciation)*  
*(in thousands)*

	<b>Governmental Activities</b>	
	<u>2006</u>	<u>2005</u>
Land .....	\$ 7,097	\$ 7,097
Buildings.....	138,008	72,938
Land improvements .....	1,687	151
Machinery and equipment.....	4,104	3,128
Infrastructure.....	2,872	173
Construction in progress .....	<u>2,743</u>	<u>66,754</u>
Totals.....	<u>\$156,511</u>	<u>\$150,241</u>

The Town has not yet implemented the provisions of GASB Statement No. 34 which require the retroactive reporting of infrastructure assets acquired prior to July 1, 2002.

This year’s major additions included:

Construction of a new Darien High School - completed .....	\$9,310
Construction of new sewer lines.....	\$3,740
Air conditioning system for the Middle School 3 <sup>rd</sup> Floor .....	\$398
Construction of a new Tokeneke Elementary School – in progress .....	\$931

The Town’s fiscal-year 2006-07 capital budget calls for it to spend another \$4,350 for capital projects (not including construction of the new elementary school), principally for vehicle and equipment replacement. More detailed information about the Town’s capital assets is presented in Notes 1 and 6 to the financial statements.

*Long-term debt*

At June 30, 2006 the Town had \$88,430 in bonds and notes outstanding versus \$83,481 last year.

New debt resulted from the issuance of bonds for construction of the new high school, new elementary school and sewer line expansion. Current year debt principal paid amounted to \$5,530.

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 \$579,026 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 2007 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 3.0 percent versus 3.6 percent a year ago. This compares with the State's unemployment rate of 4.4 percent and the national rate of 4.6 percent.

Inflation in the Darien area is higher than the national Consumer Price Index (CPI) increase. The Town's CPI increase was 5.6 percent for fiscal year 2006 compared with the average U.S. Town rate increase of 4.3 percent.

These indicators were taken into account when adopting the General Fund budget for 2006-07. Amounts available for appropriation in the General Fund budget are \$92,382, an increase of 4.2 percent over the final 2006 budget of \$88,628. Property taxes (benefiting from the 2006 rate increases and growth in the grand list) and charges for services 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 debt service cost are the largest areas of expenditure increase. Fund balance will provide \$246 to support the budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to increase by June 30, 2007.

## **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.

# Basic Financial Statements

TOWN OF DARIEN, CONNECTICUT

STATEMENT OF NET ASSETS  
JUNE 30, 2006

	GOVERNMENTAL ACTIVITIES
<b>ASSETS:</b>	
Cash and cash equivalents .....	\$ 25,577,263
Investments .....	645,602
Receivables (net) .....	9,253,897
Inventory .....	19,499
Deferred charges .....	418,292
Advances to other entities .....	348,884
Capital assets not being depreciated .....	9,839,618
Capital assets being depreciated - net of accumulated depreciation .....	<u>146,671,476</u>
 Total assets .....	 <u>192,774,531</u>
<b>LIABILITIES:</b>	
Accounts and other payables .....	5,631,970
Unearned revenue .....	985
Noncurrent liabilities:	
Due within one year .....	6,388,908
Due in more than one year .....	<u>83,438,437</u>
 Total liabilities .....	 <u>95,460,300</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt .....	66,459,323
Unrestricted .....	<u>30,854,908</u>
 Total net assets .....	 <u>\$ 97,314,231</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DARIEN, CONNECTICUT  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN ..NET ASSETS..
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Governmental activities:					
General government.....	\$ 3,546,471	\$2,051,290	\$ 16,937		\$ (1,478,244)
Community environment.....	642,509	75,204			(567,305)
Public safety.....	9,343,675		2,101,720	\$ 76,318	(7,165,637)
Health and social services.....	1,252,119	93,319	200,606	31,665	(926,529)
Library.....	2,299,729				(2,299,729)
Parks and recreation.....	1,500,515	319,651	45,000		(1,135,864)
Public works.....	3,525,843	925,001	23,180	3,007,345	429,683
Board of Education.....	70,117,612	1,785,255	3,703,359	2,010,387	(62,618,611)
Sewer operations.....	2,114,138	3,200,746		1,432,984	2,519,592
Solid waste.....	1,580,037	1,404,895			(175,142)
Interest on long-term debt.....	2,947,367		91,721		(2,855,646)
Total governmental activities.....	<u>\$98,870,015</u>	<u>\$9,855,361</u>	<u>\$6,182,523</u>	<u>\$6,558,699</u>	<u>(76,273,432)</u>
General revenues:					
Property taxes.....					82,426,127
Grants and contributions not restricted to specific programs.....					276,189
Unrestricted investment earnings.....					1,709,172
Miscellaneous.....					386,713
Total general revenues.....					<u>84,798,201</u>
Change in net assets.....					8,524,769
Net assets, July 1, 2005.....					<u>88,789,462</u>
Net assets, June 30, 2006.....					<u>\$ 97,314,231</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DARIEN, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2006

	GENERAL	SEWER OPERATING	SEWER ASSESSMENT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>A S S E T S</u>						
Cash and cash equivalents .....	\$15,506,364	\$6,446,099	\$ 902,541	\$1,620,244	\$1,102,015	\$25,577,263
Investments .....					645,602	645,602
Receivables, net .....	3,315,988	259,275	4,461,571	987,521	229,542	9,253,897
Due from other funds .....	312,316				253,105	565,421
Inventories .....					19,499	19,499
Other assets .....	348,884					348,884
<b>TOTAL .....</b>	<b>\$19,483,552</b>	<b>\$6,705,374</b>	<b>\$5,364,112</b>	<b>\$2,607,765</b>	<b>\$2,249,763</b>	<b>\$36,410,566</b>
<u>L I A B I L I T I E S A N D F U N D B A L A N C E S</u>						
Liabilities:						
Accounts and other payables .....	\$ 2,247,238	\$ 80,127	\$ 42,844	\$2,063,958	\$ 275,322	\$ 4,709,489
Due to other funds .....	253,105	5,837		170,889	135,590	565,421
Deferred revenue .....	3,118,393	259,275	4,461,571		985	7,840,224
<b>Total liabilities .....</b>	<b>5,618,736</b>	<b>345,239</b>	<b>4,504,415</b>	<b>2,234,847</b>	<b>411,897</b>	<b>13,115,134</b>
Fund balances (deficit):						
Reserved .....	228,555	18,455	859,697	695,217	734,798	2,536,722
Unreserved, reported in:						
General Fund .....	13,636,261					13,636,261
Special Revenue Funds .....		6,341,680			1,103,068	7,444,748
Capital Project Funds .....				(322,299)		(322,299)
<b>Total fund balances (deficit) .....</b>	<b>13,864,816</b>	<b>6,360,135</b>	<b>859,697</b>	<b>372,918</b>	<b>1,837,866</b>	<b>23,295,432</b>
<b>TOTAL .....</b>	<b>\$19,483,552</b>	<b>\$6,705,374</b>	<b>\$5,364,112</b>	<b>\$2,607,765</b>	<b>\$2,249,763</b>	

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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	156,511,094
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	7,839,239
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.....	(90,331,534)
<b>Net assets of governmental activities.....</b>	<b>\$ 97,314,231</b>

The accompanying notes are an integral part of these financial statements.

TOWN OF DARIEN, CONNECTICUT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

	GENERAL	SEWER OPERATING	SEWER ASSESSMENT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:						
Property taxes .....	\$ 82,435,320			\$ 1,510,947	\$ 790,309	\$ 82,435,320
Intergovernmental .....	7,049,443			15,265	4,352,888	9,350,699
Charges for services .....	4,700,112	\$2,519,529	\$ 701,114			12,288,908
Income on investments .....	1,284,672	215,196	6,087	163,866	39,351	1,709,172
Miscellaneous .....	321,935	1,605	6,905	522,620	260,667	1,113,732
<b>Total revenues .....</b>	<b>95,791,482</b>	<b>2,736,330</b>	<b>714,106</b>	<b>2,212,698</b>	<b>5,443,215</b>	<b>106,897,831</b>
Expenditures:						
Current:						
General government .....	2,542,803				11,210	2,554,013
Community environment .....	456,932					456,932
Public safety .....	5,932,932				753,175	6,686,107
Health and social services .....	944,571				9,761	954,332
Library .....	2,299,729					2,299,729
Parks and recreation .....	936,235					936,235
Public works .....	2,063,582				429,961	2,493,543
Schools .....	61,983,774				2,813,029	64,796,803
Sewer operations .....		2,114,138				2,114,138
Solid waste .....					1,580,037	1,580,037
General overhead .....	3,946,860					3,946,860
Capital outlay .....				13,961,271		13,961,271
Debt service .....	9,144,288					9,144,288
<b>Total expenditures .....</b>	<b>90,251,706</b>	<b>2,114,138</b>		<b>13,961,271</b>	<b>5,597,173</b>	<b>111,924,288</b>
Excess (deficiency) of revenues over expenditures .....	5,539,776	622,192	714,106	(11,748,573)	(153,958)	(5,026,457)
Other financing sources (uses):						
Transfers in .....	408,612			2,635,403	456,650	3,500,665
Transfers out .....	(3,082,053)	(53,807)	(276,454)		(88,351)	(3,500,665)
Issuance of bonds .....				10,000,000		10,000,000
Issuance of refunding bonds .....	30,215,000					30,215,000
Payment to escrow agent .....	(29,893,925)					(29,893,925)
<b>Total other financing sources (uses) .....</b>	<b>(2,352,366)</b>	<b>(53,807)</b>	<b>(276,454)</b>	<b>12,635,403</b>	<b>368,299</b>	<b>10,321,075</b>
Net change in fund balances .....	3,187,410	568,385	437,652	886,830	214,341	5,294,618
Fund balance (deficit), July 1, 2005 .....	10,677,406	5,791,750	422,045	(513,912)	1,623,525	18,000,814
<b>Fund balance, June 30, 2006 .....</b>	<b>\$ 13,864,816</b>	<b>\$6,360,135</b>	<b>\$ 859,697</b>	<b>\$ 372,918</b>	<b>\$1,837,866</b>	<b>\$23,295,432</b>

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:						
Net change in fund balances - governmental funds (above) .....						\$ 5,294,618
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period .....						6,382,951
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. This is the loss on disposal of assets .....						(2,854,599)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds..						4,059,304
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments .....						(5,955,163)
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 governmental funds .....						1,597,658
<b>Change in net assets of governmental activities (Exhibit II) .....</b>						<b>\$ 8,524,769</b>

The accompanying notes are an integral part of these financial statements.

TOWN OF DARIEN, CONNECTICUT

FIDUCIARY FUNDS

COMBINED STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2006

	PENSION TRUST FUNDS	AGENCY FUNDS
ASSETS:		
Cash and cash equivalents.....	\$ 484,504	\$340,741
Investments:		
Unit trusts .....	443,451	
Equity securities .....	29,576,472	
Mutual funds .....	23,407,943	
Receivables:		
Interest and dividends .....	<u>212,478</u>	
Total assets .....	54,124,848	<u>\$340,741</u>
LIABILITIES:		
Accounts and other payables.....		<u>\$340,741</u>
NET ASSETS:		
Held in trust for pension benefits.....	<u>\$54,124,848</u>	

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The accompanying notes are an integral part of these financial statements.

TOWN OF DARIEN, CONNECTICUTFIDUCIARY FUNDS

COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS  
 PENSION TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

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## Additions:

## Contributions:

Employer.....	\$ 1,713,315
Plan members.....	917,591
Other.....	<u>3,514</u>

Total contributions.....	2,634,420
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## Investment income:

Net appreciation in fair value of investments...	\$2,411,188
Interest and dividends.....	<u>712,953</u>

Total investment income.....	<u>3,124,141</u>
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Total additions.....	5,758,561
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## Deductions:

Benefits.....	2,848,814
Administration.....	497,538
Other.....	<u>13,162</u>

Total deductions.....	<u>3,359,514</u>
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Net increase.....	2,399,047
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Net assets held in trust for pension benefits, July 1, 2005.....	<u>51,725,801</u>
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Net assets held in trust for pension benefits, June 30, 2006.....	<u>\$54,124,848</u>
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The accompanying notes are an integral part  
of these financial statements.

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**TOWN OF DARIEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2006**

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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 of Darien consists of all Town's departments, the Board of Education, commissions, boards, authorities and funds.

The Town of Darien 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 changes in net assets) 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* - 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 Fund* - accounts 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's 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 4.

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 non-current 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 1 ½% 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 \$55,727 has been established as an allowance for uncollectible taxes. At June 30, 2006 this represents 6.1% 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 1 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:

<u>Assets</u>	<u>Years</u>
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. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### ***A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets***

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds

payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$90,331,534 difference are as follows:

Bonds payable.....	\$89,375,000
Less:	
Deferred charges - refunding.....	(1,621,686)
Deferred charges - unamortized issuance costs.....	(418,292)
Compensated absences .....	1,357,189
Clean water notes payable .....	676,771
Accrued interest payable .....	922,481
Net pension obligation.....	<u>40,071</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities .....	 <u>\$90,331,534</u>

Another element of that reconciliation explains that long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. The details of this \$7,839,239 difference are as follows:

Property taxes .....	\$ 681,149
Accrued interest on property taxes .....	317,910
School building grants .....	2,119,334
Assessments .....	4,461,571
Sewer use .....	220,247
Accrued interest on sewer use .....	<u>39,028</u>
 Net adjustment to increase fund balance - total governmental funds to arrive at net assets governmental activities.....	 <u>\$7,839,239</u>

***B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities***

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$6,382,951 difference are as follows:

Capital outlay.....	\$10,813,105
Depreciation expense.....	<u>(4,430,154)</u>
 Net adjustment to increase net changes in fund balances – total governmental Funds to arrive at changes in net assets of governmental activities .....	 <u>\$ 6,382,951</u>

Another element of that reconciliation states that “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, however, 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 deferred and amortized in the statement of activities”. The details of this \$(5,955,163) difference are as follows:

Debt issued or incurred:	
Issuance of bonds.....	\$(40,215,000)
Principal repayments:	
General obligation debt.....	5,490,000
Clean water notes.....	39,837
Payment to escrow agent - refunded bonds.....	<u>28,730,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$ (5,955,163)</u>

### 3. 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 \$473,481 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 Waste Management Fund, Parking Operations, 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.

#### **4. 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 does 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.

## A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2006:

Deposits:	
Demand accounts .....	\$ (49,459)
Interest bearing accounts .....	<u>4,738,087</u>
Total deposits .....	4,688,628
Petty cash accounts .....	7,820
Cash equivalents:	
State Short-Term Investment Fund (STIF) .....	18,837,741
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)..	2,383,815
Pension Trust Funds - Cash Management Assets .....	<u>484,504</u>
TOTAL CASH AND CASH EQUIVALENTS .....	<u>\$26,402,508</u>

### Deposits

At June 30, 2006, the carrying amount of the Town deposits was \$4,688,628 and the bank balance was \$5,551,383.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town has a deposit policy for custodial credit risk. Of the June 30, 2006 bank balance, \$504,237 was covered by Federal Depository Insurance. 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. A minimum of \$554,717, based on June 30, 2006 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the Town’s name). The balance of deposits of \$4,492,429 was uninsured and uncollateralized.

### 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, 2006 the Town’s cash equivalents amounted to \$21,706,060. 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.

	<u>Standard and Poor’s</u>	<u>Moody’s Investor Service</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF) .....	AAAm		
MBIA, Inc. – Cooperative Liquid Assets Securities System (CLASS).....	AA		AAA
Bank of America N.A. Cash Management Assets ..	AA	AA1	AA-

**B. Investments**

Investments as of June 30, 2006 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Unit Trusts.....	\$ 443,451
Common stock.....	29,576,472
Pooled open-end mutual fund accounts:	
Pension Trust Funds.....	23,407,943
Nonmajor governmental funds .....	<u>645,602</u>
 TOTAL.....	 <u>\$54,073,468</u>

*Interest Rate Risk* – The Town’s investment policy limits the maximum investment maturity time to one year.

*Credit Risk – Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk* –The Town’s investment policy does not allow for an investment in any one issuer that is in excess of five percent 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, 2006, the Town had \$29,576,472 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.

## 5. 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...	\$ 317,910					\$ 317,910
Taxes.....	920,789					920,789
Accounts.....	13,682	\$220,247			\$215,600	449,529
Special assessments.			\$4,461,571			4,461,571
Intergovernmental....	2,119,334			\$987,521	13,942	3,120,797
Interest receivable....		39,028				39,028
Investment income...					212,478	212,478
Gross receivables.....	3,371,715	259,275	4,461,571	987,521	442,020	9,522,102
Less: allowance for property tax uncollectibles.....	(55,727)					(55,727)
Net total receivables .....	<u>\$3,315,988</u>	<u>\$259,275</u>	<u>\$4,461,571</u>	<u>\$987,521</u>	<u>\$442,020</u>	<u>\$9,466,375</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.....	\$ 681,149	
Interest and delinquent property tax.....	317,910	
Special assessments not yet due.....	4,461,571	
Grant drawdowns prior to meeting all eligibility requirements.		\$985
School building grants.....	2,119,334	
Sewer use receivables .....	220,247	
Interest on sewer use receivable.....	39,028	
Total deferred/unearned revenue for governmental funds.....	<u>\$7,839,239</u>	<u>\$985</u>

## 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land .....	\$ 7,096,698				\$ 7,096,698
Construction in progress .....	66,754,054	\$ 1,878,900		\$(65,890,034)	2,742,920
Total capital assets, not being depreciated .....	73,850,752	1,878,900		(65,890,034)	9,839,618
Capital assets, being depreciated:					
Buildings.....	106,269,930	5,894,881	\$7,930,733	65,647,577	169,881,655
Land improvements.....	933,260	1,410,329		242,457	2,586,046
Machinery and equipment.....	8,529,872	1,624,618	1,109,964		9,044,526
Infrastructure.....	183,723	2,746,186			2,929,909
Total capital assets being depreciated .....	115,916,785	11,676,014	9,040,697	65,890,034	184,442,136
Less accumulated depreciation for:					
Buildings.....	33,332,039	3,697,178	5,155,779		31,873,438
Land improvements.....	782,520	117,473			899,993
Machinery and equipment.....	5,401,462	568,984	1,030,319		4,940,127
Infrastructure.....	10,583	46,519			57,102
Total accumulated depreciation .....	39,526,604	4,430,154	6,186,098		37,770,660
Total capital assets, being depreciated, net .....	76,390,181	7,245,860	2,854,599	65,890,034	146,671,476
Governmental activities capital assets, net .....	\$150,240,933	\$ 9,124,760	\$2,854,599	\$ - 0 -	\$156,511,094

Depreciation expense was charged to functions/programs as follows:

General government .....	\$ 139,327
Community environment.....	9,998
Public safety .....	335,758
Health and social services .....	159
Parks and recreation .....	65,831
Public works.....	217,768
Education.....	3,661,313
<b>TOTAL.....</b>	<b>\$4,430,154</b>

The Town has not implemented the provisions of GASB Statement #34 which require the reporting of infrastructure assets acquired prior to July 1, 2002.

**Construction Commitments**

The Town has active construction projects as of June 30, 2006. A summary of capital projects at June 30, 2006 is as follows:

	<b>...Project Expenditures....</b>				
	<b>Project Authorization</b>	<b>2005/2006</b>	<b>Cumulative</b>	<b>Encumbrances</b>	<b>Balance</b>
Public Works Garage .....	\$1,200,000		\$1,176,592		\$23,408
Clean Water Fund .....	\$1,500,000		\$1,093,433		\$406,567
Sewer Line Expansion .....	\$9,515,000	\$1,547,398	7,825,737	\$465,901	\$1,223,362
Middle School Expansion..	\$27,006,500		27,005,099		\$1,401
High School Building .....	\$75,799,440	\$9,309,954	\$72,190,134	\$65,598	\$3,543,708
Capital Non-Recurring Expenditures .....	\$12,111,596	\$2,172,893	\$9,342,625	\$163,718	\$2,605,253
Tokeneke School.....	\$23,170,000	\$931,026	\$1,351,430		\$21,818,570

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

Individual fund interfund receivable and payable balances at June 30, 2006 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund.....	Sewer Operating Fund .....	\$ 5,837
General Fund.....	Capital Projects Fund.....	170,889
General Fund.....	Nonmajor Governmental Funds .....	135,590
Nonmajor Governmental Funds .....	General Fund.....	<u>253,105</u>
<b>TOTAL .....</b>		<b><u>\$565,421</u></b>

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

Interfund transfers

	<b>.....Transfer In.....</b>			<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental</b>	
Transfer out:				
General Fund .....		\$2,625,403	\$456,650	\$3,082,053
Sewer Operating Fund .....	\$ 53,807			53,807
Sewer Assessment Fund .....	276,454			276,454
Nonmajor governmental Funds	78,351	10,000		<u>88,351</u>
<b>Total transfers out.....</b>	<b><u>\$408,612</u></b>	<b><u>\$2,635,403</u></b>	<b><u>\$456,650</u></b>	<b><u>\$3,500,665</u></b>

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

## 8. LEASES

### Operating Leases

The Town leases some office equipment under operating leases. Total costs for such leases were \$292,864 for the year ended June 30, 2006. These leases are cancelable at any time before the expiration date of the year 2010. The future minimum lease payments for these leases are as follows:

<b>Year Ending June 30,</b>	
2007 .....	\$300,605
2008 .....	297,130
2009 .....	222,796
2010 .....	67,660
2011 .....	<u>22,725</u>
 TOTAL .....	 <u>\$910,916</u>

## 9. LONG-TERM DEBT

### Governmental Activities

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2006 was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
Bonds payable:					
General obligation bonds...	\$83,380,000	\$40,215,000	\$34,220,000	\$89,375,000	\$5,460,000
Clean water notes.....	716,608		39,837	676,771	40,642
Less deferred amounts:					
Refunding bonds .....	(615,587)	(1,163,925)	(157,826)	(1,621,686)	
 Total bonds and notes payable .....	 83,481,021	 39,051,075	 34,102,011	 88,430,085	 5,500,642
Compensated absences .....	1,130,375	1,318,887	1,092,073	1,357,189	888,266
Net pension obligation.....	33,534	6,537		40,071	
 Governmental activity long-term liabilities .....	 <u>\$84,644,930</u>	 <u>\$40,376,499</u>	 <u>\$35,194,084</u>	 <u>\$89,827,345</u>	 <u>\$6,388,908</u>

Bonds and notes outstanding by issue at June 30, 2006 were:

<u>Description</u>	<u>Year of Maturity</u>	<u>Interest Rate (%)</u>	<u>Balance June 30, 2006</u>
General Obligation Bonds:			
Elementary School expansion .....	2016	4.80-5.875	\$ 500,000
Elementary School expansion .....	2018	4.0-5.0	15,000
Middle School expansion .....	2018	4.0-5.0	595,000
Middle School expansion .....	2019	4.0-5.125	2,472,082
Advance refunding .....	2018	4.0-5.125	12,035,000
Darien High School .....	2022	3.50-5.00	820,000
Darien High School .....	2023	3.0-5.0	12,825,000
Refunding - 2004 .....	2018	1.0-3.75	7,340,000
Darien High School .....	2024	3.0-5.0	10,500,000
Refunding - 2005 .....	2024	3.0-4.75	28,776,000
DHS & Tokeneke .....	2025	3.75-5.75	7,000,000
Special Assessment Debt with Town			
Commitment:			
Hoyt Street .....	2018	4.0-5.0	90,000
Raymond Road .....	2018	4.0-5.0	60,000
Nolen Lane .....	2019	4.0-5.125	97,918
Peach Hill .....	2022	3.50-5.00	165,000
Harbor/Ring's End, etc. ....	2022	3.50-5.00	165,000
Refunding - 2004 .....	2018	1.0-3.75	1,835,000
Refunding - 2005 .....	2024	3.0-4.75	1,084,000
Multiple Sewers .....	2025	3.75-5.75	3,000,000
State Loans:			
Clean Water .....	2022	2.0	<u>676,771</u>
TOTAL .....			<u>\$90,051,771</u>

During fiscal year 2006, 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 \$276,454, 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 \$2,119,334 and interest subsidies of \$438,531 will be received over the life of the outstanding debt.

<b>Year Ending June 30,</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2007 .....	\$ 5,500,643	\$ 3,432,686
2008 .....	6,111,463	3,158,138
2009 .....	6,137,300	2,945,976
2010 .....	6,163,154	2,732,791
2011 .....	6,144,025	2,507,026
2012-2016 .....	30,173,815	8,986,931
2017-2021 .....	20,301,370	3,827,039
2022-2026 .....	<u>9,520,001</u>	<u>684,439</u>
TOTAL .....	<u>\$90,051,771</u>	<u>\$28,275,026</u>

#### Authorized Unissued Bonds

At June 30, 2006, the Town had \$4,640,000 of authorized, unissued bonds for the Middle School Expansion Project, \$1,385,000 for sewer line extension projects, \$18,115,000 for the Darien High School Building Project and \$22,470,000 for the Tokeneke Elementary School Project. The Darien High School Project is estimated to receive \$15,690,000 in State of Connecticut grants to reduce the amount of borrowing required for the project. The Tokeneke Elementary School Project is estimated to receive \$4,170,000 in State of Connecticut grants to reduce the amount of borrowing required for the project. This amount is approximately 20.07% of total eligible costs.

#### Debt Limit

The Town's total indebtedness does not exceed the limit of \$579 million allowed by State Statute.

#### Advance Refundings

On July 6, 2005, the Town issued \$30,215,000 in general obligation bonds with an average interest rate of 3.87% to advance refund outstanding bonds with an average rate of 4.41. The bonds refunded were as follows: \$5,180,000 of outstanding 1999 general obligation bonds, \$2,900,000 of outstanding 2002 general obligation bonds, \$14,625,000 of outstanding 2003 general obligation bonds and \$6,205,000 of outstanding 2004 general obligation bonds. The net proceeds of \$29,986,423 (after payment of \$143,521 and an original discount of \$85,056) 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 \$558,091 and a present value savings of \$634,949. The balance of the defeased bonds at June 30, 2006 is \$28,908,000.

In prior years, 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, 2006 \$47,487,000 of the defeased debt is outstanding.

## Compensated Absences

The liability for compensated absences increased by \$226,814 this year. These liabilities are paid by the General Fund and Sewer Operating Fund.

## **10. 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 acts of God. The Town purchases commercial insurance for all risks of loss, except dental claims as discussed below. During the year ended June 30, 2006 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 Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities (CCM) for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan and losses incurred in coverage period 2003/04 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium paid in 2005/06 was \$626,442. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million 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 \$9,824 reported at June 30, 2006, 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:

	<b>Claims Payable <u>July 1,</u></b>	<b>Claims and Changes in <u>Estimates</u></b>	<b>Claims <u>Paid</u></b>	<b>Claims Payable <u>June 30,</u></b>
2004-2005	\$23,212	\$1,577,679	\$1,583,640	\$17,251
2006-2007	\$17,251	\$1,914,561	\$1,921,988	\$9,824

## 11. 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 – Debt Service – to segregate fund balance of the Sewer Assessment fund which must be used for debt service.

A summary of reserved fund balances at June 30, 2006 is presented below:

General Fund:	
Reserved for encumbrances.....	\$ 228,555
Sewer Operating:	
Reserved for encumbrances.....	18,455
Sewer Assessment Fund:	
Reserved debt service .....	859,697
Capital Projects Fund:	
Reserved for encumbrances.....	695,217
Other Governmental Funds:	
Reserved for inventory .....	19,499
Reserved for encumbrances.....	3,065
Reserved for benefits.....	<u>712,234</u>
 TOTAL .....	 <u><u>\$2,536,722</u></u>

### Deficits

The Cafeteria Fund (a nonmajor Special Revenue Fund) has a fund balance deficit of \$48,498. The deficit will be funded by additional fund revenues or a Board of Education contribution.

## 12. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 14, in accordance with contractual agreements, the Town provides, on a pay as you go basis, post-retirement health care benefits for those persons retiring from the police bargaining unit. Under the plan, retirees and their spouses may continue coverage under the Town plan up to age 65. Under the agreement, the employees who retired between 7/1/99 and 6/30/2002 will make

a 10% cost sharing contribution, employees retiring on or after 7/1/2002 will make a 12% cost-sharing contribution and for all employees retiring after 7/1/99, the police union will make a 15% cost-sharing contribution. Eligible retirees may reject the coverage and receive in lieu of such coverage, a payment equal to 1/3 of the annual premium cost for the plan he or she most recently had and rejected. It is the Town's plan to actuarially fund the post-retirement medical insurance benefit. As of June 30, 2006, thirteen (13) retirees are receiving this benefit at a cost to the Town of \$140,217 for the year. The Board of Education also provides post-retirement health care benefits for non-certified employees who elect to retire at age 62 until they reach age 65 with various limitations based upon the particular contract of the retirees bargaining group. A payment of \$6,523 was made in 2005-06 for one (1) retiree. Retirees over age 65 who are eligible to receive a pension are paid \$850 annually, until their death, toward the purchase of a supplemental health care plan. Also, the Board pays such retirees the cost of participating in Medicare "B". Payments to thirty-one (31) such retirees for Medical and Medicare "B" costs totaled approximately \$55,564 for the year ended June 30, 2006.

**13. 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 non-certified 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, 2005 membership in the Town Plan consisted of:

Retirees, disabled members and beneficiaries currently receiving benefits.....	140
Terminated members entitled to benefits but not yet receiving them .....	6
Current active members .....	<u>336</u>
 TOTAL .....	 <u>482</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, 2005 membership in the Police Plan consisted of:

Retirees, disabled members and beneficiaries currently receiving benefits.....	51
Current active members.....	<u>49</u>
<b>TOTAL .....</b>	<b><u>100</u></b>

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**

In accordance with the pension plan for Town employees, the employee contribution increase is being phased in. Town employees were required to contribute 5.0% of their annual salary during fiscal year 2005-2006. 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**

	Actuarial Valuation Date <u>July 1,</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Under (Over) Funded AAL (OAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	Under (Over) Funded AAL as a % of Covered Payroll <u>((b-a)/c)</u>
<b>Town</b>							
2003*							
2002		\$23,754,848	\$23,389,933	\$ (364,915)	101.6%	\$10,336,236	(3.5)%
2001		24,279,441	19,103,118	(5,176,323)	127.15%	10,035,181	(51.6)%
2000		23,824,417	17,925,110	(5,899,307)	132.9%	9,475,244	(62.3)%

<b>Actuarial Valuation Date</b> <b>July 1,</b>	<b>Actuarial Value of Assets</b> <b>(a)</b>	<b>Actuarial Accrued Liability (AAL)</b> <b>(b)</b>	<b>Under (Over) Funded AAL (OAAL)</b> <b>(b-a)</b>	<b>Funded Ratio</b> <b>(a/b)</b>	<b>Covered Payroll</b> <b>(c)</b>	<b>Under (Over) Funded AAL as a % of Covered Payroll</b> <b>((b-a)/c)</b>
---------------------------------------------------	------------------------------------------------	--------------------------------------------------------	-------------------------------------------------------	-------------------------------------	--------------------------------------	------------------------------------------------------------------------------

**Police**

2003*						
2002	\$23,373,615	\$21,101,112	\$(2,272,503)	110.8%	\$3,082,706	(73.7)%
2001	24,048,094	20,323,584	(3,724,510)	118.3%	2,753,485	(135.3)%
2000	23,717,414	19,611,768	(4,105,646)	120.9%	2,805,216	(146.4)%

\* The Plans have changed to the Aggregate cost method as of July 1, 2003. Since the Aggregate cost method does not calculate an Actuarial Accrued Liability, this schedule will not include entries after 2002.

**E. Schedule of Employer Contributions**

<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
<b>Town</b>			
2006	\$1,127,980	\$1,127,980	100.0%
2005	953,347	898,319	94.2%
2004	875,362	712,456	81.4%
2003	264,087	284,240	107.6%
2002	- 0 -	- 0 -	
2001	- 0 -	- 0 -	
<b>Police</b>			
2006	\$585,335	\$585,335	100.0%
2005	490,221	490,221	100.0%
2004	191,138	191,138	100.0%
2003	- 0 -	- 0 -	
2002	- 0 -	- 0 -	
2001	11,274	11,274	100.0%

**F. Actuarial Assumptions**

The data presented in the schedule of funding progress (Note 14.D) and schedule of employer contributions (Note 14.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, 2005
Actuarial cost method.....	Aggregate
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:

	<u>Town Plan</u>	<u>Police Plan</u>
Annual required contribution .....	\$ 1,127,980	\$ 585,335
Interest on net pension obligation .....	2,515	
Adjustment to annual required contribution .....	<u>4,022</u>	
Annual pension cost .....	1,134,517	585,335
Contributions made .....	<u>(1,127,980)</u>	<u>(585,335)</u>
Increase in net pension obligation.....	6,537	
Net pension (asset) obligation, beginning of year.....	<u>33,534</u>	<u>- 0 -</u>
Net pension (asset) obligation, end of year .....	<u>\$ 40,071</u>	<u>\$ - 0 -</u>

**H. Trend Information**

	<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
<b>Town</b>				
	2006	\$1,134,517	99.4%	\$40,071
	2005	970,136	92.6%	33,534
	2004	861,326	82.7%	(38,283)
<b>Police</b>				
	2006	\$585,335	100%	\$- 0 -
	2005	490,221	100%	- 0 -
	2004	191,138	100%	- 0 -

**I. Separate Plan Financial Information**

	<b>Schedule of Plan Net Assets</b>		
	<b>.....June 30, 2006.....</b>		
	<b><u>Police</u></b>	<b><u>Town</u></b>	<b><u>Total</u></b>
<b>Assets:</b>			
Cash and cash equivalents.....	\$ 136,042	\$ 348,462	\$ 484,504
<b>Investments:</b>			
Unit trusts.....	206,244	237,207	443,451
Equity securities.....	13,592,101	15,984,371	29,576,472
Mutual funds.....	10,773,178	12,634,765	23,407,943
<b>Receivables:</b>			
Investment income.....	82,922	129,556	212,478
	<hr/>	<hr/>	<hr/>
Total.....	24,790,487	29,334,361	54,124,848
<b>Liabilities.....</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>- 0 -</b>
	<hr/>	<hr/>	<hr/>
<b>Net assets:</b>			
Net assets held in trust.....	<u>\$24,790,487</u>	<u>\$29,334,361</u>	<u>\$54,124,848</u>

	<b>Schedule of Changes in Plan Net Assets</b>		
	<b>....For The Year Ended June 30, 2006....</b>		
	<b><u>Police</u></b>	<b><u>Town</u></b>	<b><u>Total</u></b>
<b>Additions:</b>			
<b>Contributions:</b>			
Employer.....	\$ 585,335	\$ 1,127,980	\$ 1,713,315
Plan members.....	206,310	711,281	917,591
Other.....		3,514	3,514
	<hr/>	<hr/>	<hr/>
Total contribution.....	791,645	1,842,775	2,634,420
<b>Investment income:</b>			
Net appreciation in fair value of investments.....	1,132,967	1,278,221	2,411,188
Interest and dividends.....	339,299	373,654	712,953
	<hr/>	<hr/>	<hr/>
Total investment income.....	1,472,266	1,651,875	3,124,141
	<hr/>	<hr/>	<hr/>
Total additions.....	2,263,911	3,494,650	5,758,561
<b>Deductions:</b>			
Benefits.....	1,476,347	1,372,467	2,848,814
Administration.....	241,319	256,219	497,538
Other.....	13,162		13,162
	<hr/>	<hr/>	<hr/>
Total deductions.....	1,730,828	1,628,686	3,359,514
	<hr/>	<hr/>	<hr/>
Net increase.....	533,083	1,865,964	2,399,047
Net assets held in trust for employees' pension benefits, July 1, 2005.....	24,257,404	27,468,397	51,725,801
	<hr/>	<hr/>	<hr/>
Net assets held in trust for employees' pension benefits, June 30, 2006.....	<u>\$24,790,487</u>	<u>\$29,334,361</u>	<u>\$54,124,848</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 sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated thirty-five years of credited service, at least twenty-five 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 \$28,103,117.

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 unfounded liability. For the year ended June 30, 2006 the Town has recorded in the General Fund intergovernmental revenue schools and schools expenditures in the amount of \$3,562,351 as payments made by the State of Connecticut on-behalf of the Town. 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.

## **14. SUBSEQUENT EVENTS**

On November 1, 2006 the Town issued \$15,000,000 of bond anticipation notes that mature on August 1, 2007 and bear interest of 4.0%

## **15. 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.

Required Supplementary  
Information

TOWN OF DARIEN, CONNECTICUTGENERAL FUNDSCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2006

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Property taxes:				
Property taxes current.....	\$81,136,931	\$81,136,931	\$81,812,309	\$ 675,378
Property taxes prior.....	320,000	320,000	246,780	(73,220)
Suspense tax collections.....	1,000	1,000	4,511	3,511
Telecommunication property tax.....	190,775	190,775	131,544	(59,231)
Interest and liens.....	250,000	250,000	240,176	(9,824)
Total property taxes.....	81,898,706	81,898,706	82,435,320	536,614
Licenses and permits:				
Town Clerk.....	1,200,000	1,200,000	2,036,586	836,586
Building, plumbing and other.....	869,400	869,400	1,511,779	642,379
Food establishment.....	37,000	37,000	41,603	4,603
Private disposal and water supply.....	32,600	32,600	45,360	12,760
Fire Marshal's revenue.....	4,000	4,000	3,256	(744)
Other.....	3,300	3,300	16,331	13,031
Total licenses and permits.....	2,146,300	2,146,300	3,654,915	1,508,615
Intergovernmental:				
Capital improvement grant.....	108,606	108,606	110,955	2,349
Housing Authority.....	60,000	60,000	74,941	14,941
Taxes on State-owned land.....	75,149	75,149	90,397	15,248
Pequot distribution.....	15,369	15,369	14,394	(975)
Disabled persons.....	425	425	104	(321)
Circuit breaker.....	70,000	70,000	73,856	3,856
Elderly tax relief.....	14,000	14,000	14,000	
Veterans' exemption.....			7,714	7,714
Court fines.....	3,000	3,000	4,352	1,352
Boating safety enforcement.....	18,700	18,700	18,715	15
Infrastructure - Town aid.....	110,729	110,729	154,581	43,852
State school reimbursement.....	300,780	300,780	301,154	374
Education Cost Sharing Grant.....	1,018,602	1,018,602	1,108,345	89,743
Transportation.....	808	808	775	(33)
Other.....	14,000	14,000	782	(13,218)
Total intergovernmental.....	1,810,168	1,810,168	1,975,065	164,897

TOWN OF DARIEN, CONNECTICUT  
 GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Charges for services:				
Sale of codes, regulations, etc.....	\$ 6,000	\$ 6,000	\$ 2,411	\$ (3,589)
GIS fees.....	1,000	1,000	75	(925)
Planning and zoning application.....	14,520	14,520	22,622	8,102
ZBA application fees.....	12,150	12,150	20,174	8,024
EPC application fees.....	25,000	25,000	31,825	6,825
Other planning fees.....			6,508	6,508
EMS services.....	500	500		(500)
Services for Sewer Commission Authority.....	40,000	40,000	40,000	
Services for Parking Fund.....	68,039	68,039	68,039	
Parking meters and permits.....	116,150	116,150	137,385	21,235
Youth Commission fees.....	176,000	176,000	185,846	9,846
Parks and recreation.....	83,815	83,815	111,588	27,773
Beach parking permits.....	188,325	188,325	195,690	7,365
Boat launch fees.....	7,600	7,600	8,495	895
Other.....	10,000	10,000	17,550	7,550
Total charges for services.....	749,099	749,099	848,208	99,109
50 Fines and forfeits.....	15,700	15,700	19,181	3,481
Board of Education.....	73,200	177,808	177,808	
Investment income.....	350,000	350,000	1,284,672	934,672
Miscellaneous:				
Metro mobile rent.....	80,000	80,000	88,915	8,915
Rebate on telephone.....	100	100		(100)
Coin operated Xerox machine.....	13,000	13,000	12,143	(857)
Commission on Aging - van.....	25,567	31,665	31,665	
Other rents.....	22,200	22,200	22,960	760
Insurance recoveries.....	20,000	20,000	84,667	64,667
Other.....	20,000	20,000	117,612	97,612
Total miscellaneous.....	180,867	186,965	357,962	170,997
Total revenues.....	87,224,040	87,334,746	90,753,131	3,418,385

TOWN OF DARIEN, CONNECTICUT  
 GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Other financing sources:				
Transfers in:				
Sewer Assessment Fund.....	\$ 276,454	\$ 276,454	\$ 276,454	
Sewer Operating Fund.....	53,807	53,807	53,807	
Police Private Duty.....	200,000	200,000	78,351	\$ (121,649)
Total transfers in.....	530,261	530,261	408,612	(121,649)
Appropriation of fund balance.....	400,000	763,979		(763,979)
Total other financing sources.....	930,261	1,294,240	408,612	(885,628)
Total revenues and other financing sources.....	<u>\$88,154,301</u>	<u>\$88,628,986</u>	91,161,743	<u>\$2,532,757</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.....			3,562,351	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.....			(36,027)	
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.....			1,512,027	
Issuance of refunding bonds is not budgeted.....			<u>30,215,000</u>	
Total revenues and other financing sources as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV.....			<u>\$126,415,094</u>	

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TOWN OF DARIEN, CONNECTICUTGENERAL FUNDSCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2006

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
General government:				
Selectmen's office.....	\$ 157,722	\$ 163,234	\$ 156,888	\$ 6,346
Administrative Officer.....	327,361	346,160	338,277	7,883
Human Resources.....	98,412	102,166	102,164	2
RTM.....	1,880	2,114	2,112	2
Financial management.....	333,081	348,007	335,704	12,303
Board of Finance.....	30,250	30,250	27,500	2,750
Tax Assessor.....	228,072	233,012	230,696	2,316
Tax Collector.....	202,492	215,644	213,128	2,516
Legal services.....	343,460	606,175	604,585	1,590
Town Clerk.....	232,414	237,350	231,648	5,702
Registrar of Voters.....	85,691	102,824	97,278	5,546
Information services.....	244,491	244,491	189,576	54,915
Probate court.....	11,300	11,300	9,462	1,838
Total general government.....	2,296,626	2,642,727	2,539,018	103,709
Community environment:				
Development Planning.....	388,186	387,258	371,586	15,672
Planning and Zoning.....	11,625	12,271	12,241	30
Zoning Appeals.....	4,190	4,415	4,160	255
Environmental Protection.....	4,937	6,494	6,389	105
Regional Planning.....	6,003	6,003	6,003	
Beautification.....	32,000	32,000	30,597	1,403
Celebrations and observances.....	12,000	12,000	8,912	3,088
Harbor Master.....	375	375	374	1
Revitalize Downtown Darien.....		14,250	14,250	
Total community environment.....	459,316	475,066	454,512	20,554
Public safety:				
Building Department.....	266,445	286,783	286,386	397
Police Department:				
Administration.....	424,834	441,472	433,792	7,680
Criminal Investigation.....	453,570	405,554	394,858	10,696
Patrol.....	3,006,668	2,963,690	2,936,229	27,461
Records.....	242,955	244,427	239,521	4,906
Youth.....	76,815	79,072	78,116	956
Marine Patrol.....	10,090	10,490	10,399	91
Training.....	114,956	142,511	140,489	2,022
Traffic and School Crossing.....	93,700	96,007	94,436	1,571
Fleet Services.....	122,168	140,567	137,552	3,015
Station maintenance and communication.....	162,453	176,722	170,198	6,524
Miscellaneous.....	1,800	1,800	934	866
Total Police Department.....	4,710,009	4,702,312	4,636,524	65,788

(Continued) - 1.

TOWN OF DARIEN, CONNECTICUT  
 GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Public safety (continued):				
Fire service and emergency medical service:				
Darien Fire Department.....	\$ 107,274	\$ 118,957	\$ 117,792	\$ 1,165
Noroton Fire Department.....	119,735	136,320	136,092	228
Noroton Heights Fire Department.....	99,928	103,621	102,201	1,420
Board of Fire Commissioners.....	54,910	54,910	52,046	2,864
Fire Marshal.....	241,367	241,367	225,556	15,811
Hydrants and main rental.....	275,000	275,000	272,020	2,980
Disaster Preparedness.....	2,000	2,071	2,063	8
Emergency medical service.....	88,980	88,980	73,070	15,910
Total fire service and emergency medical service .....	989,194	1,021,226	980,840	40,386
Total public safety .....	5,965,648	6,010,321	5,903,750	106,571
Public works:				
Administration.....	261,036	270,013	269,929	84
Roadway and walkway maintenance.....	1,446,149	1,446,938	1,435,208	11,730
Public building management.....	312,005	322,752	317,598	5,154
Parking facility.....	47,219	44,917	44,026	891
Total public works .....	2,066,409	2,084,620	2,066,761	17,859
Health and social services:				
Social services.....	177,571	184,066	183,318	748
Social service - outside assistance.....	15,500	15,200	11,184	4,016
Senior Center.....	182,146	195,414	194,399	1,015
Senior transportation.....	25,567	31,665	31,664	1
Youth programs.....	263,586	266,153	238,589	27,564
Youth services grants.....	84,875	84,875	84,875	
Other outreach services.....	5,700	5,700	5,700	
Health Department.....	195,198	197,578	192,687	4,891
Total health and social services .....	950,143	980,651	942,416	38,235
Parks and recreation:				
Administration.....	228,574	241,152	237,815	3,337
Beach and court facilities.....	196,136	195,990	159,164	36,826
Maintenance and repair.....	345,188	346,127	325,075	21,052
Organized recreation activities.....	33,672	33,572	32,580	992
Grounds, fields, building.....	215,886	216,022	179,200	36,822
Total parks and recreation .....	1,019,456	1,032,863	933,834	99,029

TOWN OF DARIEN, CONNECTICUT  
 GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Overhead and miscellaneous:				
Employee benefits.....	\$ 3,086,957	\$ 3,153,285	\$ 3,139,871	\$ 13,414
Risk Management.....	844,806	856,513	806,989	49,524
Contingency.....	535,350	25,886		25,886
Total overhead and miscellaneous .....	4,467,113	4,035,684	3,946,860	88,824
Library.....	2,299,729	2,299,729	2,299,729	
Board of Education - operations.....	56,685,593	56,788,052	56,639,497	148,555
Board of Education - other.....	73,200	177,808	177,808	
Debt service:				
Schools.....	8,428,111	8,413,414	8,221,420	191,994
Town.....	175,293	181,091	181,091	
Sewer.....	423,511	420,703	420,702	1
Servicing bonds.....	3,000	3,000		3,000
Total debt service .....	9,029,915	9,018,208	8,823,213	194,995
Total expenditures .....	85,313,148	85,545,729	84,727,398	818,331
Other financing uses:				
Transfers out:				
Animal Control.....	53,671	53,671	53,671	
Refuse disposal.....	203,500	203,500	203,500	
Retiree Medical.....	199,479	199,479	199,479	
Capital Non-Recurring Expenditures.....	2,384,503	2,625,403	2,625,403	
Total other financing uses .....	2,841,153	3,082,053	3,082,053	
TOTAL.....	<u>\$88,154,301</u>	<u>\$88,627,782</u>	87,809,451	<u>\$818,331</u>
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.....			3,562,351	
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			128,855	
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.....			1,512,027	
Payment to escrow agent and refunding issuance costs are not budgeted (Issuance Costs \$321,075).....			30,215,000	
Total expenditures and other financing sources as reported on the statement of revenues, expenditures,				
and changes in fund balances - governmental funds - Exhibit IV .....			<u>\$123,227,684</u>	

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TOWN OF DARIEN, CONNECTICUTSEWER OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2006

	.....BUDGETED AMOUNTS.....		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Revenues:				
Licenses and permits.....	\$ 5,000	\$ 5,000	\$ 16,350	\$ 11,350
Charges for services.....	2,307,348	2,307,348	2,455,329	147,981
Fines and forfeits.....	40,000	40,000	47,850	7,850
Investment income.....	75,000	75,000	215,196	140,196
Miscellaneous income.....			2,853	2,853
Total revenues .....	<u>2,427,348</u>	<u>2,427,348</u>	<u>2,737,578</u>	<u>310,230</u>
Expenditures:				
Sewer operations:				
Administration.....	255,122	270,484	268,496	1,988
Collection and pumping.....	953,597	874,279	569,745	304,534
Treatment service.....	984,000	1,045,082	1,045,082	
Overhead and miscellaneous.....	234,579	237,453	236,678	775
Total expenditures .....	<u>2,427,298</u>	<u>2,427,298</u>	<u>2,120,001</u>	<u>307,297</u>
Excess of revenues over expenditures.....	50	50	617,577	617,527
Other financing sources (uses):				
Transfers out.....	(53,807)	(77,961)	(77,961)	
Net change in fund balances.....	<u>\$ (53,757)</u>	<u>\$ (77,911)</u>	<u>\$ 539,616</u>	<u>\$617,527</u>

Budgetary revenues are different than GAAP revenues because of encumbrances from prior years cancelled in the current year. The effect of this adjustment is to increase budgetary revenues by \$1,248.

Budgetary expenditures are different than GAAP expenditures because 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. The effect of this adjustment is to decrease budgetary expenditures by \$47,943.

# Combining and Individual Fund Statements and Schedules

General Fund

## **GENERAL FUND**

The General Fund is the principal operating fund of the Town. It is used to account for activities traditionally associated with government which are not required to be accounted for in another fund.

TOWN OF DARIEN, CONNECTICUTGENERAL FUNDCOMPARATIVE BALANCE SHEET  
JUNE 30, 2006 AND 2005

	2006	2005
<u>A S S E T S</u>		
Cash and cash equivalents.....	\$15,506,364	\$11,729,096
Receivables:		
Taxes.....	865,062	734,533
Intergovernmental.....	2,119,334	2,380,567
Other.....	331,592	510,014
Due from other funds.....	312,316	815,017
Advances to other organizations.....	<u>348,884</u>	<u>          </u>
TOTAL.....	<u>\$19,483,552</u>	<u>\$16,169,227</u>
 <u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D   B A L A N C E</u>		
Liabilities:		
Accounts payable.....	\$ 2,247,238	\$ 1,576,737
Due to other funds.....	253,105	709,608
Deferred revenue.....	<u>3,118,393</u>	<u>3,205,476</u>
Total liabilities.....	<u>5,618,736</u>	<u>5,491,821</u>
Fund balance:		
Reserved for encumbrances.....	228,555	393,437
Unreserved:		
Designated for subsequent year budget.....	245,538	400,000
Undesignated.....	<u>13,390,723</u>	<u>9,883,969</u>
Total fund balance.....	<u>13,864,816</u>	<u>10,677,406</u>
TOTAL.....	<u>\$19,483,552</u>	<u>\$16,169,227</u>

TOWN OF DARIEN, CONNECTICUT

REPORT OF PROPERTY TAX COLLECTIONS  
FOR THE YEAR ENDED JUNE 30, 2006

GRAND LIST YEAR	UNCOLLECTED TAXES JUNE 30, 2005	CURRENT LEVY	.....CORRECTIONS.....		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	.....COLLECTIONS.....				UNCOLLECTED TAXES JUNE 30, 2006
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST	LIENS	TOTAL	
1991	\$ 1,002					\$ 1,002		\$ 37		\$ 37	\$ 1,002
1992	1,035					1,035		188		188	1,035
1993	1,071					1,071		357		357	1,071
1994	4,154					4,154		689		689	4,154
1995	9,768					9,768	\$ 448	2,117		2,565	9,320
1996	12,352					12,352		1,534		1,534	12,352
1997	24,742		\$ 2			24,744	11,687	6,950	\$ 72	18,709	13,057
1998	29,015					29,015	1,518	8,039	48	9,605	27,497
1999	34,024			\$ 365		33,659	3,231	4,055	48	7,334	30,428
2000	68,929			496	\$22,017	46,416	3,995	3,782	72	7,849	42,421
2001	90,542			946	26,258	63,338	6,531	5,120	48	11,699	56,807
2002	154,993		1,005	1,912		154,086	35,342	9,048	168	44,558	118,744
2003	358,633		1,461	27,292		332,802	154,938	30,622	792	186,352	177,864
Total prior years	790,260		2,468	31,011	48,275	713,442	217,690	72,538	1,248	291,476	495,752
2004		\$82,235,212	120,314	144,061		82,211,465	81,786,428	165,512	24	81,951,964	425,037
TOTAL	\$790,260	\$82,235,212	\$122,782	\$175,072	\$48,275	\$82,924,907	\$82,004,118	\$238,050	\$1,272	\$82,243,440	\$920,789

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Nonmajor  
Governmental Funds

## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources, which are legally designed to finance a particular function or activity. These funds are as follows:

Fund	Funding Source	Function
Animal Control	License fees and General Fund operating transfers	Operations of the Animal Control Officer
Cafeteria	Sale of lunches and state grants	Operations of the school lunch program
Special Education Grants	Federal and state grants	Finance education programs
Land Purchase Option	General Fund transfer	Temporary funding for deposits on property, contemplated for purchase
Solid Waste Management	Sewer service charges	Operating the Town's sanitary sewer system.
Special Education Reserve	General Fund transfer	Reserve for unanticipated special education expense
Waste Disposal	General Fund transfer	Unexpected waste disposal fee increases
Police Extra Duty	User fees	Police coverage for private purposes
Fire Alarm	Receipts of fines for false alarms	Improve fire services
State And Federal Grants	State and federal grants	Various grant programs
Social Services Gift	Contributions	To assist persons in need
Sarah Wilson Trust	Contributions	Cemetery maintenance
Harold Dean	Contributions	Purchase of a Hockey Trophy
George Nelson	Contributions	Annual baseball award
Bruno Scholarship	Contributions	Scholarship to a high school student
Police Medical Reserve	Retiree contributions and General Fund	Cost of medical benefits provided to retired police officers
Stadium Field	Contributions	Fundraising for an artificial playing surface
Police Supplemental Benefit	Contributions	Supplemental retirement benefits
Firefighters Memorial	Contributions	Maintain fire memorial
Parking Operations	Parking fees	Provide and maintain parking facilities
Park Pals Play Area	Contributions	Provide and maintain parks

TOWN OF DARIEN, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET  
JUNE 30, 2006

	.....SPECIAL REVENUE.....						
	ANIMAL CONTROL	CAFETERIA	SPECIAL EDUCATION GRANTS	LAND PURCHASE OPTION	SOLID WASTE MANAGEMENT	SPECIAL EDUCATION RESERVE	WASTE DISPOSAL
<u>A S S E T S</u>							
Cash and cash equivalents.....	\$18,774	\$ 452	\$128,420	\$67,093	\$222,340		\$86,343
Investments.....							
Receivables:							
Intergovernmental.....		13,643			89,153		
Other.....	2,275		92		3,105	\$250,000	
Due from other funds.....							
Inventory.....		19,499					
TOTAL.....	<u>\$21,049</u>	<u>\$33,594</u>	<u>\$128,512</u>	<u>\$67,093</u>	<u>\$314,598</u>	<u>\$250,000</u>	<u>\$86,343</u>
<u>L I A B I L I T I E S</u>							
<u>A N D</u>							
<u>F U N D B A L A N C E</u>							
Liabilities:							
Accounts and other payables.....	\$ 9,121	\$ 82,092	\$ 8,810		\$130,067		
Due to other funds.....	334						
Deferred revenue.....							
Total liabilities.....	<u>9,455</u>	<u>82,092</u>	<u>8,810</u>		<u>130,067</u>		
Fund balance (deficit):							
Reserved.....	710	19,499			1,066		
Unreserved reported in:							
Designated for purchase of capital equipment.....							
Undesignated.....	10,884	(67,997)	119,702	\$67,093	183,465	\$250,000	\$86,343
Total fund balance (deficit).....	<u>11,594</u>	<u>(48,498)</u>	<u>119,702</u>	<u>67,093</u>	<u>184,531</u>	<u>250,000</u>	<u>86,343</u>
TOTAL.....	<u>\$21,049</u>	<u>\$ 33,594</u>	<u>\$128,512</u>	<u>\$67,093</u>	<u>\$314,598</u>	<u>\$250,000</u>	<u>\$86,343</u>

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TOWN OF DARIEN, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2006

	..... SPECIAL REVENUE .....							
	POLICE EXTRA DUTY	FIRE ALARM	STATE AND FEDERAL GRANTS	SOCIAL SERVICES GIFT	SARAH WILSON TRUST	HAROLD DEAN	GEORGE NELSON	BRUNO SCHOLARSHIP
<u>A S S E T S</u>								
Cash and cash equivalents.....	\$115,059	\$41,471	\$46,261	\$4,188	\$8,126	\$1,371	\$6,044	\$2,851
Investments.....								
Receivables:								
Intergovernmental.....			299					
Other.....	87,462	327						
Due from other funds.....								
Inventory.....								
TOTAL.....	<u>\$202,521</u>	<u>\$41,798</u>	<u>\$46,560</u>	<u>\$4,188</u>	<u>\$8,126</u>	<u>\$1,371</u>	<u>\$6,044</u>	<u>\$2,851</u>
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts and other payables.....	\$ 39,334		\$ 826					
Due to other funds.....	78,351							
Deferred revenue.....			985					
Total liabilities.....	<u>117,685</u>		<u>1,811</u>					
Fund balance (deficit):								
Reserved.....								
Unreserved reported in:								
Undesignated.....	<u>84,836</u>	<u>\$41,798</u>	<u>44,749</u>	<u>\$4,188</u>	<u>\$8,126</u>	<u>\$1,371</u>	<u>\$6,044</u>	<u>\$2,851</u>
Total fund balance (deficit).....	<u>84,836</u>	<u>41,798</u>	<u>44,749</u>	<u>4,188</u>	<u>8,126</u>	<u>1,371</u>	<u>6,044</u>	<u>2,851</u>
TOTAL.....	<u>\$202,521</u>	<u>\$41,798</u>	<u>\$46,560</u>	<u>\$4,188</u>	<u>\$8,126</u>	<u>\$1,371</u>	<u>\$6,044</u>	<u>\$2,851</u>

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TOWN OF DARIEN, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2006

	.....SPECIAL REVENUE.....							TOTAL
	POLICE MEDICAL RESERVE	STADIUM FIELD	POLICE SUPPLEMENTAL BENEFIT	FIREFIGHTERS MEMORIAL	PARKING OPERATIONS	PARK PALS PLAY AREA	ELIMINATIONS	NONMAJOR GOVERNMENTAL FUNDS
<u>A S S E T S</u>								
Cash and cash equivalents.....		\$1,350	\$63,024	\$450	\$243,398	\$45,000		\$1,102,015
Investments.....	\$645,602							645,602
Receivables:								
Intergovernmental.....								13,942
Other.....			3,608		32,683			215,600
Due from other funds.....								253,105
Inventory.....								19,499
<b>TOTAL.....</b>	<b>\$645,602</b>	<b>\$1,350</b>	<b>\$66,632</b>	<b>\$450</b>	<b>\$276,081</b>	<b>\$45,000</b>	<b>\$ - 0 -</b>	<b>\$2,249,763</b>
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts and other payables.....					\$ 3,907	\$ 1,165		\$ 275,322
Due to other funds.....					56,905			135,590
Deferred revenue.....								985
<b>Total liabilities.....</b>					<b>60,812</b>	<b>1,165</b>		<b>411,897</b>
Fund balance (deficit):								
Reserved.....	\$645,602		\$66,632		1,289			734,798
Unreserved reported in:								
Undesignated.....		\$1,350		\$450	213,980	43,835		1,103,068
<b>Total fund balance (deficit).....</b>	<b>645,602</b>	<b>1,350</b>	<b>66,632</b>	<b>450</b>	<b>215,269</b>	<b>43,835</b>		<b>1,837,866</b>
<b>TOTAL.....</b>	<b>\$645,602</b>	<b>\$1,350</b>	<b>\$66,632</b>	<b>\$450</b>	<b>\$276,081</b>	<b>\$45,000</b>	<b>\$ - 0 -</b>	<b>\$2,249,763</b>

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TOWN OF DARIEN, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

		.....SPECIAL REVENUE.....						
		ANIMAL CONTROL	CAFETERIA	SPECIAL EDUCATION GRANTS	LAND PURCHASE OPTION	SOLID WASTE MANAGEMENT	SPECIAL EDUCATION RESERVE	WASTE DISPOSAL
Revenues:								
	Intergovernmental revenue - other.....		\$ 74,558	\$660,319				
	Licenses, permits and fees.....	\$ 4,545				\$ 237,135		
	Other sales and services.....		1,785,255			1,146,977		
	Fines and forfeits.....	2,430				20,783		
	Earnings on investments.....				\$ 2,931			\$ 3,786
	Contributions.....							
	Other.....			169,528				
	Total revenues.....	6,975	1,859,813	829,847	2,931	1,404,895		3,786
Expenditures:								
Current:								
	General government.....	55,288						
	Public safety.....							
	Health and social services.....							
	Public works.....							
	Schools.....		1,978,105	834,424				
	Solid waste.....					1,580,037		
	Total expenditures.....	55,288	1,978,105	834,424		1,580,037		
	Excess (deficiency) of revenues over expenditures.....	(48,313)	(118,292)	(4,577)	2,931	(175,142)		3,786
Other financing sources (uses):								
	Transfers in.....	53,671				203,500		
	Transfers out.....							
	Total other financing sources (uses).....	53,671				203,500		
	Net change in fund balances.....	5,358	(118,292)	(4,577)	2,931	28,358		3,786
	Fund balance, July 1, 2005.....	6,236	69,794	124,279	64,162	156,173	\$250,000	82,557
	Fund balance (deficit), June 30, 2006.....	\$ 11,594	\$ (48,498)	\$119,702	\$67,093	\$ 184,531	\$250,000	\$86,343

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TOWN OF DARIEN, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2006

	.....SPECIAL REVENUE.....							
	POLICE EXTRA DUTY	FIRE ALARM	STATE AND FEDERAL GRANTS	SOCIAL SERVICES GIFT	SARAH WILSON TRUST	HAROLD DEAN	GEORGE NELSON	BRUNO SCHOLARSHIP
Revenues:								
Intergovernmental revenue - other.....			\$55,432					
Licenses, permits and fees.....	\$501,028							
Other sales and services.....		\$ 29,625						
Fines and forfeits.....				\$ 7	\$ 302	\$ 51	\$ 225	\$ 122
Earnings on investments.....				2,436				
Contributions.....								
Other.....								
Total revenues.....	501,028	29,625	55,432	2,443	302	51	225	122
Expenditures:								
Current:								
General government.....			8,490	1,555				
Public safety.....	494,993	40,585	14,179					
Health and social services.....			9,761					
Public works.....								500
Schools.....								
Solid waste.....								
Total expenditures.....	494,993	40,585	32,430	1,555				500
Excess (deficiency) of revenues over expenditures.....	6,035	(10,960)	23,002	888	302	51	225	(378)
Other financing sources (uses):								
Transfers in.....								
Transfers out.....	(78,351)							
Total other financing sources (uses).....	(78,351)							
Net change in fund balances.....	(72,316)	(10,960)	23,002	888	302	51	225	(378)
Fund balance, July 1, 2005.....	157,152	52,758	21,747	3,300	7,824	1,320	5,819	3,229
Fund balance (deficit), June 30, 2006.....	\$ 84,836	\$ 41,798	\$44,749	\$4,188	\$8,126	\$1,371	\$6,044	\$2,851

TOWN OF DARIEN, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2006

	..... SPECIAL REVENUE.....							
	POLICE MEDICAL RESERVE	STADIUM FIELD	POLICE SUPPLEMENTAL BENEFIT	FIREFIGHTERS MEMORIAL	PARKING OPERATIONS	PARK PALS PLAY AREA	ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:								\$ 790,309
Intergovernmental revenue - other.....								808,871
Licenses, permits and fees.....					\$567,191			3,433,260
Other sales and services.....					57,919			110,757
Fines and forfeits.....								39,351
Earnings on investments.....	\$ 27,929	\$ 2,052	\$ 1,946			\$45,000		47,436
Contributions.....			23,583		20,120			213,231
Other.....								
Total revenues.....	27,929	2,052	25,529		645,230	45,000		5,443,215
Expenditures:								
Current:								
General government.....						1,165		11,210
Public safety.....	148,130							753,175
Health and social services.....								9,761
Public works.....					429,961			429,961
Schools.....								2,813,029
Solid waste.....								1,580,037
Total expenditures.....	148,130				429,961	1,165		5,597,173
Excess (deficiency) of revenues over expenditures.....	(120,201)	2,052	25,529		215,269	43,835		(153,958)
Other financing sources (uses):								
Transfers in.....	199,479							456,650
Transfers out.....		(10,000)						(88,351)
Total other financing sources (uses).....	199,479	(10,000)						368,299
Net change in fund balances.....	79,278	(7,948)	25,529		215,269	43,835		214,341
Fund balance, July 1, 2005.....	566,324	9,298	41,103	\$450	- 0 -	- 0 -	\$ - 0 -	1,623,525
Fund balance (deficit), June 30, 2006.....	\$ 645,602	\$ 1,350	\$66,632	\$450	\$215,269	\$43,835	\$ - 0 -	\$1,837,866

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TOWN OF DARIEN, CONNECTICUT

ANIMAL CONTROL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2006

	.....BUDGETED AMOUNTS.....		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Revenues:				
Licenses and permits.....	\$ 4,200	\$ 4,200	\$ 4,545	\$ 345
Fines and forfeits.....	1,936	1,936	2,430	494
Investment income.....	100	100		(100)
Total revenues.....	6,236	6,236	6,975	739
Expenditures:				
Public safety.....	59,907	59,907	55,503	4,404
Excess (deficiency) of revenues over expenditures.....	(53,671)	(53,671)	(48,528)	5,143
Other financing sources (uses):				
Transfers in.....	53,671	53,671	53,671	
Net change in fund balances.....	\$ - 0 -	\$ - 0 -	\$ 5,143	\$5,143

Budgetary expenditures are different than GAAP expenditures because 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. The effect of this adjustment is to increase budgetary expenditures by \$215.

TOWN OF DARIEN, CONNECTICUT

SOLID WASTE MANAGEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2006

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Revenues:				
Licenses and permits.....	\$ 204,000	\$ 204,000	\$ 237,135	\$ 33,135
Charges for services.....	1,055,295	1,097,790	1,146,977	49,187
Fines and forfeits.....	10,000	10,000	20,783	10,783
Miscellaneous.....			1,725	1,725
Total revenues.....	1,269,295	1,311,790	1,406,620	94,830
Expenditures:				
Solid waste management.....	1,539,795	1,582,290	1,576,466	5,824
Excess (deficiency) of revenues over expenditures.....	(270,500)	(270,500)	(169,846)	100,654
Other financing sources:				
Transfers in.....	203,500	203,500	203,500	
Net change in fund balances.....	\$ (67,000)	\$ (67,000)	\$ 33,654	\$100,654

Budgetary revenues are different than GAAP revenues because of encumbrances from prior years cancelled in the current year. The effect of this adjustment is to increase budgetary revenues by \$1,725.

Budgetary expenditures are different than GAAP expenditures because 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. The effect of this adjustment is to decrease budgetary expenditures by \$3,571.

TOWN OF DARIEN, CONNECTICUT

PARKING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2006

	.....BUDGETED AMOUNTS.....		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Revenues:				
Licenses and permits.....	\$413,880	\$413,880	\$567,191	\$153,311
Fines and forfeits.....	54,300	54,300	57,919	3,619
Investment income.....	100	100		(100)
Miscellaneous income.....	15,000	15,000	20,120	5,120
Total revenues.....	483,280	483,280	645,230	161,950
Expenditures:				
Parking operations.....	483,280	483,280	431,250	52,030
Net change in fund balances.....	\$ - 0 -	\$ - 0 -	\$213,980	\$213,980

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Budgetary expenditures are different than GAAP expenditures because 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. The effect of this adjustment is to increase budgetary expenditures by \$1,289.

Fiduciary Funds

## **FIDUCIARY FUNDS**

### **Agency Fund**

Student Activities Fund – established to account for various student activities and clubs in the Town's schools.

TOWN OF DARIEN, CONNECTICUTAGENCY FUNDSTUDENT ACTIVITIESSTATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2006

	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
<u>A S S E T S</u>				
Cash and cash equivalents...	\$316,404	\$1,278,871	\$1,254,534	\$340,741
<u>L I A B I L I T I E S</u>				
Accounts and other payables.	\$316,404	\$1,278,871	\$1,254,534	\$340,741

**Capital Assets Used in the  
Operation of Governmental Funds**

## **Capital Assets Used in the Operation of Governmental Funds**

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost.

The Town's capitalization policy requires the recording of capital assets with original cost of \$5,000 or more. Infrastructure assets are recorded based on a threshold of \$100,000. Provision for depreciation is not included in the schedules.

TOWN OF DARIEN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE OF CHANGES BY SOURCE  
FOR THE YEAR ENDED JUNE 30, 2006

	CAPITAL ASSETS JUNE 30, 2005	ADDITIONS	DELETIONS	TRANSFERS	CAPITAL ASSETS JUNE 30, 2006
<b>GENERAL FIXED ASSETS:</b>					
Land.....	\$ 7,096,698				\$ 7,096,698
Land Improvements.....	933,260	\$ 1,410,329		\$ 242,457	2,586,046
Buildings.....	106,269,930	5,894,881	\$7,930,733	65,647,577	169,881,655
Infrastructure.....	183,723	2,746,186			2,929,909
Machinery and equipment.....	8,529,872	1,624,618	1,109,964		9,044,526
Construction in progress.....	66,754,054	1,878,900		(65,890,034)	2,742,920
<b>TOTAL.....</b>	<b>\$189,767,537</b>	<b>\$13,554,914</b>	<b>\$9,040,697</b>	<b>\$ - 0 -</b>	<b>\$194,281,754</b>
<b>INVESTMENT IN GENERAL FIXED ASSETS FROM:</b>					
Capital Projects Funds.....	\$178,561,012	\$13,205,394	\$9,040,697		\$182,725,709
General Fund revenue.....	5,729,666	19,700			5,749,366
Donations.....	61,464	329,820			391,284
<b>Total by source.....</b>	<b>184,352,142</b>	<b>13,554,914</b>	<b>9,040,697</b>		<b>188,866,359</b>
Investment in years prior to June 30, 1990....	5,415,395				5,415,395
<b>TOTAL.....</b>	<b>\$189,767,537</b>	<b>\$13,554,914</b>	<b>\$9,040,697</b>	<b>\$ - 0 -</b>	<b>\$194,281,754</b>

TOWN OF DARIEN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE BY FUNCTION AND CLASSIFICATION  
JUNE 30, 2006

FUNCTION	LAND	LAND IMPROVEMENTS	BUILDINGS	MACHINERY AND EQUIPMENT	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL JUNE 30, 2006
General government.....	\$ 101,228		\$ 6,974,098	\$ 362,141			\$ 7,437,467
Community environment.....				228,720			228,720
Public safety.....	335,501		3,605,002	4,706,159			8,646,662
Health and social services...	219,500		754,279				973,779
Parks and recreation.....	4,231,745	\$ 249,339	648,615	1,009,698			6,139,397
Public works.....	117,750	916,300	3,832,314	1,699,200	\$2,929,909	\$ 993,490	10,488,963
Board of Education.....	2,090,974	1,420,407	154,067,347	1,038,608		1,749,430	160,366,766
TOTAL.....	<u>\$7,096,698</u>	<u>\$2,586,046</u>	<u>\$169,881,655</u>	<u>\$9,044,526</u>	<u>\$2,929,909</u>	<u>\$2,742,920</u>	<u>\$194,281,754</u>

TOWN OF DARIEN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2006

	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2005	ADDITIONS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2006
General government...	\$ 7,537,182		\$ 99,715	\$ 7,437,467
Community environment	42,096	\$ 186,624		228,720
Public safety.....	8,456,829	780,137	590,304	8,646,662
Health and social services.....	973,779			973,779
Parks and recreation.	5,781,932	381,965	24,500	6,139,397
Public works.....	7,197,524	3,535,654	244,215	10,488,963
Board of Education...	159,778,195	8,670,534	8,081,963	160,366,766
TOTAL.....	<u>\$189,767,537</u>	<u>\$13,554,914</u>	<u>\$9,040,697</u>	<u>\$194,281,754</u>

TOWN OF DARIEN, CONNECTICUT

NET ASSETS BY COMPONENT  
LAST FOUR FISCAL YEARS

(thousands)

	2006	2005	2004	2003
Governmental activities:				
Invested in capital assets, net of related debt.....	\$67,136	\$66,144	\$59,624	\$52,386
Unrestricted.....	30,178	22,645	20,805	21,380
Total governmental activities net assets.....	<u>\$97,314</u>	<u>\$88,789</u>	<u>\$80,429</u>	<u>\$73,766</u>

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Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

## TOWN OF DARIEN, CONNECTICUT

CHANGES IN NET ASSETS  
LAST FOUR FISCAL YEARS

(thousands)

	2006	2005	2004	2003
Expenses:				
Governmental activities:				
General government.....	\$ 3,546	\$ 3,127	\$ 3,442	\$ 3,058
Community environment.....	643	655	563	641
Public safety.....	9,344	9,145	7,725	8,486
Health and social services.....	1,252	1,079	1,062	943
Library.....	2,300	2,186	1,983	1,905
Parks and recreation.....	1,500	1,296	1,483	1,269
Public works.....	3,526	3,297	4,106	3,468
Board of Education.....	70,118	60,356	55,938	52,025
Sewer operations.....	2,114	2,140	1,905	2,046
Solid waste.....	1,580	1,418	1,464	1,313
Interest on long-term debt.....	2,947	3,421	2,870	2,542
Total governmental activities expenses.....	98,870	88,120	82,541	77,696
Program revenues:				
Governmental activities:				
Charges for services.....	9,855	10,827	9,496	8,134
Operating grants and contributions.....	6,183	5,407	4,375	4,343
Capital grants and contributions.....	6,559	4,120	5,847	2,256
Total governmental activities program revenues.....	22,597	20,354	19,718	14,733
Net (expense) revenue:				
Governmental activities.....	(76,273)	(67,766)	(62,823)	(62,963)
General revenues and other changes in net assets:				
Governmental activities:				
Property taxes.....	82,426	74,497	68,060	63,002
Grants and contributions not restricted to specific purposes.....	276	293	272	511
Unrestricted investment earnings.....	1,709	867	601	715
Other general revenues.....	387	469	385	14
Total governmental activities.....	84,798	76,126	69,318	64,242
Changes in net assets:				
Governmental activities.....	\$ 8,525	\$ 8,360	\$ 6,495	\$ 1,279

## Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TOWN OF DARIEN, CONNECTICUT  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST FOUR FISCAL YEARS

	.....FISCAL YEAR.....			
	2006	2005	2004	2003
General Fund:				
Reserved .....	\$ 229	\$ 393	\$ 270	\$ 122
Unreserved .....	13,636	10,284	7,198	7,336
Total general fund .....	<u>\$13,865</u>	<u>\$10,677</u>	<u>\$7,468</u>	<u>\$7,458</u>
All other governmental funds:				
Reserved .....	\$2,308	\$ 3,892	\$ 23,485	\$24,749
Unreserved, reported in:				
Special revenue funds .....	7,445	7,318	6,622	6,379
Capital projects funds .....	(323)	(3,886)	(22,034)	1,677
Total all other governmental funds .....	<u>\$9,430</u>	<u>\$ 7,324</u>	<u>\$ 8,073</u>	<u>\$32,805</u>

Note 1: Schedule prepared on the modified accrual basis of accounting.  
 Note 2: Data has not been presented for years prior to the implementation of GASB #34 in 2003.

TOWN OF DARIEN, CONNECTICUT  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST FOUR FISCAL YEARS

	.....FISCAL YEAR.....			
	2006	2005	2004	2003
Revenues:				
Property taxes.....	\$ 82,435	\$ 74,866	\$ 68,132	\$63,355
Intergovernmental.....	9,351	9,954	9,375	6,962
Charges for services.....	12,289	10,918	9,423	8,434
Income on investments.....	1,709	881	601	715
Miscellaneous.....	1,114	496	1,905	193
<b>Total revenues .....</b>	<b>106,898</b>	<b>97,115</b>	<b>89,436</b>	<b>79,659</b>
Expenditures:				
General government.....	2,554	2,314	2,444	2,248
Community environment.....	457	453	429	425
Public safety.....	6,686	6,887	6,295	6,199
Health and social services.....	954	894	848	761
Library.....	2,300	2,186	1,983	1,905
Parks and recreation.....	936	941	929	883
Public works.....	2,494	2,587	2,301	2,057
Schools.....	64,797	57,102	53,497	49,835
Sewer operations.....	2,114	2,141	1,905	2,046
Solid waste.....	1,580	1,418	1,464	1,313
General overhead.....	3,947	3,018	2,762	2,572
Capital outlay.....	13,961	24,929	33,001	13,701
Debt service.....	9,144	7,185	6,457	5,685
<b>Total expenditures .....</b>	<b>111,924</b>	<b>112,055</b>	<b>114,315</b>	<b>89,630</b>
Excess of revenue over (under) expenditures.....	(5,026)	(14,940)	(24,879)	(9,971)
Other financing sources (uses):				
Transfers in.....	3,501	3,605	4,359	3,184
Transfers out.....	(3,501)	(3,605)	(4,359)	(3,184)
Issuance of bonds.....	40,215	17,400	9,310	30,000
Payment to Escrow Agent.....	(29,894)		(9,154)	
<b>Total other financing sources (uses) .....</b>	<b>10,321</b>	<b>17,400</b>	<b>156</b>	<b>30,000</b>
<b>Net change in fund balances.....</b>	<b>\$ 5,295</b>	<b>\$ 2,460</b>	<b>\$ (24,723)</b>	<b>\$20,029</b>
Debt service as a percentage of noncapital expenditures.....	<u>9.34%</u>	<u>8.25%</u>	<u>7.94%</u>	<u>7.49%</u>

Note 1: Schedule prepared on the modified accrual basis of accounting.

Note 2: Data has not been presented for years prior to the implementation of GASB #34 in 2003.

TOWN OF DARIEN, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR	.....REAL PROPERTY.....			PERSONAL PROPERTY	MOTOR VEHICLE	LESS TAX-EXEMPT PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL TAXABLE VALUE	TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE
	RESIDENTIAL	COMMERCIAL	OTHER							
2006	\$5,513,834	\$398,601	\$141,646	\$63,740	\$209,890	\$1,720	\$6,325,992	\$13.02	\$9,037,130	70.00%
2005	5,426,736	399,496	139,631	63,259	195,169	1,841	6,222,451	11.95	8,891,845	69.98%
2004	3,567,507	336,477	83,203	71,176	196,385	2,067	4,254,707	16.00	6,078,153	70.00%
2003	3,543,949	336,381	81,606	63,178	190,198	1,715	4,263,935	14.98	6,093,785	69.97%
2002	3,528,533	335,074	93,742	69,208	184,032	1,710	4,239,958	14.02	6,059,526	69.97%
2001	3,530,480	335,373	94,875	66,267	176,358	2,058	4,201,294	13.06	6,004,788	69.97%
2000	2,350,863	262,362	80,976	60,876	148,437	2,043	2,901,470	17.72	4,147,875	69.95%
1999	2,366,580	256,646	78,572	58,113	136,856	2,354	2,894,413	17.05	4,138,238	69.94%
1998	2,353,465	259,270	75,308	47,060	130,726	2,099	2,839,925	16.13	4,060,035	69.95%
1997	2,332,899	259,883	76,445	46,265	128,794	2,140	2,823,123	15.32	3,964,577	71.21%

Source: Town of Darien Office of Tax Assessor

Note:

(1) 70% Assessment ratio used to estimate full value.

TOWN OF DARIEN, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS  
OCTOBER 1, 2004 AND OCTOBER 1, 1995

(thousands)

TAXPAYER	.....OCTOBER 1, 2004(1).....			.....OCTOBER 1, 1995.....		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF NET TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF NET TAXABLE ASSESSED VALUE
Wee Burn Country Club	\$ 29,834,190	1	0.47%	\$ 14,227,615	2	0.50%
Country Club of Darien	23,200,460	2	0.37	9,846,580	7	0.35
Rivoire, Helen M. et al (Estate)	20,108,060	3	0.32	10,334,440	4	0.37
Connecticut Light & Power Company	19,999,200	4	0.32			
Avalonbay Communities	19,985,760	5	0.32			
Woodway Country Club	19,924,493	6	0.31	10,310,000	5	0.36
Steinkraus, Helen & Ziegler, William III	16,936,080	7	0.27	13,263,180	3	0.47
William Ziegler III TR et al	13,167,980	8	0.21			
U.B. Darien Inc.	11,608,560	9	0.18	10,102,400	6	0.36
Zotos International	11,345,950	10	0.18	77,644,000	10	0.27
The Nielsen Company				14,471,500	1	0.51
Darien Green Associates				8,841,200	8	0.31
Parkland Limited Partnership				7,868,480	9	0.28
<b>TOTAL</b>	<u>\$186,110,733</u>		<u>2.95%</u>	<u>\$176,909,395</u>		<u>3.78%</u>

Source: Town of Darien, Office of Tax Assessor

(1) Fiscal year is July 1, 2005 - June 30, 2006

TOWN OF DARIEN, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR ENDED JUNE 30,	TAX RATE IN MILLS	COLLECTED WITHIN THE ...FISCAL YEAR OF THE LEVY...			..TOTAL COLLECTIONS TO DATE..		
		TAXES LEVIED FOR THE FISCAL YEAR	AMOUNT	PERCENTAGE OF LEVY	COLLECTION IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY
2006	13.02	\$82,211	\$81,786	99.48%	n/a	\$81,786	99.48%
2005	11.95	74,228	73,870	99.52	180	74,050	99.76
2004	16	67,768	67,414	99.48	235	67,649	99.82
2003	14.98	62,949	62,546	99.36	346	62,892	99.91
2002	14.02	58,772	58,387	99.34	343	58,730	99.93
2001	13.06	54,631	54,208	99.23	393	54,601	99.95
2000	17.72	52,006	51,372	98.78	607	51,979	99.95
1999	17.05	49,259	48,882	99.23	364	49,246	99.97
1998	16.13	46,143	45,781	99.21	350	46,131	99.97
1997	15.32	43,408	42,883	98.79	516	43,399	99.98

Source: Tax Collector's Report, Comprehensive annual financial report

TOWN OF DARIEN, CONNECTICUTRATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

(thousands, except per capita)

## .GOVERNMENTAL ACTIVITIES.

FISCAL YEAR	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL PRIMARY GOVERNMENT	RATIO OF DEBT TO TAXABLE ASSESSED VALUE	DEBT PER CAPITA
2006	\$90,052	\$ 911	\$90,963	1.44%	\$4.43
2005	84,097	958	85,055	1.34	4.24
2004	70,187	1,101	71,288	1.13	3.56
2003	73,389	771	74,160	1.17	3.70
2002	47,006	969	47,975	0.76	2.44
2001	44,510	1,008	45,518	0.72	2.32
2000	47,930	156	48,086	0.76	2.45
1999	50,595	295	50,890	0.80	2.81
1998	42,300	438	42,738	0.68	2.22
1997	29,350	140	29,490	0.47	1.54

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

TOWN OF DARIEN, CONNECTICUTCOMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2006

(thousands)

Total tax collections (including interest and lien fees):					
For the year ended June 30, 2006:					
Town of Darien .....					\$82,243
Taxing districts .....					461
Reimbursement for revenue loss:					
Tax relief for elderly freeze .....					<u>14</u>
BASE.....					<u>\$82,718</u>
	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban</u>	<u>Pension</u>
	<u>Purpose</u>			<u>Renewal</u>	<u>Deficit</u>
Debt limitation:					
2-1/4 times base.	\$186,116				
4-1/2 times base.		\$372,231			
3-3/4 times base.			\$310,193		
3-1/4 times base.				\$268,834	
3 times base.....					\$248,154
Total debt					
limitation ..	<u>186,116</u>	<u>372,231</u>	<u>310,193</u>	<u>268,834</u>	<u>248,154</u>
Indebtedness:					
Bonds payable (1)	706	82,172	7,174		
Bond authorized					
but unissued ...		45,225	1,385		
Less: School					
building grants					
receivable .....		<u>(9,596)</u>			
Total					
indebtedness	<u>706</u>	<u>117,801</u>	<u>8,559</u>		
Debt limitation					
in excess of					
indebtedness.....	<u>\$185,410</u>	<u>\$254,430</u>	<u>\$301,634</u>	<u>\$268,834</u>	<u>\$248,154</u>

Note 1: Total net indebtedness above amounts to \$127,066 but in no event shall total indebtedness exceed \$579,026 (seven times the base for debt limitation).

Note 2: There is no overlapping debt.

Note 3: School building grants receivable include \$2,119 of bond principal grants from the State of Connecticut. Additionally, progress payments of \$7,477 (or approximately 20.7%) of eligible project costs on the High School project are included.

TOWN OF DARIEN, CONNECTICUTLEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

(thousands)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Debt limitation	\$579,026	\$525,686	\$478,849	\$444,332	\$415,261	\$387,338	\$365,520	\$348,768	\$329,069	\$308,452
Total net debt applicable to limit	<u>127,066</u>	<u>104,528</u>	<u>103,670</u>	<u>100,749</u>	<u>104,094</u>	<u>49,909</u>	<u>45,140</u>	<u>47,979</u>	<u>40,398</u>	<u>30,485</u>
Legal debt margin	<u>\$451,960</u>	<u>\$421,158</u>	<u>\$375,179</u>	<u>\$343,583</u>	<u>\$311,167</u>	<u>\$337,429</u>	<u>\$320,380</u>	<u>\$300,789</u>	<u>\$288,671</u>	<u>\$277,967</u>
Total net debt applicable to the limit as a percentage of debt limit	21.94%	19.88%	21.65%	22.67%	25.07%	12.89%	12.35%	13.76%	12.28%	9.88%

Source: Comprehensive annual financial report - Computation of Legal Debt Margin

Note: See Table 9 for calculation of current year debt limitation

TOWN OF DARIEN, CONNECTICUTDEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION (1)	PER CAPITA INCOME (2)	MEDIAN AGE (2)	SCHOOL ENROLLMENT (3)	UNEMPLOYMENT RATE (4)
2006	20,547	\$77,519	38.0	4,468	3.0%
2005	20,049	77,519	38.0	4,378	3.6%
2004	20,049	77,519	38.0	3,927	2.0%
2003	20,049	77,519	38.0	4,116	2.8%
2002	19,695	77,519	38.0	3,927	2.0%
2001	19,607	77,519	38.0	3,874	1.9%
2000	19,607	77,519	38.0	3,662	1.1%
1999	18,085	77,519	38.0	3,497	1.4%
1998	19,271	51,795	n/a	3,310	2.2%
1997	19,108	51,795	n/a	3,260	2.3%

- (1) Source: US Department of Commerce, Bureau of Census, State of CT Health Dept  
(2) Source: US Department of Commerce, Bureau of Census  
(3) Source: Darien Board of Education  
(4) Source: State of CT Department of Labor

TOWN OF DARIEN, CONNECTICUTPRINCIPAL EMPLOYERS  
2006 AND 1997

EMPLOYER	NATURE OF BUSINESS	.....2006.....			.....1997.....		
		EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT
Town of Darien	Municipality	833	1	9.99%	598	1	6.59%
Darien Health Care Center	Nursing Home	170	2	2.04			
Ring's End, Inc.	Building Supplies	150	3	1.80	125	4	1.38
Zoto's International	Hair Care Products	120	4	1.44	100	5	1.10
BMW of Darien	Automotive Sales	90	5	1.08			
CRA Rogers Casey	Investment Consulting	80	6	0.96	80	7	0.88
US Postal Service	Mail Delivery	51	7	0.61			
Life Study Fellowship Foundation	Publishing	43	8	0.52	65	8	0.72
Cantor Fitzgerald, LP	Financial Services	40	9	0.48			
Parfums DeCoeur, Ltd	Perfume Manufacturer	35	10	0.42	35	10	0.39
Air Express International	Air Freight Traffic				200	2	2.20
Information Resources	Market Research				200	2	2.20
Brinks Incorporated	Security				100	5	1.10
Real Decisions Corporation	Computer Software				65	8	0.72
Brier Neidle Patrone Assoc.	Designers-Airport Installations				35	10	0.39
TOTAL		<u>1,612</u>		<u>19.34%</u>	<u>1,603</u>		<u>17.67%</u>

Source: Town of Darien survey

U.S. Department of Commerce, Bureau of Census, 2000

TOWN OF DARIEN, CONNECTICUTFULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	.....FULL-TIME-EQUIVALENT EMPLOYEES AS OF JUNE 30,.....									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General government	41	43	43	43	43	43	43	43	43	43
Police	57	55	55	55	55	55	58	58	58	58
Public Works	26	26	27	27	27	27	25	28	28	28
Sewer Authority	4	4	4	4	4	4	5	6	6	6
Parks and recreation	8	8	8	8	8	8	8	7	7	7
Education	697	698	669	595	551	605	601	446	446	446
TOTAL	<u>833</u>	<u>834</u>	<u>806</u>	<u>732</u>	<u>688</u>	<u>742</u>	<u>740</u>	<u>588</u>	<u>588</u>	<u>588</u>

TOWN OF DARIEN, CONNECTICUTOPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General government:										
Building permits issued	901	885	826	820	871	816	749	705	780	770
Building inspections conducted	4,266									
Police:										
Calls Answered	21,069	20,839	25,842	22,573	25,842	22,349	20,715	20,873	21,668	21,664
Criminal Arrests	206	206	206	204	320	231	228	67	1,066	1,103
Motor Vehicle Arrests	2,062	1,993	2,062	3,014	2,995	2,750	2,705	2,637	3,333	3,187
Motor Vehicle Warnings	1,139	929	1,139	1,341	2,689	1,667	1,140	1,562	687	725
Accidents	683	685	683	640	812	762	796	689		
Fire:										
Emergency responses	1,375	1,269	1,357	1,213	1,005	1,269	1,290	1,243	1,276	
Fires extinguished	75	69	72	93	71	87	79	109	104	
Inspections	410	293	207	252	153	259	217	233	239	
Other public works:										
Street resurfacing (miles)	2.2	2.94	4.15	4.1	4.82	1.99	2.63	3.62	3.95	3.02
Parks and recreation:										
Facility permits issued	722									
Beach permits issued	6,671	6,806								
Program Registrations	2,619	2,511								

TOWN OF DARIEN, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units										
Fire stations	3	3	3	3	3	3	3	3	3	3
Other public works:										
Streets (miles)	81	81	81	81	81	81	81	81	81	81
Streetlights	827	827								
Traffic signals	10	10								
Parks and recreation:										
Acreage	207	207	207	207	207	207	207	207	205	205
Parks	13	13	13	13	13	13	13	13	13	13
Tennis Courts	10	10	11	11	11	11	11	11	11	11
Water:										
Fire hydrants	534	522	522	522	522	522	521	520	517	517
Wastewater:										
Sanitary sewers (miles)	79	77	75	75	75	75	75	75	75	75
Pump stations	14	13	13	13	13	13	13	13	13	12

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