

Comprehensive Annual Financial Report

of the

Town of Darien Connecticut

Fiscal Year Ended June 30, 2004

Prepared by:
Finance Department
Kathleen A. Clarke
Finance Officer

TOWN OF DARIEN, CONNECTICUT

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KATHLEEN A. CLARKE, CFPO
FINANCE DIRECTOR

December 3, 2004

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, 2004. 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.

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.

ECONOMIC CONDITION AND OUTLOOK

Darien is a community with high per capita income and housing values. The tax base is primarily residential (approximately 95%) with a limited number of commercial office and retail buildings.

The value of local construction increased to \$128,648,000 in 2003-2004 representing a 5.3% increase over the previous year (not including the value of the Darien High School construction). A total of 826 building permits were issued.

Property taxes comprise 91.1% of Town General Fund revenues and the current property tax collection rate remains strong at 99.48%. Delinquent collections also remain strong, so that the ratio of total tax collections to the current tax levy is 99.89%.

Intergovernmental revenues represent a small portion of Town revenues, reflecting only 2.1% 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 less than 7% for the period. School enrollment is expected to increase 9.7% over the next five years, raising education operating costs and resulting in a need for additional classroom space. The replacement of the existing high school with a new high school has begun. Construction began in the fall of 2002. The property tax mill rate enacted for 2004-2005 is 11.95 which reflects the revaluation completed for the 10/1/2003 Grand List. The tax levy increase was 7.86%, which was under the projected average.

MAJOR INITIATIVES

The following major programs were either initiated in 2003-2004 or continued from the prior year:

- Replacement of Public Works Equipment costing \$104,616
- Purchase of a new Rescue Truck for the Darien Fire Department at a cost of \$460,000
- Demolition and removal of the building at Cherry Lawn Park costing \$152,813
- Installation of a new track and football field at Darien High School began at a cost of \$183,694
- Replacement of carpeting and tile at Ox Ridge Elementary School costing \$114,845
- Sewer Line Expansion projects are ongoing.
- Construction of a new Darien High School continued.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

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 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).

DEBT ADMINISTRATION

The Town had total bonded debt outstanding of \$70,186,784 at June 30, 2004. This debt represented only bonds issued by the Town, since there is no overlapping debt of other governments. This existing debt will be completely retired by fiscal year 2023.

All bonded debt payments of principal and interest are paid from the General Fund; however, the cost of these payments is partially offset by operating transfers from the Sewer Operating Fund and the Sewer Assessment Fund. The debt service cost on \$755,659 in outstanding Clean Water Fund loans is reimbursed by the Sewer Operating Fund. Principal and interest payments on \$3,901,425 of outstanding sewer construction bonds are partially reimbursed by the Sewer Assessment Fund. At June 30, 2004, this fund had \$2,875,524 in current and deferred sewer assessment receivables. The Sewer Assessment Fund had a fund balance at June 30, 2004 of \$276,453 reserved for the payment of this debt.

All bonded debt is secured by the full faith and credit of the Town. Moody's Investor Service has assigned the highest credit rating (Aaa) to the Town citing high income and property values, strong financial management, and a good financial position and a low debt burden. This rating was most recently confirmed in November 2004. A copy of the rating report is available for review in the Finance Department.

The ratio of net long-term bonded debt to assessed value (\$4,254,707,418) and long-term bonded debt per capita are indicators of the Town's low debt burden. These calculations are based on the net long-term debt to be raised from property taxes as shown:

Long-term bonded debt		70,186,784
Less bonds to be paid from sewer service charges		755,659
Less bonds to be paid from sewer assessments:		
Assessments receivable	3,624,882	
Reserved fund balance	<u>276,543</u>	3,901,425
Less estimated amortization payments to be provided by the State		<u>2,886,010</u>
Net long-term bonded debt to be paid from property taxes		<u>62,643,690</u>
Ratio of net long-term bonded debt to assessed value		1.47%
Net long-term bonded debt per capita		\$3,125

PENSION TRUST FUND

The Town administers two pension plans: the Town Employees' Pension Fund (the Town Plan), and the Darien Police Pension Fund (the Police Plan). All full time Town employees, with the exception of certified teachers and policemen, are eligible to participate in the Town Plan along with employees of the Darien Library, Inc. The Police Plan covers all Darien police officers. Certified teachers contribute to the Connecticut State Teachers' Fund, which does not require Town funding.

As of July 1, 2003, there were 348 active employees in the Town Plan, with 133 retirees receiving benefits and 5 former employees with vested benefits. The Police Plan had 49 active participants and 49 retirees receiving benefits.

The two pension plans increased by \$3,742,587 or 8.6% in 2003-2004.

INVESTMENTS AND DEPOSITS

Cash and investments at June 30, 2004 totaled \$85,560,180.

The investments of the pension funds are held and managed separately from those of other Town funds.

State Statutes authorize the Town to invest in the obligations of the following: 1) the United States of America, including any agency of the United States government; 2) any state of the United States or any political subdivision, authority or agency thereof which are exempt from taxation and, at the time of investment, are rated within the top two rating categories of any nationally recognized rating service, and 3) the State of Connecticut or any political subdivision, authority or agency thereof which are exempt from taxation and, at the time of investment, are rated within the top three rating categories of any nationally recognized rating service. In addition, the Town is authorized to invest in treasury bills, demand deposits, time deposits, certificates of deposit, repurchase agreements, share accounts, term share accounts and share certificate accounts of any corporation or association receiving deposits that has its main place of business in Connecticut.

The pension trust funds are authorized to invest in mutual funds, brokered money market funds and corporate stocks and bonds.

The Town's investments are categorized as risk category 3: uninsured and unregistered for which the securities are held by the counterparty's trust department or agent but not in the Town's name. The Town's pooled investments are not classified.

RISK MANAGEMENT

The Town and Board of Education terminated their self-insurance plan for medical benefits on April 1, 1998, and employees were then covered under a fully insured insurance plan. Dental coverage remains 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. A safety awards program was initiated in 1984 to encourage and reward employees who have been accident free. 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.

INDEPENDENT AUDIT

State Statutes require an annual audit by an independent certified public accountant. The Board of Finance appointed the accounting firm of Scully & Wolf, LLP for the year 2003-2004. 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.

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 thirteen 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 black ink that reads "Kathleen Clarke Buch". The signature is written in a cursive, flowing style.

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, 2003

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, 2004

BOARD OF SELECTMEN:

Evonne M. Klein, First Selectwoman
Robert F. Harrel, Jr.
Joseph D. Miceli
Linda S. Santarella
Barbara L. Thorne

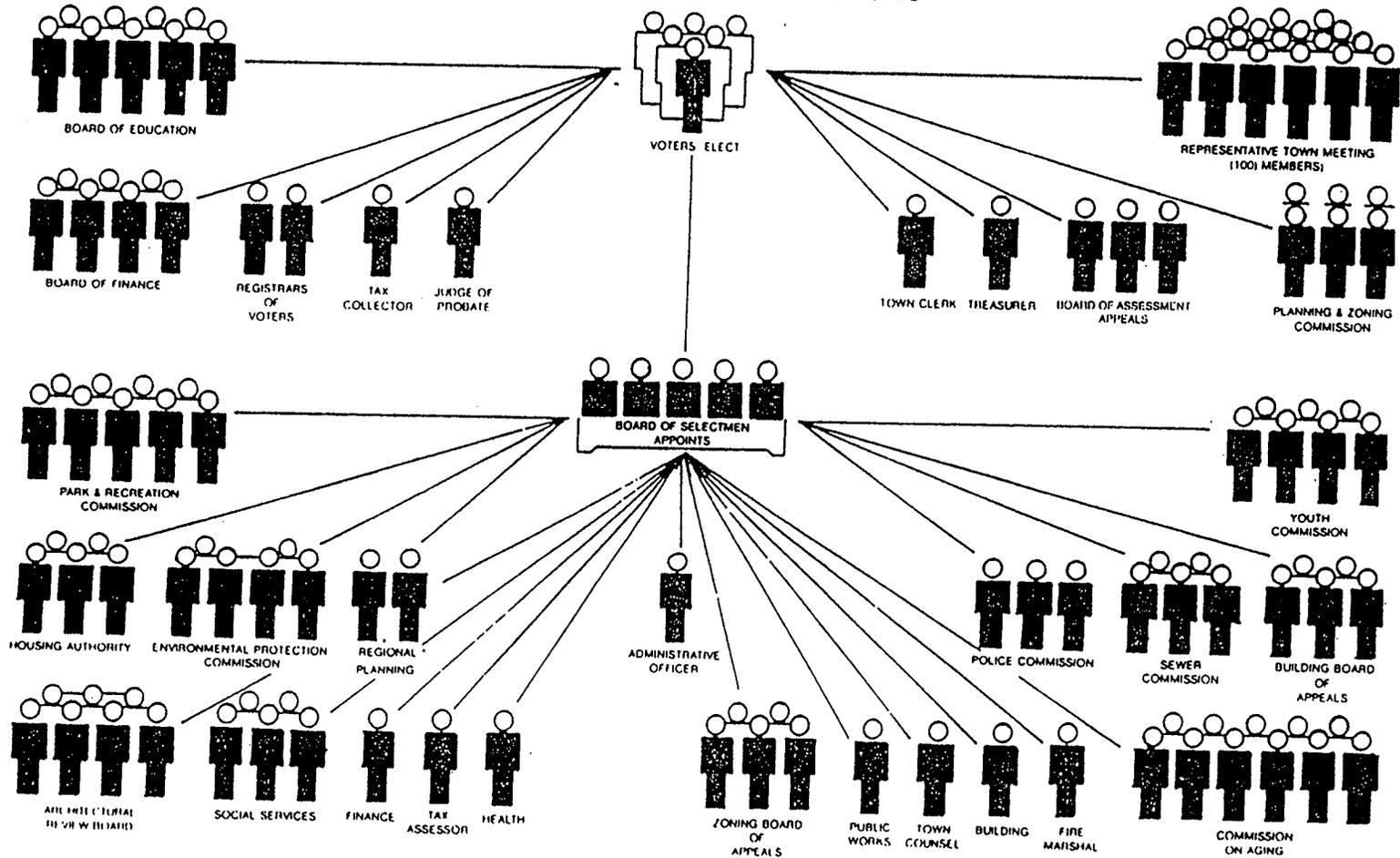
BOARD OF FINANCE:

Peter Hovell, Chairman
Thomas Volpe, Vice Chairman
Barbara Cook
D. Craig Curtis
Paul B. Hendrickson
Kathy Hammell
James Ramsey

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

John Crary
Kathleen Clarke Buch
William T. McIntire
Mary Jo Kramer
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, 2004, 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, 2004, 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 17, 2004 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 12 through 19 and 50 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 17, 2004

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, 2004

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, 2004. 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 \$6,496, or 8.8 percent.
- During the year, the Town had expenses that were \$6,496 less than the \$89,035 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$82,539 with no new programs added this year.
- The General Fund reported a fund balance this year of \$7,468.
- The resources available for appropriation were \$580 less than budgeted for the General Fund. Expenditures were kept within spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in 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 \$73,933 to \$80,429. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental and business-type activities.

Table 1		
<i>Net Assets</i>		
<i>(in thousands)</i>		
	Governmental Activities	
	<u>2004</u>	<u>2003</u>
Current and other assets.....	\$ 48,482	\$ 54,239
Capital assets	<u>129,811</u>	<u>101,673</u>
Total assets	<u>178,293</u>	<u>155,912</u>
Long-term debt outstanding.....	71,131	70,687
Other liabilities	<u>26,733</u>	<u>11,292</u>
Total liabilities	<u>97,864</u>	<u>81,979</u>
Net assets:		
Invested in capital assets, net of debt	59,624	52,386
Unrestricted	<u>20,805</u>	<u>21,547</u>
Total net assets.....	<u>\$ 80,429</u>	<u>\$ 73,933</u>

Net assets of the Town’s governmental activities increased by 8.8 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 a \$21,547 at June 30, 2003 to \$20,805 at the end of this year.

This change in unrestricted governmental net assets resulted primarily because of the investment of the Town in capital assets. The Town has a significant school construction project underway at this time. The Town’s investment in capital assets is \$59,624. 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)

	Governmental Activities	
	<u>2004</u>	<u>2003</u>
Revenues:		
Program revenues:		
Charges for services	\$ 9,496	\$ 8,134
Operating grants and contributions	4,375	4,343
Capital grants and contributions	5,847	2,256
General revenues:		
Property taxes	68,059	63,002
Grants and contributions not restricted to specific purposes	272	511
Unrestricted investment earnings	601	715
Other general revenues	<u>385</u>	<u>14</u>
Total revenues	<u>89,035</u>	<u>78,975</u>
Program expenses:		
General government	3,442	3,032
Community environment	563	634
Public safety	7,725	8,399
Health and social services	1,061	933
Library	1,983	1,905
Parks and recreation	1,483	1,257
Public works	4,106	3,443
Education	55,938	52,025
Sewer operations	1,905	2,046
Solid waste	1,464	1,313
Debt service	<u>2,869</u>	<u>2,541</u>
Total program expenses	<u>82,539</u>	<u>77,528</u>
Increase in net assets	<u>\$ 6,496</u>	<u>\$ 1,447</u>

The Town's total revenues (excluding special items) was \$89,035. The total cost of all programs and services was \$82,539. Our analysis below considers the operations of governmental activities.

Governmental Activities

Property taxes were 76.4% of revenues and Charges for Services accounted for 10.6%. Capital Grants of \$5,847 were primarily grants from the State of Connecticut for the High School Construction project (\$4,258). The 2003-2004 property tax collection rate was 99.48%. Licenses and permits increased by \$954,555 primarily due to the increase in the Town Clerk’s revenues for conveyance taxes, filing fees and increases in Building Permit fees. Intergovernmental revenue decreased slightly due to a decrease in the Equalized Cost Sharing Grant, Town Aid Road Grant, and Pequot 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 declined due to the drop in interest rates.

On the expense side General Government was up due to an increase in legal expenses. Public safety increased slightly due to negotiated wage increases and increased grants to the Fire Departments. Education expenses are the most significant component accounting for 68%. Education increased because of increased enrollment, negotiated wage increases, increased employee benefit costs and increased insurance costs. Debt service increased as a result of increased debt service payments for sewer related projects and 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>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General government	\$3,442	\$3,058	\$754	\$1,343
Public safety	\$7,725	\$8,486	\$6,286	\$7,094
Public works	\$4,106	\$3,468	\$3,967	\$3,162
Education	\$55,938	\$52,025	\$45,891	\$44,468
Library	\$1,983	\$1,905	\$1,983	\$1,905

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 \$15,540, which is a decrease from last year's total of \$40,262. The most significant component of the change in fund balance came from the Capital Projects fund. The Capital Projects fund balance decreased by \$25,015. This resulted from the issuance of \$17,400 in bond anticipation notes, as well as increased capital outlay, which was offset by capital grants from the State of Connecticut of \$4,519 and transfers from other funds of \$3,246. The fund had expenditures of \$33,001.

General Fund Budgetary Highlights

Additional appropriations for the year were \$304. A contingency of \$748 was included in the original budget. This contingency covered items such as unsettled labor contracts and other unexpected expenses. Additional appropriations were for transfer to the Tokeneke School Fund to fund preparation of architectural studies in preparation for replacement of the school.

Actual revenues, including application of fund balance, were slightly lower than budgetary estimates, by approximately \$580. Investment income fell far short, by \$81, of budgetary estimates. This shortfall was due to the decline in interest rates. It was offset by increases in other accounts, such as building permit fees and town clerk fees.

Actual expenditures were less than budgetary estimates by \$443. The largest single contributor to this was the Board of Education Operating Expenses.

The Town's General Fund balance of \$7,468 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$7,198. This is principally because budgetary fund balance does not include \$270 of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the Town had \$129,811 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 \$28,138, or 27.7 percent, over last year.

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

	Governmental Activities	
	<u>2004</u>	<u>2003</u>
Land.....	\$ 7,097	\$ 7,097
Buildings.....	75,248	77,552
Land improvements	149	149
Machinery and equipment	2,815	2,323
Infrastructure	178	168
Construction in progress	<u>44,324</u>	<u>14,384</u>
Totals	<u>\$129,811</u>	<u>\$101,673</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:

Rescue Truck	\$461
Construction of a new Darien High School - in progress	\$31,308

The Town’s fiscal-year 2004-05 capital budget calls for it to spend another \$2,225 for capital projects (not including construction of the new high 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, 2004 the Town had \$70,187 in bonds and notes outstanding versus \$73,389 last year.

New debt resulted from the issuance of bonds for construction of the new high school. Current year debt principal paid amounted to \$3,373.

The Town's general obligation bond rating continues to carry the Aaa 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 \$478,846 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 2005 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 1.8 percent versus 2.8 percent a year ago. This compares with the State's unemployment rate of 4.8 percent and the national rate of 5.6 percent.

Inflation in the Darien area continues to be higher than the national Consumer Price Index (CPI) increase. The Town's CPI increase was 4.6 percent for fiscal year 2004 compared with the average U.S. Town rate of 3.3 percent.

These indicators were taken into account when adopting the General Fund budget for 2004-05. Amounts available for appropriation in the General Fund budget are \$79,875, an increase of 5.9 percent over the final 2004 budget of \$75,373. Property taxes (benefiting from the 2004 rate increases and increases in assessed valuations) 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 \$800 to support the budget. The Town has moved revenues and expenditures related to parking operations to a separate fund in 2005.

If these estimates are realized, the Town's budgetary General Fund balance is expected to increase by June 30, 2005.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF DARIEN, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2004

		GOVERNMENTAL ACTIVITIES
ASSETS:		
Cash and cash equivalents		\$ 37,729,843
Investments		474,850
Receivables (net)		9,807,602
Due from Fiduciary Funds		6,031
Inventory		11,540
Prepaid items		298,891
Deferred charges		153,142
Capital assets (net)		<u>129,811,053</u>
Total assets		<u>178,292,952</u>
LIABILITIES:		
Accounts and other payables		9,054,397
Unearned revenue		278,507
Bond anticipation notes		17,400,000
Noncurrent liabilities:		
Due within one year		4,672,750
Due in more than one year		<u>66,457,909</u>
Total liabilities		<u>97,863,563</u>
NET ASSETS:		
Invested in capital assets, net of related debt		59,624,269
Unrestricted		<u>20,805,120</u>
Total net assets		<u>\$ 80,429,389</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, 2004

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES.....			NET (EXPENSE)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN ..NET ASSETS..
					GOVERNMENTAL ACTIVITIES
Governmental activities:					
General government	\$ 3,441,991	\$2,544,374	\$ 34,851	\$ 108,758	\$ (754,008)
Community environment	562,725	24,542			(538,183)
Public safety	7,724,697	1,370,495	67,830		(6,286,372)
Health and social services	1,061,645	67,665	165,563	28,585	(799,832)
Library	1,982,655				(1,982,655)
Parks and recreation	1,483,484	255,898		1,120,039	(107,547)
Public works	4,105,772	68,396		69,942	(3,967,434)
Board of Education	55,937,660	1,577,605	3,949,383	4,519,422	(45,891,250)
Sewer operations	1,905,001	2,298,282			393,281
Solid waste	1,463,809	1,288,772			(175,037)
Interest on long-term debt	2,869,811		157,432		(2,712,379)
Total governmental activities	\$82,539,250	\$9,496,029	\$4,375,059	\$5,846,746	(62,821,416)
General revenues:					
Property taxes.....					68,059,694
Grants and contributions not restricted to specific programs.....					272,341
Unrestricted investment earnings.....					600,531
Miscellaneous.....					385,106
Total general revenues.....					69,317,672
Change in net assets.....					6,496,256
Net assets, July 1, 2003 (as restated - Note 16)					73,933,133
Net assets, June 30, 2004					<u>\$ 80,429,389</u>

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

TOWN OF DARIEN, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2004

	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	\$ 8,455,998	\$5,507,218	\$ 540,057	\$ 21,747,155	\$1,479,415	\$ 37,729,843
Investments					474,850	474,850
Receivables, net	4,579,679	326,893	2,875,524	1,671,827	353,679	9,807,602
Due from other funds	333,956			1,305,602	250,000	1,889,558
Inventories					11,540	11,540
Advances to other organizations	260,608					260,608
TOTAL	\$13,630,241	\$5,834,111	\$3,415,581	\$24,724,584	\$2,569,484	\$50,174,001
<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	\$ 1,345,227	\$ 21,274	\$ 42,844	\$ 6,179,816	\$ 325,467	\$ 7,914,628
Due to other funds	705,602		220,760	85,124	872,041	1,883,527
Deferred revenue	4,111,582	326,893	2,875,524	73,267	48,149	7,435,415
Bond anticipation notes payable				17,400,000		17,400,000
Total liabilities	6,162,411	348,167	3,139,128	23,738,207	1,245,657	34,633,570
Fund balances:						
Reserved	269,504		276,453	23,020,580	188,122	23,754,659
Unreserved, reported in:						
General Fund	7,198,326					7,198,326
Special Revenue Funds		5,485,944			1,135,705	6,621,649
Capital Project Funds				(22,034,203)		(22,034,203)
Total fund balances	7,467,830	5,485,944	276,453	986,377	1,323,827	15,540,431
TOTAL	\$13,630,241	\$5,834,111	\$3,415,581	\$24,724,584	\$2,569,484	

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	129,811,053
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	7,195,191
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(72,117,286)
Net assets of governmental activities	\$ 80,429,389

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, 2004

	GENERAL	SEWER OPERATING	SEWER ASSESSMENT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:						
Property taxes	\$68,132,134					\$ 68,132,134
Intergovernmental	4,162,409			\$ 4,519,422	\$ 692,907	9,374,738
Charges for services	3,889,391	\$2,133,941			3,399,244	9,422,576
Income on investments	294,262	76,352	\$ 4,271	206,883	18,763	600,531
Miscellaneous	315,275	5,122	432,760	13,846	1,138,372	1,905,375
Total revenues	76,793,471	2,215,415	437,031	4,740,151	5,249,286	89,435,354
Expenditures:						
Current:						
General government	2,408,933				34,851	2,443,784
Community environment	429,085					429,085
Public safety	5,616,601				678,133	6,294,734
Health and social services	831,977				16,179	848,156
Library	1,982,655					1,982,655
Parks and recreation	929,176					929,176
Public works	2,300,744					2,300,744
Schools	51,061,968				2,435,349	53,497,317
Sewer operations		1,905,001				1,905,001
Solid waste					1,463,809	1,463,809
General overhead	2,761,882					2,761,882
Capital outlay				33,000,563		33,000,563
Debt service	6,457,058					6,457,058
Total expenditures	74,780,079	1,905,001		33,000,563	4,628,321	114,313,964
Excess (deficiency) of revenues over expenditures	2,013,392	310,414	437,031	(28,260,412)	620,965	(24,878,610)
Other financing sources (uses):						
Transfers in	574,567			3,245,664	538,406	4,358,637
Transfers out	(2,734,070)	(53,807)	(520,760)		(1,050,000)	(4,358,637)
Issuance of refunding bonds	9,310,000					9,310,000
Payment to escrow agent	(9,153,587)					(9,153,587)
Total other financing sources (uses)	(2,003,090)	(53,807)	(520,760)	3,245,664	(511,594)	156,413
Net change in fund balances	10,302	256,607	(83,729)	(25,014,748)	109,371	(24,722,197)
Fund balance, July 1, 2003	7,457,528	5,229,337	360,182	26,001,125	1,214,456	
Fund balance, June 30, 2004	\$ 7,467,830	\$5,485,944	\$ 276,453	\$ 986,377	\$ 1,323,827	

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

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 28,175,487

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 (37,388)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (399,848)

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 repayments exceeded proceeds 3,373,278

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 106,924

Change in net assets of governmental activities (Exhibit II) **\$ 6,496,256**

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

TOWN OF DARIEN, CONNECTICUTFIDUCIARY FUNDSCOMBINED STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2004

	PENSION TRUST FUNDS	AGENCY FUNDS
ASSETS:		
Cash and cash equivalents.....	\$ 1,992,515	\$230,982
Investments:		
U.S. Government obligations	7,309,980	
Corporate bonds	9,370,396	
Mutual funds	28,451,614	
Receivables:		
Employer	54,971	
Interest and dividends	<u>258,732</u>	
Total assets	<u>47,438,208</u>	<u>\$230,982</u>
LIABILITIES:		
Accounts and other payables.....		\$230,982
Due to other funds.....	<u>6,031</u>	
Total liabilities	<u>6,031</u>	<u>\$230,982</u>
NET ASSETS:		
Held in trust for pension benefits.....	<u>\$47,432,177</u>	

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, 2004

Additions:	
Contributions:	
Employer	\$ 903,594
Plan members	779,206
Other	<u>1,312</u>
Total contributions	1,684,112
Investment income:	
Net appreciation in fair value of investments ...	\$2,738,618
Interest and dividends	<u>1,864,398</u>
Total investment income	<u>4,603,016</u>
Total additions	6,287,128
Deductions:	
Benefits	2,398,553
Administration	<u>145,988</u>
Total deductions	<u>2,544,541</u>
Net increase	3,742,587
Net assets held in trust for pension benefits, July 1, 2003	<u>43,689,590</u>
Net assets held in trust for pension benefits, June 30, 2004	<u><u>\$47,432,177</u></u>

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

TOWN OF DARIEN, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

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. 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-A.

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 \$48,558 has been established as an allowance for uncollectible taxes. At June 30, 2004 this represents 5.6% 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 is 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 \$72,117,286 difference are as follows:

Bonds payable	\$70,120,000
Less:	
Deferred charges.....	(688,874)
Issuance costs deferred.....	(153,142)
Compensated absences	943,875
Clean water notes payable.....	755,658
Accrued interest payable	<u>1,139,769</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u><u>\$72,117,286</u></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 \$7,195,191 difference are as follows:

Property taxes	\$ 702,560
Accrued interest on property taxes.....	365,921
Net pension asset.....	38,283
School building grants.....	2,886,010
Assessments.....	2,875,524
Sewer use.....	264,296
Accrued interest on sewer use	<u>62,597</u>
 Net adjustment to increase fund balance - total governmental funds to arrive at net assets governmental activities.....	 <u><u>\$7,195,191</u></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 \$28,175,487 difference are as follows:

Capital outlay	\$30,989,352
Depreciation expense.....	<u>(2,813,865)</u>
Net adjustment to increase net changes in fund balances – total governmental Funds to arrive at changes in net assets of governmental activities	<u>\$28,175,487</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 \$3,373,278 difference are as follows:

Debt issued or incurred:	
Issuance of refunding bonds	\$ (9,310,000)
Issuance costs – refunding	156,413
Principal repayments:	
General obligation debt.....	3,335,000
Clean water notes.....	38,278
Payment to escrow agent	<u>9,153,587</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.....	<u>\$ 3,373,278</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 \$303,775 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 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. The 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 Connecticut Short Term Investment Fund (STIF) and the 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, 2004:

Deposits:	
Demand accounts	\$ 129,642
Interest bearing accounts.....	30,806,181
Certificate of deposit.....	<u>1,000,000</u>
Total deposits	31,935,823
Petty cash accounts	7,370
Other cash equivalents*:	
State Short-Term Investment Fund (STIF)	5,932,269**
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)..	36,926**
Tax exempt proceeds funds.....	48,437**
Pension Trust Funds - Cash Management Assets	<u>1,992,515**</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$39,953,340</u>

* Short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity.

** Risk Category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

B. Deposits

At June 30, 2004, the carrying amount of the Town deposits was \$31,935,823 and the bank balance was \$33,551,792. Of the bank balance, \$632,007 was covered by Federal Depository Insurance. Section 36a-333 of the Connecticut General Statutes requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio. A minimum of \$3,351,978 based on June 30, 2004 deposits was collateralized at Risk Category 3. Risk Category 3 is defined as collateral held by the pledging financial institution, or by its trust department or agent, but not in the Town's name. The balance of deposits of \$29,567,807 were uninsured and uncollateralized.

Due to higher cash flows at certain times during the year, the Town's cash and cash equivalents in category 3 investment were substantially higher than at year end.

C. Investments

Investments are required to be categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investment for which the securities are held by the counterparty's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Town's name. At June 30, 2004, the Town investments consisted of the following:

	.....Category.....			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total</u>
Pension Trust Fund:				
Government Bonds			\$ 7,309,980	\$ 7,309,980
Corporate Bonds			9,370,396	9,370,396
			<hr/>	
TOTAL	\$-0-	\$-0-	\$16,680,376	16,680,376
			<hr/>	
Noncategorized investments:				
Mutual Funds*:				
Pension Trust Funds.....				28,451,614
Nonmajor Governmental Funds.....				<hr/> 474,850
TOTAL				<hr/> <hr/> \$45,606,840

* Categorization is not applicable since the Town does not own identifiable securities, but invests as a shareholder of the investment pool.

5. RECEIVABLES

Receivables as of year end for the Town’s individual major funds and nonmajor, internal service, 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...	\$ 365,921	\$ 62,597				\$ 428,518
Taxes	862,923					862,923
Accounts.....	94,329	264,296			\$260,550	619,175
Special assessments .			\$2,875,524			2,875,524
Intergovernmental ...	3,305,064			\$1,671,827	93,129	5,070,020
Gross receivables.....	4,628,237	326,893	2,875,524	1,671,827	353,679	9,856,160
Less: allowance for uncollectibles.....	(48,558)					(48,558)
Net total receivables	<u>\$4,579,679</u>	<u>\$326,893</u>	<u>\$2,875,524</u>	<u>\$1,671,827</u>	<u>\$353,679</u>	<u>\$9,807,602</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>
Property taxes collected in advance		\$ 27,258
Delinquent property taxes receivable.....	\$ 702,560	
Interest and delinquent property tax	365,921	
Special assessments not yet due.....	2,875,524	
Grant drawdowns prior to meeting all eligibility requirements ..		121,416
School building grants	2,886,010	
Sewer use receivables	264,296	
Interest on sewer use receivable.....	62,597	
Unearned program revenue		<u>129,833</u>
Total deferred/unearned revenue for governmental funds	<u>\$7,156,908</u>	<u>\$278,507</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land.....	\$ 7,096,698			\$ 7,096,698
Construction in progress.....	14,384,380	\$29,939,438		44,323,818
	<hr/>			
Total capital assets, not being depreciated.....	21,481,078	29,939,438		51,420,516
	<hr/>			
Capital assets, being depreciated:				
Buildings	106,703,795	60,013	\$(493,878)	106,269,930
Land improvements	916,300			916,300
Machinery and equipment	7,298,257	976,264	(286,198)	7,988,323
Infrastructure	170,086	13,637		183,723
	<hr/>			
Total capital assets being depreciated	115,088,438	1,049,914	(780,076)	115,358,276
	<hr/>			
Less accumulated depreciation for:				
Buildings	\$ 29,152,699	2,327,329	(458,478)	31,021,550
Land improvements	766,980			766,980
Machinery and equipment	4,975,200	482,086	(284,210)	5,173,076
Infrastructure	1,683	4,450		6,133
	<hr/>			
Total accumulated depreciation.....	34,896,562	2,813,865	(742,688)	36,967,739
	<hr/>			
Total capital assets, being depreciated, net.....	80,191,876	(1,763,951)	(37,388)	78,390,537
	<hr/>			
Governmental activities capital assets, net.....	<u>\$101,672,954</u>	<u>\$28,175,487</u>	<u>\$ (37,388)</u>	<u>\$129,811,053</u>

Depreciation expense was charged to functions/programs as follows:

General government.....	\$ 136,811
Community environment	1,700
Public safety.....	378,775
Health and social services	17,914
Parks and recreation.....	43,471
Public works	160,437
Education	<u>2,074,757</u>
	<hr/>
TOTAL	<u>\$2,813,865</u>

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, 2004. A summary of capital projects at June 30, 2004 is as follows:

	...Project Expenditures...				
	Project Authorization	2003/2004	Cumulative	Encumbrances	Balance
Public Works Garage	\$1,200,000		\$1,176,592	\$6,000	\$17,408
Clean Water Fund	\$1,500,000		\$1,093,433		\$406,567
Sewer Line Expansion	\$7,415,000	\$838,840	\$5,834,723		\$1,580,277
Middle School Expansion..	\$27,006,500		\$27,005,099		\$1,401
High School Building	\$73,000,000	\$29,939,438	\$42,955,733	\$22,869,867	\$6,623,874
Capital Non-Recurring Expenditures	\$9,785,396	\$2,222,285	\$9,391,096	\$144,713	\$249,587
Tokeneke School	\$284,025				\$284,025

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2004 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Sewer Assessment Fund	\$ 220,760
General Fund	Capital Projects	85,124
General Fund	Nonmajor Governmental Funds	22,041
General Fund	Pension Funds	6,031
Nonmajor Governmental Funds	General Fund	250,000
Capital Projects	General Fund	455,602
Capital Projects	Nonmajor Governmental Funds	850,000
TOTAL.....		<u>\$1,889,558</u>

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

Interfund transfers

	.....Transfer In.....			
	General Fund	Capital Projects	Nonmajor Governmental	Total
Transfer out:				
General Fund		\$2,195,664	\$538,406	\$2,734,070
Sewer Operating Fund	\$ 53,807			53,807
Sewer Assessment	520,760			520,760
Nonmajor governmental funds		1,050,000		1,050,000
Total transfers out.....	<u>\$574,567</u>	<u>\$3,245,664</u>	<u>\$538,406</u>	<u>\$4,358,637</u>

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 \$162,569 for the year ended June 30, 2004. These leases are cancelable at any time before the expiration date of the year 2008. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	
2005.....	\$ 271,757
2006.....	265,608
2007.....	234,484
2008.....	220,568
2009.....	<u>109,020</u>
TOTAL	<u>\$1,101,437</u>

9. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds...	\$72,595,000	\$9,310,000	\$11,785,000	\$70,120,000	\$4,179,050
Clean water notes.....	793,936		38,278	755,658	39,050
Less deferred amounts:					
Refunding bonds.....		(703,587)	(14,713)	(688,874)	
<hr/>					
Total bonds and notes payable.....	73,388,936	8,606,413	11,808,565	70,186,784	4,218,100
Compensated absences	1,142,113		198,238	943,875	454,650
<hr/>					
Governmental activity long-term liabilities	<u>\$74,531,049</u>	<u>\$8,606,413</u>	<u>\$12,006,803</u>	<u>\$71,130,659</u>	<u>\$4,672,750</u>

Bonds outstanding by issue at June 30, 2004 were:

<u>Description</u>	<u>Year of Maturity</u>	<u>Interest Rate %</u>	<u>Balance June 30, 2004</u>
General Obligation Bonds:			
Elementary School expansion.....	2015	4.45-6.25	\$ 1,110,000
Elementary School expansion.....	2016	4.80-5.875	530,000
Elementary School expansion.....	2018	4.0-5.0	45,000
Middle School expansion.....	2018	4.0-5.0	1,775,000
Middle School expansion.....	2019	4.0-5.125	7,964,575
Advance refunding.....	2018	4.0-5.125	14,085,000
Various capital projects.....	2015	4.45-6.25	190,000
Darien High School.....	2022	3.50-5.00	3,155,000
Darien High School.....	2023	3.0-5.0	30,000,000
Refunding.....	2018	1.0-3.75	7,364,000
Special Assessment Debt with Town Commitment:			
Hoyt Street.....	2018	4.0-5.0	270,000
Raymond Road.....	2018	4.0-5.0	180,000
Nolen Lane.....	2019	4.0-5.125	315,425
Peach Hill.....	2022	3.50-5.00	540,000
Harbor/Ring's End, etc.....	2022	3.50-5.00	755,000
Refunding.....	2018	1.0-3.75	1,841,000
State Loans:			
Clean Water.....	2022	2.0	<u>755,658</u>
TOTAL.....			<u>\$70,875,658</u>

During fiscal year 2004, 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 \$520,760, 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 maturities and grant amounts available from the State of Connecticut for payment of principal and interest:

Year Ending June 30,	Total Principal	Principal to be Provided by the State	Interest	Interest to be Provided by the State
2005.....	\$ 4,179,050	\$ 258,304	\$ 2,810,209	\$124,890
2006.....	4,299,838	281,390	2,599,496	115,094
2007.....	4,410,643	352,083	2,690,939	106,189
2008.....	4,681,463	260,573	2,293,344	95,453
2009.....	4,702,300	257,733	2,141,657	85,014
2010-2014	23,119,657	1,250,788	8,120,971	244,489
2015-2019	18,078,263	225,139	3,636,386	12,435
2020-2024	7,404,444		812,953	
TOTAL.....	\$70,875,658	\$2,886,010	\$25,105,955	\$783,564

Authorized Unissued Bonds

At June 30, 2004, the Town had \$4,640,000 of authorized, unissued bonds for the Middle School Expansion Project, \$2,285,000 for sewer line extension projects and \$39,415,000 for the Darien High School Building Project. The Darien High School Project is estimated to receive \$15,835,000 in State of Connecticut grants to reduce the amount of borrowing required for the project. This amount is approximately 20.71% of total eligible costs.

Debt Limit

The Town's total indebtedness does not exceed the limit of \$478,846,221 allowed by State Statute.

Advance Refunding

In the prior year, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2004, \$12,900,000 of the defeased debt is outstanding.

On February 3, 2004, the Town issued \$9,310,000 in general obligation bonds with an average interest rate of 3.18% to advance refund \$8,450,000 of outstanding 1998 general obligation bonds with an average interest rate of 4.79%. The net proceeds of \$9,153,587 (after payment of \$156,413 in underwriting fees, insurance and other issuance costs) 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 1998 issue. The 1998 bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Assets. The transaction generated a cash flow savings of \$404,826 and a present value savings of \$387,100. The balance of the defeased bonds at June 30, 2004 is \$8,450,000.

Compensated Absences

The liability for compensated absences decreased by \$198,238 this year. These liabilities are paid by the General Fund and Sewer Operating Fund.

10. BOND ANTICIPATION NOTES

The Town issued \$17,400,000 of bond anticipation notes for the Darien High School project on May 18, 2004 maturing December 9, 2004. The interest rate on the notes is 2.0%.

11. 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, 2004, 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 2003/04 was \$560,030. 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 \$23,212 reported at June 30, 2004, 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:

	Claims Payable <u>July 1,</u>	Claims and Changes in <u>Estimates</u>	Claims <u>Paid</u>	Claims Payable <u>June 30,</u>
2002-2003	\$51,392	\$1,219,331	\$1,218,961	\$51,762
2003-2004	\$51,762	\$1,240,718	\$1,269,268	\$23,212

12. 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, 2004 is presented below:

General Fund:	
Reserved for encumbrances	\$ 269,504
Sewer Assessment Fund:	
Reserved debt service.....	276,453
Capital Projects Fund:	
Reserved for encumbrances	23,020,580
Other Governmental Funds:	
Reserved for inventory	11,540
Reserved for encumbrances	<u>176,582</u>
 TOTAL	 <u>\$23,754,659</u>

13. 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 will make a 25% cost sharing contribution. It is the Town’s plan to actuarially fund the post-retirement medical insurance benefit. As of June 30, 2004, nine (9) retirees are receiving this benefit at a cost to the Town of \$85,807 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 \$6,873 was made in 2003/04 for three (3) retirees. 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 twenty-nine (29) such retirees for Medical and Medicare “B” costs totaled approximately \$47,827 for the year ended June 30, 2004.

14. 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, 2003, membership in the Town Plan consisted of:

Retirees, disabled members and beneficiaries currently receiving benefits	133
Terminated members entitled to benefits but not yet receiving them.....	5
Current active members	<u>348</u>
 TOTAL	 <u>486</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, 2003, membership in the Police Plan consisted of:

Retirees, disabled members and beneficiaries currently receiving benefits	49
Current active members	<u>49</u>
 TOTAL	 <u>98</u>

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The pension trust funds' financial statements are prepared on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

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

Valuation of Investments

An actuarial asset valuation method is used to smooth out fluctuations in fair value. The actuarial asset value recognizes the appreciation (realized and unrealized gains and losses) in any one year over four years at a rate of 25% 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 4.5% of their annual salary during fiscal year 2003-2004. The contribution will increase to 5% July 1, 2005. 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 using the projected unit credit method. 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>
Town							
	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)%
	1999	22,392,536	16,888,233	(5,504,303)	132.6%	8,125,650	(67.7)%
	1998	20,483,333	17,409,922	(3,073,411)	117.6%	8,279,993	(37.1)%
Police							
	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)%
	1999	22,117,314	18,326,065	(3,791,249)	120.7%	3,143,207	(120.6)%
	1998	20,043,784	17,538,025	(2,505,759)	114.3%	2,942,845	(85.1)%

E. Schedule of Employer Contributions

	Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
Town				
	2004	\$875,362	\$712,456	81.4%
	2003	264,087	284,240	107.6%
	2002	- 0 -	- 0 -	
	2001	- 0 -	- 0 -	
	2000	194,920	194,920	100.0%
	1999	274,946	274,946	100.0%
Police				
	2004	\$191,138	\$191,138	100.0%
	2003	- 0 -	- 0 -	
	2002	- 0 -	- 0 -	
	2001	11,274	11,274	100.0%
	2000	124,367	124,367	100.0%
	1999	226,865	226,865	100.0%

F. Actuarial Assumptions

The data presented in the schedule of funding progress (Note 16.D) and schedule of employer contributions (Note 16.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, 2002
Actuarial cost method.....	Projected unit credit
Amortization method.....	Level dollar (open)
Remaining amortization period	15 Years
Asset valuation method	4-Year smoothed market
Actuarial assumptions:	
Rate of Return	7.5%
Projected salary increases	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	\$ 875,362	\$ 191,138
Interest on net pension obligation.....	<u>(14,036)</u>	<u> </u>
Annual pension cost	861,326	191,138
Contributions made	<u>(712,456)</u>	<u>(191,138)</u>
Increase (decrease) in net pension obligation.....	148,870	- 0 -
Net pension (asset) obligation beginning of year	<u>(187,153)*</u>	<u>- 0 -</u>
Net pension (asset) obligation end of year	<u>\$ (38,283)</u>	<u>\$ - 0 -</u>

*As restated - see Note 16

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>
Town				
	2004	\$861,326	82.7%	\$(38,283)
	2003	264,087	107.6%	(20,153)
	2002	- 0 -	100%	- 0 -
Police				
	2004	\$191,138	100%	\$ - 0 -
	2003	- 0 -	100%	- 0 -
	2002	- 0 -	100%	- 0 -

I. Separate Plan Financial Information

	Schedule of Plan Net Assets		
	.....June 30, 2004.....		
	<u>Police</u>	<u>Town</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 657,214	\$ 1,335,301	\$ 1,992,515
Investments:			
U.S. Government obligations	3,377,794	3,932,186	7,309,980
Corporate bonds.....	4,436,508	4,933,888	9,370,396
Mutual funds.....	14,063,054	14,388,560	28,451,614
Receivables:			
Employer		54,971	54,971
Investment income.....	<u>122,584</u>	<u>136,148</u>	<u>258,732</u>
Total.....	22,657,154	24,781,054	47,438,208

**Schedule of Changes in Plan Net Assets
....For The Year Ended June 30, 2004....**

	<u>Police</u>	<u>Town</u>	<u>Total</u>
Liabilities:			
Due to other funds.....	\$ 3,000	\$ 3,031	\$ 6,031
Net assets:			
Net assets held in trust	<u>\$22,654,154</u>	<u>\$24,778,023</u>	<u>\$47,432,177</u>
Additions:			
Contributions:			
Employer	191,138	712,456	903,594
Plan members.....	193,704	585,502	779,206
Other	712	600	1,312
Total contribution	<u>385,554</u>	<u>1,298,558</u>	<u>1,684,112</u>
Investment income:			
Net depreciation in fair value of investments	1,342,551	1,396,067	2,738,618
Interest and dividends.....	930,716	933,682	1,864,398
Total investment income.....	<u>2,273,267</u>	<u>2,329,749</u>	<u>4,603,016</u>
Total additions.....	<u>2,658,821</u>	<u>3,628,307</u>	<u>6,287,128</u>
Deductions:			
Benefits	1,240,673	1,157,880	2,398,553
Administration	61,328	84,660	145,988
Total deductions	<u>1,302,001</u>	<u>1,242,540</u>	<u>2,544,541</u>
Net increase.....	1,356,820	2,385,767	3,742,587
Net assets held in trust for employees' pension benefits, July 1, 2003	<u>21,297,334</u>	<u>22,392,256</u>	<u>43,689,590</u>
Net assets held in trust for employees' pension benefits, June 30, 2004.....	<u>\$22,654,154</u>	<u>\$24,778,023</u>	<u>\$47,432,177</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 seven percent (7%) of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$22,597,343.

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, 2004 the Town has recorded in the General Fund intergovernmental revenue schools and schools expenditures in the amount of \$1,581,814 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.

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.

16. RESTATEMENT OF NET ASSETS

The June 30, 2003 balance of net assets unrestricted has been restated. An amount of \$167,000 has been added to reflect the change due to an error in underreporting the amount of the net pension assets in the previous year.

TOWN OF DARIEN, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Property taxes:				
Property taxes current	\$68,139,350	\$68,139,350	\$67,357,020	\$ (782,330)
Property taxes prior	275,000	275,000	287,183	12,183
Suspense tax collections			8,002	8,002
Telecommunication property tax	250,417	250,417	190,775	(59,642)
Interest and liens	225,000	225,000	289,154	64,154
Total property taxes.....	68,889,767	68,889,767	68,132,134	(757,633)
Licenses and permits:				
Town Clerk	1,000,000	1,009,750	1,981,459	971,709
Building, plumbing and other	593,400	593,400	734,570	141,170
Food establishment	25,000	25,000	32,580	7,580
Private disposal and water supply	4,010	4,010	33,450	29,440
Fire Marshal's revenue	6,000	6,000	3,615	(2,385)
Other	1,900	1,900	4,500	2,600
Total licenses and permits.....	1,630,310	1,640,060	2,790,174	1,150,114
Intergovernmental:				
Capital improvement grant	95,000	95,000	108,758	13,758
Housing Authority	60,000	60,000	59,963	(37)
Taxes on State-owned land	93,456	93,456	93,582	126
Pequot distribution	21,787	21,787	30,154	8,367
Disabled persons	425	425		(425)
Circuit breaker	68,000	68,000	72,759	4,759
Elderly tax relief	20,000	20,000	14,000	(6,000)
Veterans' exemption	9,500	9,500	1,886	(7,614)
Court fines	3,000	3,000	1,240	(1,760)
Boating safety enforcement	18,700	18,700	18,715	15
Infrastructure - Town aid	69,134	69,134	69,942	808
State school reimbursement	399,976	399,976	416,623	16,647
Education cost sharing grant	650,000	650,000	629,000	(21,000)
Transportation	474	474	794	320
Other	14,000	14,000	51,197	37,197
Total intergovernmental.....	1,523,452	1,523,452	1,568,613	45,161
Charges for services:				
Sale of codes, regulations, etc.	3,000	3,000	3,419	419
GIS fees			1,732	1,732
Planning and zoning application	14,000	14,000	12,454	(1,546)
ZBA application fees	6,000	6,000	8,406	2,406
EPC application fees			1,951	1,951
EMS services	1,000	1,000		(1,000)
Services for Sewer Commission Authority	40,000	40,000	40,000	
Parking meters and permits	436,000	436,000	494,397	58,397
Friendly visitor program	5,000	5,000		(5,000)
Youth Commission fees	134,300	144,300	147,794	3,494
Parks and recreation	70,000	70,000	82,463	12,463

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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 (continued):				
Beach parking permits	\$ 116,000	\$ 116,000	\$ 140,290	\$ 24,290
Boat launch fees	4,000	4,000	5,730	1,730
Other	10,000	10,000	18,296	8,296
Total charges for services.....	839,300	849,300	956,932	107,632
Fines and forfeits	70,000	70,000	57,329	(12,671)
Board of Education	73,200	73,200	84,956	11,756
Investment income	375,000	375,000	294,262	(80,738)
Miscellaneous:				
Metro mobile rent	80,000	80,000	88,915	8,915
Rebate on telephone	500	500		(500)
Coin operated Xerox machine	10,000	10,000	14,304	4,304
Railroad rents	15,000	15,000	16,442	1,442
Commission on aging - van	23,500	23,500	28,585	5,085
Other rents	24,300	24,300	27,415	3,115
Insurance recoveries	20,000	20,000	105,411	85,411
Other	20,000	20,000	52,716	32,716
Total miscellaneous.....	193,300	193,300	333,788	140,488
Total revenues	73,594,329	73,614,079	74,218,188	604,109
Other financing sources:				
Transfers in:				
Sewer Assessment Fund	520,760	520,760	520,760	
Sewer Operating Fund	53,807	53,807	53,807	
Interest from other funds	100,000	100,000		(100,000)
Total transfers in.....	674,567	674,567	574,567	(100,000)
Appropriation of fund balance	800,000	1,084,025		(1,084,025)
Total other financing sources	1,474,567	1,758,592	574,567	(1,184,025)
Total revenues and other financing sources	<u>\$75,068,896</u>	<u>\$75,372,671</u>	74,792,755	<u>\$ (579,916)</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			1,581,814	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes			(18,513)	
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			1,011,982	
Issuance of refunding bonds. The amounts are not budgeted			9,310,000	
Total revenues and other financing sources as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$86,678,038</u>	

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TOWN OF DARIEN, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
General government:				
Selectmen's office	\$ 164,849	\$ 152,421	\$ 147,618	\$ 4,803
Administrative Officer	318,672	332,411	325,243	7,168
Human Resources	94,190	101,567	97,403	4,164
RTM	2,980	2,980	1,654	1,326
Financial management	300,357	319,226	319,037	189
Board of Finance	30,450	26,450	26,450	
Tax Assessor	187,529	201,880	201,617	263
Tax Collector	179,768	185,711	185,707	4
Legal services	361,650	595,044	595,005	39
Town Clerk	208,696	224,700	223,597	1,103
Registrar of Voters	79,898	100,104	99,334	770
Information services	206,666	203,685	191,070	12,615
Probate court	8,200	8,498	8,498	
Total general government.....	2,143,905	2,454,677	2,422,233	32,444
Community environment:				
Developmental Planning	367,215	369,354	366,392	2,962
Planning and Zoning	11,275	10,066	7,274	2,792
Zoning Appeals	3,640	4,029	4,029	
Environmental Protection	4,795	3,354	2,914	440
Regional Planning	5,828	5,828	5,828	
Beautification	35,000	35,000	34,963	37
Celebrations and observances	15,525	15,525	15,108	417
Harbor master	635	635	468	167
Total community environment.....	443,913	443,791	436,976	6,815
Public safety:				
Building Department	239,972	250,109	247,113	2,996
Police Department:				
Administration	394,158	411,806	408,220	3,586
Criminal Investigation	389,859	381,124	380,034	1,090
Patrol	2,584,414	2,669,416	2,664,122	5,294
Records	220,254	232,107	229,160	2,947
Youth	66,243	74,915	74,389	526
Marine Patrol	13,620	14,320	14,242	78
Training	111,475	117,105	110,243	6,862
Traffic and School Crossing	88,380	91,871	91,289	582
Fleet Services	203,150	199,053	195,793	3,260
Station maintenance and communication	117,434	127,806	123,794	4,012
Pension	191,138	191,138	191,138	
Miscellaneous	1,800	1,720	635	1,085
Total Police Department.....	4,381,925	4,512,381	4,483,059	29,322

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:				
Darren Fire Department	\$ 105,877	\$ 105,877	\$ 104,021	\$ 1,856
Noroton Fire Department	108,301	108,572	108,470	102
Noroton Heights Fire Department	118,142	118,142	118,084	58
Board of Fire Commissioners	57,197	56,926	55,443	1,483
Fire Marshal	191,091	196,158	190,448	5,710
Hydrants and main rental	265,220	266,920	266,919	1
Civil Preparedness	1,300	2,322	2,022	300
Emergency medical service	75,030	75,030	58,287	16,743
Total fire service and emergency medical service	922,158	929,947	903,694	26,253
Total public safety.....	5,544,435	5,692,437	5,633,866	58,571
Health and social services:				
Social services	150,327	163,054	162,457	597
Emergency assistance	12,000	12,000	10,346	1,654
Home health care	8,000	7,575	6,000	1,575
Senior center	132,855	139,684	137,503	2,181
Senior transportation	24,487	28,585	28,585	
Youth programs	231,005	243,268	239,634	3,634
Youth Options/LMG Grant	59,750	59,750	59,750	
Depot Grant	18,000	18,000	18,000	
Health Department	164,160	173,617	171,814	1,803
Other Grants in Aid	6,825	6,825	6,825	
Total health and social services.....	807,409	852,358	840,914	11,444
Library	1,982,655	1,982,655	1,982,655	
Parks and recreation:				
Administration	211,835	220,922	218,685	2,237
Beach and court facilities	197,009	179,535	176,501	3,034
Maintenance and repair	306,394	322,683	320,846	1,837
Organized recreation activities	42,894	38,591	36,866	1,725
Grounds, fields, building	203,035	214,775	197,704	17,071
Total parks and recreation.....	961,167	976,506	950,602	25,904
Public works:				
Administration	241,945	250,291	250,185	106
Roadway and walkway maintenance	1,366,654	1,497,807	1,496,902	905
Public building management	251,493	280,912	280,218	694
Parking facility	216,578	268,282	268,193	89
Total public works.....	2,076,670	2,297,292	2,295,498	1,794

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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:				
Risk Management	\$ 679,000	\$ 787,960	\$ 787,207	\$ 753
Contingency	748,000	18,227		18,227
Employee benefits	2,119,552	2,043,984	1,974,675	69,309
Total overhead and miscellaneous.....	3,546,552	2,850,171	2,761,882	88,289
Board of Education - operations	48,711,557	48,711,557	48,497,436	214,121
Board of Education - other	73,200	73,200	73,200	
Debt service:				
Schools	5,380,853	5,347,207	5,347,206	1
Town	187,826	187,826	187,826	
Sewer	773,555	766,589	765,113	1,476
Servicing bonds	3,000	835	500	335
Total debt service.....	6,345,234	6,302,457	6,300,645	1,812
Total expenditures	72,636,317	72,637,101	72,195,907	441,194
Other financing uses:				
Transfers out:				
Animal Control	48,362	52,421	50,921	1,500
Refuse disposal	295,392	298,660	298,660	
Retiree Medical	188,825	188,825	188,825	
Capital Non-Recurring Expenditures	1,900,000	2,195,664	2,195,664	
Total other financing uses.....	2,432,579	2,735,570	2,734,070	1,500
TOTAL	<u>\$75,068,896</u>	<u>\$75,372,671</u>	74,929,977	<u>\$442,694</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			1,581,814	
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 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			(166,037)	
Payments to Escrow Agent and refunding issuance costs are not budgeted			1,011,982	
			9,310,000	
Total expenditures and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV.....			<u>\$86,667,736</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, 2004

	.....BUDGETED AMOUNTS.....		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNFAVORABLE)
Revenues:				
Licenses and permits	\$ 6,000	\$ 6,000	\$ 4,560	\$ (1,440)
Charges for services	2,114,774	2,114,774	2,080,643	(34,131)
Fines and forfeits	30,000	30,000	48,738	18,738
Investment income	200,000	200,000	76,352	(123,648)
Miscellaneous income			13,617	13,617
Total revenues.....	<u>2,350,774</u>	<u>2,350,774</u>	<u>2,223,910</u>	<u>(126,864)</u>
Expenditures:				
Sewer operations:				
Administration	278,367	356,071	354,723	1,348
Collection and pumping	578,222	632,565	587,667	44,898
Treatment service	1,290,000	1,159,774	926,172	233,602
Overhead and miscellaneous	150,378	153,690	153,656	34
Total expenditures.....	<u>2,296,967</u>	<u>2,302,100</u>	<u>2,022,218</u>	<u>279,882</u>
Excess of revenues over expenditures	53,807	48,674	201,692	153,018
Other financing sources (uses):				
Transfers out	(53,807)	(48,674)	(53,807)	(5,133)
Net change in fund balances	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 147,885</u>	<u>\$ 147,885</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 decrease budgetary revenues by \$8,495.

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 \$117,217.

TOWN OF DARIEN, CONNECTICUTGENERAL FUNDCOMPARATIVE BALANCE SHEET
JUNE 30, 2004 AND 2003

	2004	2003
<u>A S S E T S</u>		
Cash and cash equivalents	\$ 8,455,998	\$ 8,142,064
Receivables:		
Taxes	814,365	775,691
Intergovernmental	3,305,064	3,255,070
Investment income	305	23,072
Other	459,945	1,171,366
Due from other funds	333,956	158,269
Advances to other organizations	260,608	
	<u>\$13,630,241</u>	<u>\$13,525,532</u>
 <u>L I A B I L I T I E S</u> A N D <u>F U N D B A L A N C E</u>		
Liabilities:		
Accounts payable	\$ 1,345,227	\$ 1,425,713
Due to other funds	705,602	539,658
Deferred revenue	4,111,582	4,102,633
	<u>6,162,411</u>	<u>6,068,004</u>
Fund balance:		
Reserved for encumbrances	269,504	121,980
Unreserved:		
Designated	800,000	800,000
Undesignated	6,398,326	6,535,548
	<u>7,467,830</u>	<u>7,457,528</u>
	<u>\$13,630,241</u>	<u>\$13,525,532</u>

TOWN OF DARIEN, CONNECTICUT

REPORT OF PROPERTY TAX COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2004

GRAND LIST YEAR	UNCOLLECTED TAXES JUNE 30, 2003	CURRENT LEVY	.....CORRECTIONS.....		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	.....COLLECTIONS.....				UNCOLLECTED TAXES JUNE 30, 2004
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST	LIENS	TOTAL	
1991	\$ 1,982					\$ 1,982	\$ 980	\$ 435	\$ 24	\$ 1,439	\$ 1,002
1992	3,059					3,059		1,561		1,561	3,059
1993	5,394					5,394	1,471	1,368	24	2,863	3,923
1994	9,597					9,597	1,611	483	24	2,118	7,986
1995	14,316					14,316					14,316
1996	23,763					23,763	796	4,406	24	5,226	22,967
1997	39,176		\$ 231			39,407	10,152	8,905	72	19,129	29,255
1998	107,389		43	\$ 821		106,611	21,930	16,037	120	38,087	84,681
1999	103,132		157	13,192		90,097	13,737	15,217	144	29,098	76,360
2000	144,940		273	19,302		125,911	21,142	15,489	264	36,895	104,769
2001	402,871		17,473	54,696		365,648	204,772	38,372	1,080	244,224	160,876
Total prior years	855,619		18,177	88,011		785,785	276,591	102,273	1,776	380,640	509,194
2002		\$68,094,086	31,409	357,653		67,767,842	67,414,113	184,874	232	67,599,219	353,729
TOTAL	\$855,619	\$68,094,086	\$49,586	\$445,664	\$ - 0 -	\$68,553,627	\$67,690,704	\$287,147	\$2,008	\$67,979,859	\$862,923

TOWN OF DARIEN, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2004

	.....SPECIAL REVENUE.....									
	ANIMAL CONTROL	CAFETERIA	SPECIAL EDUCATION	LAND PURCHASE OPTION	SOLID WASTE MANAGEMENT	SPECIAL EDUCATION RESERVE	WASTE DISPOSAL	POLICE EXTRA DUTY	FIRE ALARM	STATE AND FEDERAL GRANTS
<u>A S S E T S</u>										
Cash and cash equivalents	\$13,370	\$53,739	\$ 83,383	\$62,707	\$113,218		\$80,676	\$ 38,142	\$15,419	\$55,795
Investments										
Receivables:										
Accounts					173,330			67,000	20,055	
Intergovernmental		8,488	84,641							
Due from other funds						\$250,000				
Inventory		11,540								
TOTAL	<u>\$13,370</u>	<u>\$73,767</u>	<u>\$168,024</u>	<u>\$62,707</u>	<u>\$286,548</u>	<u>\$250,000</u>	<u>\$80,676</u>	<u>\$105,142</u>	<u>\$35,474</u>	<u>\$55,795</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	\$ 5,234	\$19,218	\$ 85,818		\$148,933			\$ 45,178		\$ 150
Due to other funds			19,041							
Deferred revenue										48,149
Total liabilities	<u>5,234</u>	<u>19,218</u>	<u>104,859</u>		<u>148,933</u>			<u>45,178</u>		<u>48,299</u>
Fund balance:										
Reserved		11,540			122,085					37,864
Unreserved reported in:										
Special Revenue Funds	8,136	43,009	63,165	\$62,707	15,530	\$250,000	\$80,676	59,964	\$35,474	(30,368)
Total fund balance	<u>8,136</u>	<u>54,549</u>	<u>63,165</u>	<u>62,707</u>	<u>137,615</u>	<u>250,000</u>	<u>80,676</u>	<u>59,964</u>	<u>35,474</u>	<u>7,496</u>
TOTAL	<u>\$13,370</u>	<u>\$73,767</u>	<u>\$168,024</u>	<u>\$62,707</u>	<u>\$286,548</u>	<u>\$250,000</u>	<u>\$80,676</u>	<u>\$105,142</u>	<u>\$35,474</u>	<u>\$ 55,795</u>

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TOWN OF DARIEN, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2004

	.....SPECIAL REVENUE.....									
	SOCIAL SERVICES GIFT	SARAH WILSON TRUST	HAROLD DEAN	GEORGE NELSON	BRUNO SCHOLARSHIP	POLICE MEDICAL RESERVE	STADIUM FIELD	POLICE SUPPLEMENTAL BENEFIT	FIREFIGHTERS MEMORIAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>A S S E T S</u>										
Cash and cash equivalents	\$3,474	\$7,684	\$1,296	\$5,715	\$3,664		\$924,008	\$16,675	\$450	\$1,479,415
Investments						\$474,850				474,850
Receivables:										
Accounts						165				260,550
Intergovernmental										93,129
Due from other funds										250,000
Inventory										11,540
TOTAL	<u>\$3,474</u>	<u>\$7,684</u>	<u>\$1,296</u>	<u>\$5,715</u>	<u>\$3,664</u>	<u>\$475,015</u>	<u>\$924,008</u>	<u>\$16,675</u>	<u>\$450</u>	<u>\$2,569,484</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						\$ 20,936				\$ 325,467
Due to other funds						3,000	\$850,000			872,041
Deferred revenue										48,149
Total liabilities						23,936	850,000			1,245,657
Fund balance:										
Reserved								\$16,633		188,122
Unreserved reported in:										
Special Revenue Funds	\$3,474	\$7,684	\$1,296	\$5,715	\$3,664	451,079	74,008	42	\$450	1,135,705
Total fund balance	<u>3,474</u>	<u>7,684</u>	<u>1,296</u>	<u>5,715</u>	<u>3,664</u>	<u>451,079</u>	<u>74,008</u>	<u>16,675</u>	<u>450</u>	<u>1,323,827</u>
TOTAL	<u>\$3,474</u>	<u>\$7,684</u>	<u>\$1,296</u>	<u>\$5,715</u>	<u>\$3,664</u>	<u>\$475,015</u>	<u>\$924,008</u>	<u>\$16,675</u>	<u>\$450</u>	<u>\$2,569,484</u>

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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, 2004

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SPECIAL REVENUE.....									
	ANIMAL CONTROL	CAFETERIA	SPECIAL EDUCATION	LAND PURCHASE OPTION	SOLID WASTE MANAGEMENT	SPECIAL EDUCATION RESERVE	WASTE DISPOSAL	POLICE EXTRA DUTY	FIRE ALARM	STATE AND FEDERAL GRANTS
Revenues:										
Intergovernmental revenue - other ..		\$ 82,756	\$546,545							\$63,606
Licenses, permits and fees	\$ 8,098				\$ 208,332				\$31,025	
Other sales and services		1,577,605			1,078,550			\$495,634		
Earnings on investments		947		\$ 744			\$ 965			
Contributions										
Other										
Total revenues	8,098	1,661,308	546,545	744	1,286,882		965	495,634	31,025	63,606
Expenditures:										
Current:										
General government										34,851
Public safety	61,250							487,424	26,555	17,769
Health and social services										16,179
Schools		1,852,460	582,389							
Solid waste					1,463,809					
Total expenditures	61,250	1,852,460	582,389		1,463,809			487,424	26,555	68,799
Excess (deficiency) of revenues over expenditures	(53,152)	(191,152)	(35,844)	744	(176,927)		965	8,210	4,470	(5,193)
Other financing sources (uses):										
Transfers in	50,921				298,660					
Transfers out										
Total other financing sources (uses)	50,921				298,660					
Net change in fund balances	(2,231)	(191,152)	(35,844)	744	121,733		965	8,210	4,470	(5,193)
Fund balance, July 1, 2003	10,367	245,701	99,009	61,963	15,882	\$250,000	79,711	51,754	31,004	12,689
Fund balance, June 30, 2004	\$ 8,136	\$ 54,549	\$ 63,165	\$62,707	\$ 137,615	\$250,000	\$80,676	\$ 59,964	\$35,474	\$ 7,496

TOWN OF DARIEN, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

	.....SPECIAL REVENUE.....									
	SOCIAL SERVICES GIFT	SARAH WILSON TRUST	HAROLD DEAN	GEORGE NELSON	BRUNO SCHOLARSHIP	POLICE MEDICAL RESERVE	STADIUM FIELD	POLICE SUPPLEMENTAL BENEFIT	FIREFIGHTERS MEMORIAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:										
Intergovernmental revenue - other ..										\$ 692,907
Licenses, permits and fees										247,455
Other sales and services										3,151,789
Earnings on investments		\$ 55	\$ 9	\$ 39	\$ 29	\$ 11,964	\$ 3,969	\$ 42		18,763
Contributions							1,120,039	16,633		1,136,672
Other	\$1,150			550						1,700
Total revenues	1,150	55	9	589	29	11,964	1,124,008	16,675		5,249,286
Expenditures:										
Current:										
General government										34,851
Public safety	1,288					83,847				678,133
Health and social services										16,179
Schools					500					2,435,349
Solid waste										1,463,809
Total expenditures	1,288				500	83,847				4,628,321
Excess (deficiency) of revenues over expenditures	(138)	55	9	589	(471)	(71,883)	1,124,008	16,675		620,965
Other financing sources (uses):										
Transfers in						188,825				538,406
Transfers out							(1,050,000)			(1,050,000)
Total other financing sources (uses)						188,825	(1,050,000)			(511,594)
Net change in fund balances	(138)	55	9	589	(471)	116,942	74,008	16,675		109,371
Fund balance, July 1, 2003	3,612	7,629	1,287	5,126	4,135	334,137	- 0 -	- 0 -	\$450	1,214,456
Fund balance, June 30, 2004	<u>\$3,474</u>	<u>\$7,684</u>	<u>\$1,296</u>	<u>\$5,715</u>	<u>\$3,664</u>	<u>\$451,079</u>	<u>\$ 74,008</u>	<u>\$16,675</u>	<u>\$450</u>	<u>\$ 1,323,827</u>

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TOWN OF DARIEN, CONNECTICUTAGENCY FUNDSTUDENT ACTIVITIESSTATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2004

	BALANCE			BALANCE
	JULY 1, 2003	ADDITIONS	DEDUCTIONS	JUNE 30, 2004
<u>A S S E T S</u>				
Cash and cash equivalents...	<u>\$180,300</u>	<u>\$1,070,577</u>	<u>\$1,019,895</u>	<u>\$230,982</u>
<u>L I A B I L I T I E S</u>				
Accounts and other payables.	<u>\$180,300</u>	<u>\$1,070,577</u>	<u>\$1,019,895</u>	<u>\$230,982</u>

TOWN OF DARIEN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE OF CHANGES BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2004

	CAPITAL ASSETS			CAPITAL ASSETS
	JUNE 30, 2003	ADDITIONS	DELETIONS	JUNE 30, 2004
GENERAL FIXED ASSETS:				
Land	\$ 7,096,698			\$ 7,096,698
Land Improvements	916,300			916,300
Buildings	106,703,795	\$ 60,013	\$493,878	106,269,930
Infrastructure	170,086	13,637		183,723
Machinery and equipment	7,298,257	976,264	286,198	7,988,323
Construction in progress	14,384,380	29,939,438		44,323,818
TOTAL	<u>\$136,569,516</u>	<u>\$30,989,352</u>	<u>\$780,076</u>	<u>\$166,778,792</u>
INVESTMENT IN GENERAL FIXED ASSETS FROM:				
Capital Projects Funds	\$125,415,335	\$30,820,026	\$714,010	\$155,521,351
General Fund revenue ..	5,677,322	169,326	66,066	5,780,582
Donations	61,464			61,464
Total by source ...	131,154,121	30,989,352	780,076	161,363,397
Investment in years prior to June 30, 1990	5,415,395			5,415,395
TOTAL	<u>\$136,569,516</u>	<u>\$30,989,352</u>	<u>\$780,076</u>	<u>\$166,778,792</u>

TOWN OF DARIEN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE BY FUNCTION AND CLASSIFICATION
JUNE 30, 2004

FUNCTION	LAND	LAND IMPROVEMENTS	BUILDINGS	MACHINERY AND EQUIPMENT	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL JUNE 30, 2004
General government	\$ 101,228		\$ 6,974,098	\$ 454,281			\$ 7,529,607
Community environment				41,994			41,994
Public safety	335,501		3,605,002	4,355,137			8,295,640
Health and social services	219,500		754,279				973,779
Parks and recreation	4,231,745		648,615	616,433			5,496,793
Public works	117,750	\$916,300	3,832,314	1,468,951	\$183,723		6,519,038
Board of Education	2,090,974		90,455,622	1,051,527		\$44,323,818	137,921,941
TOTAL	<u>\$7,096,698</u>	<u>\$916,300</u>	<u>\$106,269,930</u>	<u>\$7,988,323</u>	<u>\$183,723</u>	<u>\$44,323,818</u>	<u>\$166,778,792</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, 2004

	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2003		ADDITIONS*	DELETIONS*	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2004
General government	\$	7,529,607			\$ 7,529,607
Community environment .		27,696	\$ 14,298		41,994
Public safety		7,737,134	684,935	\$126,429	8,295,640
Health and social services		973,779			973,779
Park and recreation ...		5,940,092	82,387	525,686	5,496,793
Public works		6,514,950	169,485	165,397	6,519,038
Board of Education		<u>107,846,258</u>	<u>30,075,683</u>		<u>137,921,941</u>
TOTAL		<u>\$136,569,516</u>	<u>\$31,026,788</u>	<u>\$817,512</u>	<u>\$166,778,792</u>

*Includes transfers between functions of \$37,436

TOWN OF DARIEN, CONNECTICUT
 GOVERNMENT-WIDE EXPENSES BY FUNCTION
 LAST TWO FISCAL YEARS

FISCAL YEAR	GENERAL GOVERNMENT	COMMUNITY ENVIRONMENTAL	PUBLIC SAFETY	HEALTH AND SOCIAL SERVICES	LIBRARY	PARKS AND RECREATION	PUBLIC WORKS	EDUCATION	SEWER OPERATIONS	SOLID WASTE	DEBT SERVICE	TOTAL
2004 . . .	\$3,442	\$563	\$7,725	\$1,061	\$1,983	\$1,483	\$4,106	\$55,938	\$1,905	\$1,464	\$2,869	\$82,539
2003* . .	3,032	634	8,399	933	1,905	1,257	3,443	52,025	2,046	1,313	2,541	77,528

*As restated

TOWN OF DARIEN, CONNECTICUT

GOVERNMENT-WIDE REVENUES
LAST TWO FISCAL YEARS

FISCAL YEAR	.....PROGRAM REVENUES.....			.....GENERAL REVENUES.....				TOTAL
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PROPERTY TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PURPOSES	UNRESTRICTED INVESTMENT EARNINGS	OTHER	
2004 ...	\$9,496	\$4,375	\$5,847	\$68,059	\$272	\$601	\$385	\$89,035
2003 ...	8,134	4,343	2,256	63,002	511	715	14	78,975

TOWN OF DARIEN, CONNECTICUT

GENERAL FUND REVENUES BY SOURCE AND OTHER FINANCING SOURCES - BUDGETARY BASIS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

YEAR ENDED JUNE 30,	PROPERTY TAXES	LICENSES AND PERMITS	INTER- GOVERNMENTAL	CHARGES FOR SERVICES	RENTS	FINES AND FORFEITS	BOARD OF EDUCATION	INVESTMENT INCOME	MISCELLANEOUS	OTHER FINANCING SOURCES	TOTAL
1995	\$39,094,569	\$ 824,942	\$ 805,837	\$1,594,990		\$562,145	\$140,003	\$ 777,209	\$250,026	\$ 770,989	\$44,820,710
1996	40,811,375	828,871	800,282	1,298,293		454,870	176,775	829,805	174,675	760,861	46,135,807
1997	43,509,572	920,983	1,444,618	1,129,516		399,343	170,314	956,120	272,088	1,359,506	50,162,060
1998	46,476,935	1,046,052	1,475,905	1,199,143		386,681	202,545	990,182	183,098	976,848	52,937,389
1999	49,243,516	1,119,261	1,515,733	1,229,634		280,671	197,182	1,026,772	276,681	1,224,778	56,114,228
2000	52,300,877	1,334,637	1,441,268	1,045,863	\$591,206	92,184	64,500	1,258,264	56,109	898,500	59,083,408
2001	55,288,801	1,365,464	1,343,703	1,099,586	555,748	93,863	70,265	1,252,078	240,723	765,000	62,075,231
2002	59,399,547	1,580,308	1,791,125	1,040,254	553,924	65,785	41,584	592,812	218,673	936,008	66,220,020
2003	63,354,902	1,856,626	1,806,572	400,653	607,778	60,836	94,051	327,256	77,392	835,022	69,421,088
2004	68,132,134	2,790,174	1,568,613	956,932		57,329	84,956	294,262	333,788	574,567	74,792,755

TOWN OF DARIEN, CONNECTICUTGENERAL FUND EXPENDITURES BY FUNCTION AND OTHER FINANCING USES BUDGETARY BASIS
LAST TEN FISCAL YEARS
(UNAUDITED)

YEAR ENDED JUNE 30,	GENERAL GOVERNMENT	COMMUNITY ENVIRONMENT	PUBLIC SAFETY	HEALTH AND SOCIAL SERVICES	LIBRARY	PARKS AND RECREATION	PUBLIC WORKS	OVERHEAD AND MISCELLANEOUS	BOARD OF EDUCATION	ELDERLY PROPERTY TAX RELIEF	CAPITAL OUTLAY	DEBT SERVICE	OTHER FINANCING USES	TOTAL
1995	\$3,667,232		\$4,653,236	\$1,609,432		\$570,322	\$3,031,302		\$27,310,278	\$175,000	\$ 540,711	\$1,788,176	\$ 844,254	\$44,189,943
1996	4,045,476		4,527,016	1,642,221		569,487	2,784,580		28,614,828	210,000	438,456	2,307,306	632,407	45,771,777
1997	4,095,425		4,714,684	1,716,092		574,658	2,569,796		31,353,359	215,000	799,403	3,568,027	541,542	50,147,986
1998	4,035,151		4,837,031	1,817,943		603,987	2,727,889		32,855,882	215,000	590,988	3,949,023	598,633	52,231,527
1999	4,009,141		5,052,363	1,898,812		625,824	2,867,352		34,394,083	215,000	802,879	4,998,150	1,154,389	56,017,993
2000	1,882,758	\$364,736	5,043,389	827,454	\$1,481,377	655,834	2,879,750	\$1,787,713	36,207,078	215,000	1,270,760	5,167,071	547,200	58,330,120
2001	1,889,287	380,417	5,117,284	693,154	1,597,305	786,495	3,113,276	1,822,323	39,261,000	235,000		5,254,132	1,541,460	61,691,133
2002	2,323,049	410,251	5,339,490	726,315	1,701,556	855,557	2,991,751	2,077,207	42,642,578	235,000		5,452,372	1,946,476	66,701,602
2003	2,247,250	429,617	5,521,293	753,345	1,904,723	895,919	2,070,539	2,571,688	45,336,042			5,684,887	2,348,828	69,764,131
2004	2,422,233	436,976	5,633,866	840,914	1,982,655	950,602	2,295,498	2,761,882	48,570,636			6,300,645	2,734,070	74,929,977

TOWN OF DARIEN, CONNECTICUT
 PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

YEAR ENDED JUNE 30,	TAX RATE IN MILLS	GRAND LIST OF OCTOBER 1, (1)	TOTAL ADJUSTED TAX LEVY (2)	CURRENT TAX COLLECTIONS	PERCENT OF CURRENT TAXES COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	RATIO OF TOTAL TAX COLLECTIONS TO TOTAL TAX LEVY	OUTSTANDING DELINQUENT TAXES	RATIO OF DELINQUENT TAXES TO TOTAL TAX LEVY
1995	14.00	1993	\$38,798,267	\$38,279,883	98.66%	\$644,119	\$38,924,002	100.32%	\$1,099,142	2.8%
1996	14.49	1994	40,492,513	40,048,120	98.90%	567,489	40,615,609	100.30%	952,345	2.4%
1997	15.32	1995	43,407,604	42,883,291	98.79%	425,314	43,308,605	99.77%	1,029,221	2.4%
1998	16.13	1996	46,142,918	45,780,522	99.21%	505,355	46,285,877	100.31%	877,441	1.9%
1999	17.05	1997	49,258,773	48,881,573	99.23%	292,845	49,174,418	99.83%	960,611	2.0%
2000	17.72	1998	52,006,336	51,372,064	98.78%	435,305	51,807,369	99.62%	1,196,843	2.3%
2001	13.06	1999	54,631,487	54,208,455	99.23%	444,092	54,652,547	100.04%	1,101,604	2.0%
2002	14.02	2000	58,772,372	58,387,013	99.34%	273,013	58,660,026	99.81%	1,054,254	1.9%
2003	14.98	2001	62,948,741	62,545,870	99.36%	271,594	62,817,464	99.79%	855,619	1.4%
2004	16.00	2002	67,767,842	67,414,113	99.48%	276,591	67,690,704	99.89%	862,923	1.3%

(1) Property revalued for the Grand List of October 1, 1998.

(2) Tax levy is per \$1,000 of the assessed value of taxable property.

TOWN OF DARIEN, CONNECTICUT

ASSESSED VALUE AND ESTIMATED FULL VALUE OF ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

YEAR ENDED JUNE 30,	GRAND LIST OF OCTOBER 1,	.....REAL PROPERTY.....		.....PERSONAL PROPERTY.....		EXEMPTIONS REAL AND PERSONAL	.....TOTAL.....	
		ASSESSED VALUE	ESTIMATED FULL VALUE (1)	ASSESSED VALUE	ESTIMATED FULL VALUE (1)		ASSESSED VALUE	ESTIMATED FULL VALUE
1995	1993	\$2,630,777,279	\$3,758,253,256	\$153,668,817	\$219,526,881	\$2,275,000	\$2,782,171,096	\$3,977,780,137
1996	1994	2,645,420,734	3,779,172,477	157,624,869	225,178,384	2,245,350	2,800,800,253	4,004,350,861
1997	1995	2,650,203,458	3,786,004,940	125,000,578	178,572,254	2,139,879	2,773,064,157	3,964,577,194
1998	1996	2,664,238,628	3,806,055,183	177,785,697	253,979,567	2,098,839	2,839,925,486	4,060,034,750
1999	1997	2,701,797,264	3,859,710,377	194,968,988	278,527,126	2,353,589	2,894,412,663	4,138,237,503
2000	1998	2,694,200,480	3,848,857,829	209,312,220	299,017,457	2,042,917	2,901,469,783	4,147,875,286
2001	1999	3,960,726,860	5,658,181,229	242,624,815	346,606,879	2,057,835	4,201,293,840	6,004,788,108
2002	2000	3,988,428,240	5,697,754,629	253,239,716	361,771,023	1,709,689	4,239,958,267	6,059,525,652
2003	2001	4,012,273,234	5,731,818,906	253,376,389	361,966,270	1,715,000	4,263,934,623	6,093,785,176
2004	2002	3,987,146,022	5,695,922,888	267,561,396	382,230,566	2,062,203	4,254,707,418	6,078,153,454

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

TOWN OF DARIEN, CONNECTICUTPRINCIPAL TAXPAYERS
(UNAUDITED)

NAME	NATURE OF BUSINESS	TOTAL ASSESSMENT OCTOBER 1, 2002	% OF TAXABLE GRAND LIST (1)
The Wee Burn Country Club, Inc.	Country Club	\$22,636,230	0.53%
William Ziegler III Trust, et al	Real Estate	\$22,441,650	0.53%
Estate of Helen M. Rivoire, et al	Real Estate	\$17,827,880	0.42%
Country Club of Darien	Country Club	\$16,784,680	0.40%
The Nielsen Company	Offices	\$14,309,250	0.34%
Woodway Country Club	Country Club	\$13,241,310	0.31%
Goodwives Center	Shopping Center	\$11,301,920	0.27%
Zotos International, Inc.	Hair Care Products	\$10,143,020	0.24%
Parkland Limited Partnership	Pulp and Paper	\$9,913,570	0.23%
Darien Green Associates	Offices	\$8,430,490	0.20%

(1) Based on 10/1/02 Net Taxable Grand List of \$4,239,958,267

TOWN OF DARIEN, CONNECTICUT
 SPECIAL ASSESSMENT COLLECTIONS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

YEAR ENDED JUNE 30,	CURRENT ASSESSMENTS DUE	CURRENT ASSESSMENTS COLLECTED	RATIO OF COLLECTIONS TO AMOUNT DUE	TOTAL CURRENT AND DEFERRED ASSESSMENTS OUTSTANDING
1995	\$422,390	\$389,947	92.3%	\$ 484,760
1996	175,193	158,106	90.2%	361,094
1997	255,998	238,867	93.3%	2,164,852
1998	357,521	342,783	95.9%	1,901,855
1999	370,916	352,221	95.0%	2,615,777
2000	340,642	309,025	90.7%	2,789,678
2001	348,541	304,246	87.3%	2,955,693
2002	403,541	355,771	88.2%	3,060,279
2003	565,756	390,107	69.0%	2,758,843
2004	379,229	368,875	97.3%	2,875,524

TOWN OF DARIEN, CONNECTICUTCOMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004

Total tax collections (including interest and lien fees):					
For the year ended June 30, 2004:					
Town of Darien					\$67,979,859
Taxing districts					412,744
Reimbursement for revenue loss:					
Tax relief for elderly freeze					<u>14,000</u>
BASE.....					<u>\$68,406,603</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base.	\$153,914,857				
4-1/2 times base.		\$307,829,714			
3-3/4 times base.			\$256,524,761		
3-1/4 times base.				\$222,321,460	
3 times base.....					\$205,219,809
Total debt limitation ..	<u>153,914,857</u>	<u>307,829,714</u>	<u>256,524,761</u>	<u>222,321,460</u>	<u>205,219,809</u>
Indebtedness:					
Bonds payable (1)	1,017,319	65,201,260	4,657,084		
Bond authorized but unissued ...		44,055,000	2,285,000		
Less: School building grants receivable		(13,545,324)			
Total indebtedness	<u>1,017,319</u>	<u>95,710,936</u>	<u>6,942,084</u>		
Debt limitation in excess of indebtedness.....	<u>\$152,897,538</u>	<u>\$212,118,778</u>	<u>\$249,582,677</u>	<u>\$222,321,460</u>	<u>\$205,219,809</u>

Note 1: Total net indebtedness above amounts to \$103,670,339 but in no event shall total indebtedness exceed \$478,846,221 (seven times the base for debt limitation).

Note 2: There is no overlapping debt.

Note 3: School building grants receivable include \$2,886,011 of bond principal grants from the State of Connecticut. Additionally, progress payments of \$10,659,313 (or approximately 20.71%) of eligible project costs on the High School project are included.

TOWN OF DARIEN, CONNECTICUT

RATIO OF NET LONG-TERM BONDED DEBT TO ASSESSED VALUE AND NET LONG-TERM BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

YEAR ENDED JUNE 30,	POPULATION (1)	ASSESSED VALUE (2)	GROSS LONG-TERM BONDED DEBT	GROSS SHORT-TERM DEBT (3)	LESS DEBT PAYABLE FROM NONTAX REVENUE	NET OVERALL DEBT	RATIO OF NET OVERALL DEBT TO ASSESSED VALUE	NET OVERALL DEBT PER CAPITA
1995	18,196	\$2,782,171,096	\$11,950,000		\$3,896,469	\$ 8,053,531	0.29%	\$ 443
1996	19,108	2,800,800,253	21,575,000	\$ 2,065,000	3,611,114	20,028,886	0.72%	1,048
1997	19,108	2,773,064,157	29,350,000	3,300,000	6,030,165	26,619,835	0.96%	1,393
1998	19,271	2,839,925,486	42,300,000		8,449,672	33,850,328	1.19%	1,757
1999	18,085	2,894,412,663	50,595,000		8,781,784	41,813,216	1.44%	2,312
2000	19,607	2,901,469,783	47,930,000		8,059,585	39,870,415	1.37%	2,033
2001	19,607	4,201,293,840	44,510,000	2,364,084	7,599,045	39,275,039	0.93%	2,003
2002	19,607	4,239,958,267	47,006,457		7,138,429	39,868,028	0.94%	2,033
2003	20,049	4,263,934,623	73,388,936		6,714,754	66,674,182	1.56%	3,326
2004	20,049	4,254,707,418	70,186,784	17,400,000	7,543,094	80,732,565	1.88%	3,992

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(1) Source - U.S. Department of Commerce, Bureau of Census.

(2) Source - From Table 4.

(3) Includes bond anticipation notes only.

TOWN OF DARIEN, CONNECTICUT

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)

YEAR ENDED JUNE 30,	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE (2)	TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)	RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
1995	\$1,225,000	\$ 561,650	\$1,786,650	\$44,189,943	4.04%
1996	1,375,000	930,748	2,305,748	45,771,777	5.04%
1997	1,925,000	1,641,495	3,566,495	50,147,986	7.11%
1998	2,300,000	1,647,467	3,947,467	52,231,527	7.56%
1999	3,055,000	1,841,700	4,896,700 (3)	56,017,993	8.74%
2000	2,665,000	2,292,471	4,957,471	58,330,120	8.50%
2001	3,220,000	2,032,782	5,252,782	61,691,133	8.51%
2002	3,398,214	2,052,808	5,451,022	66,701,602	8.17%
2003	3,617,520	2,066,867	5,684,387	69,764,131	8.15%
2004	3,373,278	2,926,867	6,300,145	74,929,977	8.41%

(1) Reflects General Fund expenditures and other financing uses on a budgetary basis.

(2) Excludes bond registration fees and other miscellaneous charges.

(3) Excludes \$100,000 reserved for future debt service.

TOWN OF DARIEN, CONNECTICUTDEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

YEAR ENDED JUNE 30,	POPULATION (1)	REGISTERED VOTERS (2)	SCHOOL ENROLLMENT (3)	UNEMPLOYMENT RATE (4)
1995	18,196	10,729	2,942	2.7%
1996	19,108	11,011	3,108	2.5%
1997	19,108	11,391	3,260	2.3%
1998	19,271	10,934	3,310	2.2%
1999	18,085	10,832	3,497	1.4%
2000	19,607	11,638	3,662	1.1%
2001	19,607	11,370	3,874	1.9%
2002	19,695	11,397	3,927	2.0%
2003	20,049	11,175	4,116	2.8%
2004	20,049	11,397	3,927	2.0%

The 1990 census reported the median age for the Town as 38.2 years.

(1) Source - U.S. Department of Commerce, Bureau of Census and State of Connecticut Department of Health

(2) Source - Town of Darien, Registrars of Voters.

(3) Source - Town of Darien, Board of Education.

(4) Source - State Labor Department.

TOWN OF DARIEN, CONNECTICUT

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(UNAUDITED)

YEAR ENDED JUNE 30,	.....REAL PROPERTY VALUE (1).....			PERMITS	.....CONSTRUCTION VALUE (2).....			BANK DEPOSITS (3)
	RESIDENTIAL	COMMERCIAL	TOTAL		RESIDENTIAL	COMMERCIAL	TOTAL	(DEPOSITS IN \$000S)
1995	\$3,369,670,513	\$388,582,743	\$3,758,253,256	764	\$ 36,657,000	\$ 7,914,000	\$ 44,571,000	\$596,966
1996	3,394,222,734	384,949,743	3,779,172,477	687	33,338,000	7,654,000	40,992,000	568,524
1997	3,386,125,111	399,879,829	3,786,004,940	1,368	37,364,000	12,001,000	49,365,000	552,647
1998	3,403,227,068	402,828,115	3,806,055,183	1,429	50,000,000	6,461,000	56,461,000	602,307
1999	3,442,861,657	416,848,720	3,859,710,377	1,797	56,209,000	6,534,000	62,743,000	613,852
2000	3,425,483,468	423,374,361	3,848,857,829	1,926	86,120,000	13,060,000	99,180,000	651,816
2001	5,658,181,229	346,606,879	6,004,788,108	2,169	92,734,000	9,456,000	102,190,000	679,187
2002	5,697,754,629	361,771,023	6,059,525,652	2,256	93,011,000	15,196,000	108,207,000	730,791
2003	5,731,818,906	361,966,270	6,093,785,176	2,514	115,619,000	6,519,000	122,138,000	n/a
2004	5,695,922,888	382,230,566	6,078,153,454	2,962	119,007,000	9,641,000	128,648,000	n/a

(1) Source - Estimated actual value from Table 4.

(2) Source - Town of Darien, Building Department.

(3) Source - State Banking Commission and Federal Deposit Insurance Corporation (Information about bank deposits within the Town are not available for the entire State of Connecticut).

TOWN OF DARIEN, CONNECTICUT

MISCELLANEOUS STATISTICS

JUNE 30, 2004

(UNAUDITED)

Date of Incorporation	1820
Form of Government	Selectmen/Representative Town Meeting
Area in square miles	14.9 miles
Miles of streets	110 (includes private and state)
Number of street lights	827
Number of Employees (Full and permanent part-time):	
Town	137
Board of Education	672
Recreation:	
Community Centers	1 (Senior Center)
Parks	13
Park acreage	207 acres
Tennis courts	11
Fire Protection:	
Number of stations	3
Number of volunteer fire personnel and officers	60
Number of calls answered	950
Number of fire hydrants:	
Public	500
Private	22
Police Protection:	
Number of stations	1
Number of calls answered	25,842
Number of law violations:	
Criminal arrests	320
Motor vehicle arrests	2,995
Motor vehicle warnings	2,689
Accidents	812
Education:	
Number of elementary schools	5
Number of elementary school instructors	179
Number of middle schools	1
Number of middle school instructors	112
Number of high schools	1
Number of high school instructors	105
Number of private schools	1
