

**TOWN OF DARIEN**  
**CONNECTICUT**



**Comprehensive**  
**Annual Financial Report**

Fiscal Year Ended June 30, 2007

# Comprehensive Annual Financial Report

of the

## **Town of Darien Connecticut**

Fiscal Year Ended June 30, 2007

Prepared by:  
Finance Department  
Kathleen Clarke Buch  
Finance Director

**TOWN OF DARIEN, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# **Introductory Section**



December 10, 2007

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, 2007. This report was prepared by the Town's Finance Department, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, is accurate in all material aspects and that it is presented in a manner designed to illustrate fairly the financial position and results of operations of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

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

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

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

The Board of Finance appointed the accounting firm of Blum, Shapiro & Company, P.C., as the Town's independent auditor for the year 2006-2007. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Federal and State Single Audit Acts. The auditors' report on the basic financial statements is in the financial section of this report. The auditors' reports related specifically to the Federal and State Single Audits are issued in separate reports.

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

## **ORGANIZATION AND SERVICES**

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

The Town of Darien was founded in 1737. The Town has a Representative Town Meeting (RTM) form of government, with a 5 member Board of Selectmen, 7 member Board of Finance and a 9 member Board of Education. The Town operates under the State of Connecticut General Statutes and the Charter and Code of Ordinances of the Town of Darien. The Charter was originally adopted in 1959 and the Code of Ordinances was adopted in 1972. Both are subject to revision on an ongoing basis. The 100 member RTM is the legislative body for the Town. The First Selectman, elected biennially, is the Chief Executive Officer of the Town. The Board of Finance, elected quadrennially to overlapping terms, serves as the Town's fiscal policy maker. Services provided by the Town to residents and taxpayers include general administrative services, public safety, education, public works, parks and recreation, health, social service, planning and zoning and sewer services.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROLS**

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

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

Darien is a community with high per capita income and housing values. Unemployment in Darien is lower than the state and national averages, standing at 3.2% compared to 4.6% and 4.5% for the state and nation. This is in keeping with the trends of the last ten years and is expected to remain stable.

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

The tax base is primarily residential (approximately 95%) with a limited number of commercial office and retail buildings. The value of local construction increased slightly to \$177,926,000, in 2006-2007 representing an 11.5% increase over the previous year. This increase is partly due to permits being issued for the new Tokeneke Elementary School. A total of 876 building permits were issued. Building permits have steadily increased over the last ten years, both in number issued and in value, with a slight distortion in 2003, when permits were issued for the new Darien High School. Growth in Darien will continue to be gradual, due to the limited amount of land available for development.

Property taxes comprise 89.7% of Town General Fund revenues and the current property tax collection rate remains strong at 99.4%. Delinquent collections also remain strong, so that the ratio of total tax collections to the current tax levy is 99.8%.

Intergovernmental revenues represent a small portion of Town revenues, reflecting only 2.3% in the current year. As a result of the Town's heavy reliance on property taxes and continually increasing student enrollment projections, the Board of Finance is preparing a five year financial plan that assumes property tax increases averaging slightly more than 5% for the period. School enrollment is expected to remain steady over the next five years, with no further need for additional classroom space. Construction is near completion on a new Tokeneke Elementary School. The property tax mill rate enacted for 2007-2008, 13.87, represented an increase of 3.5% which was under the projected average.

## **LONG-TERM FINANCIAL PLANNING**

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

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

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

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

### **MAJOR INITIATIVES**

In fiscal year 2006-2007 the Town of Darien continued its practice of regular replacement of equipment for the Public Works Department, Parks & Recreation Department, Police Department and Volunteer Fire Departments. The Town funds accounts for such replacements on a regular basis to avoid large swings in the budget. During FY 2006-2007, over \$770,000 was expended in these programs.

The Town continued with the installation of the new Land Use Software program and began conversion of its GIS System. This fiscal year, \$75,000 was spent on these projects. The program serves the Building, Planning, Zoning and Health Departments as well as the Fire Marshal's Office and the Assessor's Office. Construction has begun on a new Tokeneke Elementary School. The project cost is estimated at \$23 million, with construction expected to be completed in 2008. Occupancy of the new school is scheduled for January, 2009.

Other school projects continuing include the installation of air conditioning on the third floor of the Middlesex Middle School a second turf field at the High School, a new roof on the Hindley Elementary School. New projects include partial re-roofing of Royle School, replacement of boilers at Ox Ridge School and installation of a new turf baseball field at the high school. The combined cost of these projects is over \$2,800,000.

The Town continues to install new sewer lines as needed and as requested. The projects are funded through property assessments. Over \$400,000 was spent on such projects in FY 2007. Sidewalk rehabilitation projects continued, costing \$150,000. Funds exceeding \$160,000 were also granted to the Darien Housing Authority for a reconstruction project.

## **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 seventeen 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 accounting principles generally accepted in the United States of America 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 the GFOA.

## **ACKNOWLEDGEMENTS**

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

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

Respectfully submitted,

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

Kathleen Clarke Buch  
Finance Director

**TOWN OF DARIEN  
PRINCIPAL OFFICIALS**

**AS OF JUNE 30, 2007**

**BOARD OF SELECTMEN:**

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

**BOARD OF FINANCE:**

D. Craig Curtis, Chairman  
Thomas Volpe, Vice Chairman  
Kathy Hammell  
Peter Hovell  
Martha Banks  
Marcia Pontius  
Murry Stegelmann

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

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

# **Financial Section**



## Report of Independent Accountants

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, 2007, 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 consideration of internal control financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Darien, Connecticut, as of June 30, 2007, 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 December 10, 2007 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 conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 40 through 45 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 introductory section, 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 introductory section and 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.

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

December 10, 2007

## TOWN OF DARIEN, CONNECTICUT

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

This discussion and analysis of the Town of Darien, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2007. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to VI. All amounts are expressed in thousands unless otherwise noted.

#### FINANCIAL HIGHLIGHTS

- Net assets of our governmental activities increased by \$9,452, or 8.1%.
- During the year, the Town had expenses that were \$9,452 less than the \$89,716 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$105,678 with no new programs added this year.
- The General Fund reported a fund balance this year of \$17,047.
- The resources available for appropriation were \$2,093 more than budgeted for the General Fund. Expenditures were kept within spending limits.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to VI. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

#### *Government-Wide Financial Statements*

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Town's net assets and changes in them. The Town's net assets, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net assets and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including general government, community environment, public safety, health and social services, library, parks and recreation, public works, education, sewer and solid waste. Property taxes, charges for services, and state and federal grants finance most of these activities.

### ***Fund Financial Statements***

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town of Darien establishes many other funds to help control and manage financial activities for particular purposes (like the Sewer Operations) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut). The Town's funds are divided into two categories: governmental and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Fiduciary Funds (Exhibits V and VI)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Town’s combined net assets increased from a year ago increasing from \$107,128 to \$116,580. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental activities.

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

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
Current and other assets	\$ 45,701	\$ 36,263
Capital assets	176,538	166,325
Total assets	<u>222,239</u>	<u>202,588</u>
Long-term debt outstanding	84,660	89,827
Other liabilities	20,999	5,633
Total liabilities	<u>105,659</u>	<u>95,460</u>
Net assets		
Invested in capital assets, net of debt	80,136	76,273
Unrestricted	<u>36,444</u>	<u>30,855</u>
Total Net Assets	<u>\$ 116,580</u>	<u>\$ 107,128</u>

The Town’s net assets have been restated as of July 1, 2006 to account for the addition of infrastructure assets required by GASB Statement No. 34. Net assets increased by \$9,814.

Net assets of the Town’s governmental activities increased by 8.8%. 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 \$30,855 at June 30, 2006 to \$36,445 at the end of this year.

This change in unrestricted governmental net assets resulted primarily because of increased revenue collections in the area of prior year taxes, investment income and building fees. The Town has a significant school construction project underway at this time. The Town’s investment in capital assets is \$80,136. This amount represents the original cost of assets, less accumulated depreciation and is net of any debt outstanding that was used to acquire those assets.

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

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
Revenues:		
Program revenues:		
Charges for services	\$ 12,222	\$ 9,855
Operating grants and contributions	8,581	6,183
Capital grants and contributions	4,611	6,559
General revenues:		
Property taxes	85,996	82,426
Grants and contributions not restricted to specific Purposes	255	276
Unrestricted investment earnings	2,855	1,709
Other general revenues	610	387
Total revenues	<u>115,130</u>	<u>107,395</u>
Program expenses:		
General government	3,477	3,546
Community environment	863	643
Public safety	9,683	9,344
Health and social services	1,416	1,252
Library	2,388	2,300
Parks and recreation	1,571	1,500
Public works	7,494	3,526
Board of Education	71,884	70,118
Sewer operations	2,061	2,114
Solid waste	1,318	1,580
Debt service	3,523	2,947
Total program expenses	<u>105,678</u>	<u>98,870</u>
Increase in Net Assets	\$ <u>9,452</u>	\$ <u>8,525</u>

The Town's total revenues (excluding special items) were \$115,130. The total cost of all programs and services was \$105,678. Our analysis below considers the operations of governmental activities.

***Governmental Activities***

Property taxes were 74.69% of revenues and charges for services accounted for 10.62%. Capital grants of \$4,611 were primarily grants from the State of Connecticut for school construction projects (\$2,999). The 2006-2007 property tax collection rate was 99.39%. Licenses and permits decreased by \$109 primarily due to decreases in Town Clerk fees. Intergovernmental revenue increased due to increases in the school construction grants. School principal and interest subsidy grants on pre-1996 construction projects continue to decline, which corresponds to the decline in the debt service for older school projects. Investment income increased due to the increase in available funds and interest rates.

On the expense side, general government was down, primarily due to a decrease in legal expenses. Education expenses are the most significant component accounting for 68.0%. Public works increased due to higher depreciation expense. Board of Education increased because of increased enrollment, negotiated wage increases, increased medical expenses and the opening of the new high school. Debt service increased as a result of new debt issued for school construction projects.

Table 3 presents the cost of each of the Town’s five largest programs - general government, public safety, public works, education and library - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General government	\$ 3,477	\$ 3,546	\$ 1,541	\$ 1,478
Public safety	9,683	9,344	6,684	7,166
Public works	7,494	3,526	5,705	(430)
Education	71,884	70,118	58,916	62,619
Library	2,388	2,300	2,388	2,300

**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 \$17,181, which is a decrease from last year’s total of \$23,295. The most significant component of the change in fund balance came from the Capital Projects Fund. The Capital Projects fund balance decreased by \$11,285. This resulted from a liability for bond anticipation notes of \$15,578 partially offset by transfers of \$4,300 and capital grants from the State of Connecticut of \$2,164. The fund had expenditures of \$18,972.

***General Fund Budgetary Highlights***

Additional appropriations for the year were \$1,166. A contingency of \$582 was included in the original budget. This contingency covered items such as unsettled labor contracts and other unexpected expenses. Additional appropriations were for a variety of purposes, including legal expenses, pension contributions and school project financing.

Actual revenues were higher than budgetary estimates by approximately \$2,093. Investment income exceeded budgetary estimates by \$1,261. This was due to higher interest rates and increased funds invested. There were also increases in other accounts, such as building permit fees.

Actual expenditures were less than budgetary estimates by \$1,026. The largest single contributor to this was the Board of Education.

The Town's General Fund balance of \$17,047 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$16,780. This is principally because budgetary fund balance does not include \$267 of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At June 30, 2007, the Town had \$176,540 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 \$10,215, or 6.1%, over last year.

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

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
Land	\$ 7,097	\$ 7,097
Buildings	136,252	138,008
Land improvements	1,555	1,686
Machinery and equipment	4,855	4,105
Infrastructure	11,520	12,686
Construction in progress	15,261	2,743
Totals	<u>\$ 176,540</u>	<u>\$ 166,325</u>

This year's major additions included:

Construction at Darien High School	\$ 1,643
Construction of new sewer lines	1,356
New Turf Baseball Field at High School - in progress	897
Construction of a new Tokeneke Elementary School - in progress	11,864

The Town's fiscal-year 2007-08 capital budget calls for it to spend another \$3,890 for capital projects (not including construction of the new elementary school), principally for vehicle and equipment replacement. More detailed information about the Town's capital assets is presented in Notes 1 and 6 to the financial statements.

**Long-Term Debt**

At June 30, 2007, the Town had \$83,096 in bonds and notes outstanding versus \$88,430 last year.

New debt resulted from the issuance of bond anticipation notes for construction of the new high school, new elementary school and sewer line expansion. Current year debt principal paid amounted to \$5,501.

The Town's general obligation bonds continue to carry a rating of Aaa, the highest rating possible, a rating that has been assigned by national rating agencies to the Town's debt since 1973. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$603,463 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 2008 budget tax rates, and fees that will be charged for services. One of those factors is the economy. Unemployment in the Town now stands at 3.2% versus 3.0% a year ago. This compares with the State's unemployment rate of 4.6% and the national rate of 4.5%.

Inflation in the Darien area was slightly lower than the national Consumer Price Index (CPI) increase. The Town's CPI increase was 2.5% for fiscal year 2007 compared with the average U.S. Town rate increase of 2.7%.

These indicators were taken into account when adopting the General Fund budget for 2007-08. Amounts available for appropriation in the General Fund budget are \$98,924, an increase of 5.7% over the final 2007 budget of \$93,564. Property taxes (benefiting from the 2007 rate increases and growth in the grand list) and investment income 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 \$1,100 to support the budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to increase by June 30, 2008.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

# Basic Financial Statements



## TOWN OF DARIEN, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 20007

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	\$ 3,477,118	\$ 1,906,244	\$ 29,500	\$	\$ (1,541,374)
Community environment	862,597	69,765			(792,832)
Public safety	9,682,425	2,951,570	46,397		(6,684,458)
Health and social services	1,415,975	102,754	323,273	32,300	(957,648)
Library	2,388,326				(2,388,326)
Parks and recreation	1,570,851	326,387			(1,244,464)
Public works	7,494,468	208,905		1,580,045	(5,705,518)
Board of Education	71,883,791	1,873,052	8,095,904	2,999,079	(58,915,756)
Sewer operations	2,060,706	3,595,567			1,534,861
Solid waste	1,318,404	1,187,650			(130,754)
Interest on long-term debt	3,523,179		85,792		(3,437,387)
Total Governmental Activities	\$ 105,677,840	\$ 12,221,894	\$ 8,580,866	\$ 4,611,424	(80,263,656)
General revenues:					
Property taxes					85,996,341
Grants and contributions not restricted to specific programs					254,600
Unrestricted investment earnings					2,855,363
Miscellaneous					609,556
Total general revenues					89,715,860
Change in net assets					9,452,204
Net Assets, Beginning of Year, as Restated					107,128,113
Net Assets, End of Year					\$ 116,580,317

The accompanying notes are an integral part of the financial statements

## TOWN OF DARIEN, CONNECTICUT

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2007

	<u>General</u>	<u>Sewer Operating</u>	<u>Sewer Assessment</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 21,067,101	\$ 7,414,608	\$ 1,223,305	\$ 2,662,139	\$ 1,218,902	\$ 33,586,055
Investments					1,009,994	1,009,994
Receivables, net	3,435,550	159,091	4,641,047	2,193,282	202,026	10,630,996
Due from other funds	259,213	9,177		1,380,905	457,738	2,107,033
Inventories					7,654	7,654
Other assets	7,778			26,428		34,206
	<u>7,778</u>			<u>26,428</u>		<u>34,206</u>
Total Assets	<u>\$ 24,769,642</u>	<u>\$ 7,582,876</u>	<u>\$ 5,864,352</u>	<u>\$ 6,262,754</u>	<u>\$ 2,896,314</u>	<u>\$ 47,375,938</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 2,784,784	\$ 65,886	\$ 42,845	\$ 1,949,043	\$ 213,388	\$ 5,055,946
Due to other funds	1,844,691	300		173,247	88,795	2,107,033
Deferred revenue	3,093,219	159,091	4,641,047	52,555	85,985	8,031,897
Bond anticipation notes payable				15,000,000		15,000,000
Total liabilities	<u>7,722,694</u>	<u>225,277</u>	<u>4,683,892</u>	<u>17,174,845</u>	<u>388,168</u>	<u>30,194,876</u>
Fund balances:						
Reserved for encumbrances	267,274	1,154,502	1,180,460	670,819	1,024,590	4,297,645
Unreserved, reported in:						
General Fund	16,779,674					16,779,674
Special Revenue Funds		6,203,097			1,483,556	7,686,653
Capital Project Funds				(11,582,910)		(11,582,910)
Total fund balances	<u>17,046,948</u>	<u>7,357,599</u>	<u>1,180,460</u>	<u>(10,912,091)</u>	<u>2,508,146</u>	<u>17,181,062</u>
Total Liabilities and Fund Balances	<u>\$ 24,769,642</u>	<u>\$ 7,582,876</u>	<u>\$ 5,864,352</u>	<u>\$ 6,262,754</u>	<u>\$ 2,896,314</u>	
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.						176,538,668
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.						7,948,866
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.						<u>(85,088,279)</u>
Net Assets of Governmental Activities (Exhibit I)						<u>\$ 116,580,317</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF DARIEN, CONNECTICUT

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General</u>	<u>Sewer Operating</u>	<u>Sewer Assessment</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 85,836,854					\$ 85,836,854
Intergovernmental	8,088,165			2,164,390	882,504	11,135,059
Charges for services	896,064	2,676,216	729,709		4,387,903	8,689,892
Income on investments	1,960,870	361,405	7,983	395,591	129,514	2,855,363
Miscellaneous	4,235,554	63,235	5,115	834,689	118,218	5,256,811
Total revenues	<u>101,017,507</u>	<u>3,100,856</u>	<u>742,807</u>	<u>3,394,670</u>	<u>5,518,139</u>	<u>113,773,979</u>
Expenditures:						
Current:						
General government	2,594,173				19,439	2,613,612
Community environment	560,108					560,108
Public safety	6,165,758				952,879	7,118,637
Health and social services	1,041,417				15,068	1,056,485
Library	2,388,326					2,388,326
Parks and recreation	940,417					940,417
Public works	2,280,824				402,648	2,683,472
Board of Education	64,441,577				2,629,779	67,071,356
Sewer operations		2,060,706				2,060,706
Solid waste					1,318,404	1,318,404
General overhead	4,170,159					4,170,159
Capital outlay				18,972,841		18,972,841
Debt service	8,933,828					8,933,828
Total expenditures	<u>93,516,587</u>	<u>2,060,706</u>	<u>-</u>	<u>18,972,841</u>	<u>5,338,217</u>	<u>119,888,351</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,500,920</u>	<u>1,040,150</u>	<u>742,807</u>	<u>(15,578,171)</u>	<u>179,922</u>	<u>(6,114,372)</u>
Other Financing Sources (Uses):						
Transfers in	500,032	11,120		4,300,787	634,420	5,446,359
Transfers out	(4,818,820)	(53,807)	(422,045)	(7,625)	(144,062)	(5,446,359)
Total other financing sources (uses)	<u>(4,318,788)</u>	<u>(42,687)</u>	<u>(422,045)</u>	<u>4,293,162</u>	<u>490,358</u>	<u>-</u>
Net Change in Fund Balances	3,182,132	997,463	320,762	(11,285,009)	670,280	(6,114,372)
Fund Balances, Beginning of Year	<u>13,864,816</u>	<u>6,360,136</u>	<u>859,698</u>	<u>372,918</u>	<u>1,837,866</u>	
Fund Balances, End of Year	<u>\$ 17,046,948</u>	<u>\$ 7,357,599</u>	<u>\$ 1,180,460</u>	<u>\$ (10,912,091)</u>	<u>\$ 2,508,146</u>	

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

Governmental funds reported 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.	10,274,206
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 amount represents the loss on assets disposed.	(60,514)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	109,627
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments 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 of bond debt repayment.	5,500,643
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.	(257,386)

Change in Net Assets of Governmental Activities (Exhibit II) \$ 9,452,204

The accompanying notes are an integral part of the financial statements

## TOWN OF DARIEN, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2007

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$ 1,143,880	\$ 401,567
Investments:		
Unit trusts	624,177	
Equity securities	34,278,311	
Mutual funds	25,890,362	
Receivables:		
Interest and dividends	163,428	
Other	<u>55,509</u>	
Total assets	62,155,667	<u><u>\$ 401,567</u></u>
Liabilities:		
Accounts and other payables		<u><u>\$ 401,567</u></u>
Net Assets:		
Held in trust for pension benefits	<u><u>\$ 62,155,667</u></u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF DARIEN, CONNECTICUT

## FIDUCIARY FUNDS

## COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS

## PENSION TRUST FUNDS

## FOR THE YEAR ENDED JUNE 30, 2007

## Additions:

## Contributions:

Employer	\$ 1,808,359
Plan members	1,002,630
Total contributions	<u>2,810,989</u>

## Investment income:

Net appreciation in fair value of investments	7,826,187
Interest and dividends	729,847
Total investment income	<u>8,556,034</u>

Total additions	<u>11,367,023</u>
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## Deductions:

Benefits	2,938,962
Administration	397,242
Total deductions	<u>3,336,204</u>

Net Increase	8,030,819
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Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>54,124,848</u>
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Net Assets Held in Trust for Pension Benefits, End of Year	<u><u>\$ 62,155,667</u></u>
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The accompanying notes are an integral part of the financial statements

# TOWN OF DARIEN, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Darien, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

#### A. Reporting Entity

The reporting entity of the Town consists of all Town departments, the Board of Education, commissions, boards, authorities and funds.

The Town was founded in 1737. The Town has a Representative Town Meeting (RTM) form of government, with a 5 member Board of Selectmen, 7 member Board of Finance and a 9 member Board of Education. The Town operates under the State of Connecticut General Statutes and the Charter and Code of Ordinances of the Town of Darien. The Charter was originally adopted in 1959 and the Code of Ordinances was adopted in 1972. Both are subject to revision on an ongoing basis. The 100 member RTM is the legislative body for the Town. The First Selectman, elected biennially, is the Chief Executive Officer of the Town. The Board of Finance, elected quadrennially to overlapping terms, serves as the Town's fiscal policy maker. Services provided by the Town to residents and taxpayers include general administrative services, public safety, education, public works, parks and recreation, health, social service, planning and zoning and sewer services. The Town has no component units.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

#### **Governmental Funds**

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

*General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund.

Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

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

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

### **Fiduciary Funds**

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

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

*Agency Funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Board of Education Student Activity Fund is the Town's only agency fund.

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements (except for agency funds which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

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

The Sewer Assessment Fund is used to account for receipt and assessment functions for sewers.

The Capital Projects Fund is used to account for the financial resources for the acquisition and construction of major capital facilities.

Additionally, the Town reports the following fund types:

The Pension Trust Funds account for the activities of the Darien Retirement System, which accumulates resources for pension benefit payments to qualified Town employees and Police Officers.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

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

#### **D. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 4.

Investments are reported at fair value.

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

The Town's property tax is levied each July 1, on the assessed value listed on the prior October 1, Grand List for all taxable property located in the Town. Although taxes are levied in June, the legal right to attach the property does not exist until July 1. Therefore, taxes are due and payable in equal installments on July 1, and January 1, following the date of the Grand List. Interest of 1½% per month is charged on delinquent taxes. Liens are effective on the attachment date and are continued by filing prior to the following levy date. Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31, and are payable in one installment due January 1. An amount of \$55,727 has been established as an allowance for uncollectible taxes. At June 30, 2007, this represents 5.0% of all property taxes receivable.

## F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<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 of 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 \$85,088,279 difference are as follows:

Bonds payable	\$	83,915,000
Less:		
Deferred charges - refunding		(1,455,432)
Deferred charges - unamortized issuance costs		(376,334)
Compensated absences		1,564,657
Clean water notes payable		636,128
Accrued interest payable		<u>804,260</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	\$	<u><u>85,088,279</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 \$7,948,866 difference are as follows:

Property taxes	\$ 893,668
Accrued interest on property taxes	388,245
School building grants	1,811,306
Assessments	4,641,047
Sewer use	130,856
Accrued interest on sewer use	28,235
Net pension asset	<u>55,509</u>
Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	\$ <u><u>7,948,866</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 \$10,274,206 difference are as follows:

Capital outlay	\$ 18,500,503
Depreciation expense	<u>(8,226,297)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	\$ <u><u>10,274,206</u></u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$5,500,642 difference are as follows:

Principal repayments:	
General obligation debt	\$ 5,460,000
Clean water notes	<u>40,643</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	\$ <u><u>5,500,643</u></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 \$1,181,889 were approved during the year.
- Generally, all unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward.

The Sewer Operating Fund, a major fund, has an annual legally adopted budget. Other nonmajor funds with annually adopted budgets are the Waste Management Fund, Parking Operations and the Animal Control Fund. Establishment of the budget requires Board of Selectmen, Board of Finance and RTM approval. There were no additional appropriations approved during the year for the Sewer Operating Fund. All budgets are on the modified accrual basis of accounting.

Expenditures of funds for long-term capital improvements are budgeted by project each year. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

#### 4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

##### A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2007:

Deposits:	
Demand accounts	\$ 242,099
Interest bearing accounts	<u>10,337,912</u>
Total deposits	10,580,011
Petty cash accounts	7,820
Cash equivalents:	
State Short-Term Investment Fund (STIF)	20,147,621
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	3,252,171
Pension Trust Funds - Cash Management Assets	<u>1,143,879</u>
Total Cash and Cash Equivalents	<u>\$ 35,131,502</u>

## Deposits

At June 30, 2007, the carrying amount of the Town deposits was \$10,580,011, and the bank balance was \$11,284,897.

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a deposit policy for custodial credit risk. Of the June 30, 2007 bank balance, \$736,441 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$1,164,115, based on June 30, 2007 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$9,384,341 was uninsured and uncollateralized.

## Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2007, the Town's cash equivalents amounted to \$24,543,671. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

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

## B. Investments

Investments as of June 30, 2007 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Unit Trusts	\$ 624,177
Common stock	34,364,868
Pooled open-end mutual fund accounts:	
Pension Trust Funds	25,890,362
Nonmajor governmental funds	<u>923,437</u>
Total	<u>\$ 61,802,844</u>

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

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

*Concentration of Credit Risk* - The Town's investment policy does not allow for an investment in any one issuer that is in excess of 5% of the Town's total investments.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town maintains a listing of financial institutions approved to provide custody based on their creditworthiness in accordance with the Town's investment policy. The investment policy details the information which must be provided by financial institutions on an annual basis to become or remain qualified for investment transactions. At June 30, 2007, the Town had \$34,364,868 worth of uninsured and unregistered common stock that was held by the Bank of America or by its trust department or agent that was not in the Town's name.

## 5. RECEIVABLES

Receivables as of year end for the Town's individual major funds, and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Sewer Operating</u>	<u>Sewer Assessment</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Interest on delinquent taxes	\$ 388,245	\$	\$	\$	\$	\$ 388,245
Taxes	1,101,951					1,101,951
Accounts	189,775	130,856			189,618	510,249
Special assessments			4,641,047			4,641,047
Intergovernmental	1,811,306			2,193,282	12,408	4,016,996
Interest receivable		28,235				28,235
Investment income					218,937	218,937
Gross receivables	<u>3,491,277</u>	<u>159,091</u>	<u>4,641,047</u>	<u>2,193,282</u>	<u>420,963</u>	<u>10,905,660</u>
Less allowance for property tax uncollectibles	<u>(55,727)</u>					<u>(55,727)</u>
Net Total Receivables	<u>\$ 3,435,550</u>	<u>\$ 159,091</u>	<u>\$ 4,641,047</u>	<u>\$ 2,193,282</u>	<u>\$ 420,963</u>	<u>\$ 10,849,933</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 893,668	\$
Interest and delinquent property tax	388,245	
Special assessments not yet due	4,641,047	
Grant drawdowns prior to meeting all eligibility requirements		138,540
School building grants	1,811,306	
Sewer use receivables	130,856	
Interest on sewer use receivable	<u>28,235</u>	
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 7,893,357</u>	 <u>\$ 138,540</u>

## 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 7,096,698	\$	\$	\$	\$ 7,096,698
Construction in progress	<u>2,742,920</u>	<u>13,423,495</u>	<u></u>	<u>(905,834)</u>	<u>15,260,581</u>
Total capital assets not being depreciated	<u>9,839,618</u>	<u>13,423,495</u>	<u>-</u>	<u>(905,834)</u>	<u>22,357,279</u>
Capital assets being depreciated:					
Buildings	169,881,655	2,184,080			172,065,735
Land improvements	2,586,046	16,303			2,602,349
Machinery and equipment	9,044,526	1,397,658	345,548		10,096,636
Infrastructure	<u>33,057,278</u>	<u>1,478,967</u>	<u></u>	<u>905,834</u>	<u>35,442,079</u>
Total capital assets being depreciated	<u>214,569,505</u>	<u>5,077,008</u>	<u>345,548</u>	<u>905,834</u>	<u>220,206,799</u>
Less accumulated depreciation for:					
Buildings	31,873,438	3,940,774			35,814,212
Land improvements	899,993	146,850			1,046,843
Machinery and equipment	4,940,127	587,087	285,034		5,242,180
Infrastructure	<u>20,370,589</u>	<u>3,551,586</u>	<u></u>	<u></u>	<u>23,922,175</u>
Total accumulated depreciation	<u>58,084,147</u>	<u>8,226,297</u>	<u>285,034</u>	<u>-</u>	<u>66,025,410</u>
Total capital assets being depreciated, net	<u>156,485,358</u>	<u>(3,149,289)</u>	<u>60,514</u>	<u>905,834</u>	<u>154,181,389</u>
Governmental Activities Capital Assets, Net	<u>\$ 166,324,976</u>	<u>\$ 10,274,206</u>	<u>\$ 60,514</u>	<u>\$ -</u>	<u>\$ 176,538,668</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$	143,443
Community environment		29,386
Public safety		304,270
Health and social services		159
Parks and recreation		82,628
Public works		3,743,276
Education		<u>3,923,135</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>8,226,297</u></u>

The Town has implemented the provisions of GASB Statement No. 34 which require the reporting of infrastructure assets acquired prior to July 1, 2002. Infrastructure assets of \$30,127,369 and accumulated depreciation of \$20,313,487 have been recorded.

### Construction Commitments

The Town has active construction projects as of June 30, 2007. A summary of capital projects at June 30, 2007 is as follows:

	Project Authorization	Project Expenditures			Balance
		2006/2007	Cumulative	Encumbrances	
Public Works Garage	\$ 1,200,000	\$	\$ 1,176,592	\$	\$ 23,408
Clean Water Fund	1,500,000		1,093,433		406,567
Sewer Line Expansion	6,430,827	341,171	5,084,692	602,125	744,010
Middle School Expansion	27,006,500		27,005,099		1,401
High School Building	75,799,440	1,663,477	73,853,611	65,846	1,879,983
Capital Nonrecurring Expenditures	16,240,505	4,387,375	13,730,000	336,545	2,173,960
Parking Capital	365,420	20,304	20,304	3,096	342,020
Tokeneke School	23,170,000	11,930,882	13,282,312		9,887,688

## 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2007 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	\$ 170,117
General Fund	Nonmajor Governmental Funds	88,795
Capital Projects Fund	General Fund	1,380,905
Sewer Operating Fund	General Fund	9,177
Nonmajor Governmental Funds	Capital Projects Fund	3,130
General Fund	Sewer Operating Fund	300
Nonmajor Governmental Funds	General Fund	<u>454,609</u>
 Total		 \$ <u><u>2,107,033</u></u>

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

Interfund Transfers:

	<b>Transfers In</b>				<b>Total</b>
	<b>General Fund</b>	<b>Sewer Operating</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental</b>	
Transfers out:					
General Fund	\$	\$ 11,120	\$ 4,180,905	\$ 626,795	\$ 4,818,820
Sewer Operating Fund	53,807				53,807
Sewer Assessment Fund	422,045				422,045
Capital Projects				7,625	7,625
Nonmajor Governmental Funds	24,180		119,882		144,062
Total Transfers Out	\$ <u>500,032</u>	\$ <u>11,120</u>	\$ <u>4,300,787</u>	\$ <u>634,420</u>	\$ <u>5,446,359</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 \$303,826 for the year ended June 30, 2007. These leases are cancelable at any time before the expiration date of the year 2010. The future minimum lease payments for these leases are as follows:

#### Year Ending June 30,

2008	\$ 306,274
2009	290,078
2010	289,660
2011	288,061
2012	255,620
2013	<u>253,740</u>
Total	\$ <u>1,683,433</u>

## 9. BOND ANTICIPATION NOTES

The Town issued \$15,000,000 of bond anticipation notes dated November 1, 2006 maturing on August 1, 2007. The coupon rate is 4%. The notes are for the High School project \$1,200,000 and the Tokeneke School project \$13,800,000.

## 10. LONG-TERM DEBT

### Governmental Activities

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 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	\$ 89,375,000	\$	\$ 5,460,000	\$ 83,915,000	\$ 6,070,000
Clean water notes	676,771		40,643	636,128	41,463
Less deferred amounts:					
Refunding bonds	<u>(1,621,686)</u>		<u>(166,254)</u>	<u>(1,455,432)</u>	
Total bonds and notes payable	88,430,085		5,334,389	83,095,696	6,111,463
Compensated absences	1,357,189	1,291,437	1,083,969	1,564,657	994,023
Net pension obligation	<u>40,071</u>		<u>40,071</u>	<u>-</u>	
Governmental Activity					
Long-Term Liabilities	<u>\$ 89,827,345</u>	<u>\$ 1,291,437</u>	<u>\$ 6,458,429</u>	<u>\$ 84,660,353</u>	<u>\$ 7,105,486</u>

Bonds and notes outstanding by issue at June 30, 2007 were:

<u>Description</u>	<u>Year of Maturity</u>	<u>Interest Rate (%)</u>	<u>Balance June 30, 2007</u>
General Obligation Bonds:			
Middle School expansion	2019	4.0-5.125	\$ 2,472,082
Advance refunding	2018	4.0-5.125	11,075,000
Darien High School	2022	3.50-5.00	680,000
Darien High School	2023	3.0-5.0	11,375,000
Refunding - 2004	2018	1.0-3.75	7,324,000
Darien High School	2024	3.0-5.0	9,625,000
Refunding - 2005	2024	3.0-4.75	28,588,000
DHS & Tokeneke	2025	3.75-5.75	6,650,000
Special Assessment Debt with Town			
Commitment:			
Nolen Lane	2019	4.0-5.125	97,918
Peach Hill	2022	3.50-5.00	135,000
Harbor/Ring's End, etc	2022	3.50-5.00	135,000
Refunding - 2004	2018	1.0-3.75	1,831,000
Refunding - 2005	2024	3.0-4.75	1,077,000
Multiple Sewers	2025	3.75-5.75	2,850,000
State Loans:			
Clean Water	2022	2.0	<u>636,128</u>
Total			<u>\$ 84,551,128</u>

During fiscal year 2007, 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 \$422,045, respectively, toward these payments. The Sewer Operating Fund is responsible for debt service of the sewer rehabilitation bonds, and the Sewer Assessment Fund is responsible for the majority of debt service for the sewer construction bonds. Payment of the principal and interest on Special Assessment Sewer Bonds is guaranteed by the full faith and credit of the Town.

The following is a summary of long-term debt principal and interest maturities. The State of Connecticut will provide future payments to subsidize the debt cost. Principal debt subsidies of \$1,881,306 and interest subsidies of \$352,864 will be received over the life of the outstanding debt.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 6,111,463	\$ 3,158,138
2009	6,137,300	2,945,976
2010	6,163,154	2,732,791
2011	6,144,025	2,507,026
2012	6,119,913	2,274,426
2013-2017	28,843,537	7,823,637
2018-2022	18,841,736	3,039,574
2023-2026	6,190,000	360,806
Total	<u>\$ 84,551,128</u>	<u>\$ 24,842,374</u>

#### Authorized Unissued Bonds

At June 30, 2007, the Town had \$1,385,000 of authorized, unissued bonds for sewer line extension projects, \$18,115,000 for the Darien High School Building Project, \$22,470,000 for the Tokeneke Elementary School Project and \$4,200,000 for the purchase of the Darien Library building. The Darien High School Project is estimated to receive \$15,690,000 in State of Connecticut grants to reduce the amount of borrowing required for the project. The Tokeneke Elementary School Project is estimated to receive \$4,170,000 in State of Connecticut grants to reduce the amount of borrowing required for the project. This amount is approximately 20.7% of total eligible costs.

#### Debt Limit

The Town's total indebtedness does not exceed the limit of \$603 million allowed by State Statute.

#### Advance Refundings

In prior years, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2007, \$25,552,000 of the defeased debt is outstanding.

#### Compensated Absences

The liability for compensated absences increased by \$207,468 this year. These liabilities are paid by the General Fund, Sewer Operating Fund, Parking Operations Fund and Solid Waste Fund.

## 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 natural disasters. The Town purchases commercial insurance for all risks of loss, except dental claims as discussed below. During the year ended June 30, 2007, 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 2006-07 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium paid in 2006/07 was \$691,346. 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 \$-0- reported at June 30, 2007, is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

The analysis of the activity in the claims liability is as follows:

	<u>Claims Payable July 1,</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30,</u>
2005-2006	\$ 17,251	\$ 1,914,561	\$ 1,921,988	\$ 9,824
2006-2007	9,824	1,873,020	1,882,844	-

## 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, 2007 is presented below:

General Fund:	
Reserved for encumbrances	\$ 267,274
Sewer Operating:	
Reserved for encumbrances	1,154,502
Sewer Assessment Fund:	
Reserved debt service	1,180,460
Capital Projects Fund:	
Reserved for encumbrances	670,819
Other Governmental Funds:	
Reserved for inventory	7,654
Reserved for encumbrances	96,929
Reserved for benefits	<u>920,007</u>
Total	\$ <u>4,297,645</u>

### Deficits

The Capital Projects fund has a fund balance deficit of \$10,912,091. The deficit will be funded by when the bond anticipation notes are permanently funded.

## 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 who retired between July 1, 1999 and June 30, 2002 will make a 10% cost-sharing contribution, employees retiring on or after July 1, 2002 will make a 12% cost-sharing contribution and for all employees retiring after July 1, 1999, the police union will make a 15% cost-sharing contribution. Eligible retirees may reject the coverage and receive in lieu of such coverage, a payment equal to 1/3 of the annual premium cost for the plan he or she most recently had and rejected. It is the Town's plan to actuarially fund the post-retirement medical insurance benefit. As of June 30, 2007, fourteen (14) retirees are receiving this benefit at a cost to the Town of \$153,078 for the year. The Board of Education also provides post-retirement health care benefits for noncertified 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 \$15,000 was made in 2006-07 for one (1) retiree. Retirees over age 65 who are eligible to receive a pension are paid \$850 annually, until their death, toward the purchase of a supplemental health care plan. Also, the Board pays such retirees the cost of participating in Medicare "B." Payments to twenty-six (26) such retirees for Medical and Medicare "B" costs totaled approximately \$51,272 for the year ended June 30, 2007.

**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 noncertified Board of Education employees.

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

At July 1, 2005 (date of the last valuation), membership in the Town Plan consisted of:

Retirees, disabled members and beneficiaries currently receiving benefits	140
Terminated members entitled to benefits but not yet receiving them	6
Current active members	<u>336</u>
Total	<u><u>482</u></u>

The Town Plan provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of employment. If any employee leaves covered employment or dies before ten years of employment, accumulated employee contributions plus related investment earnings are refunded.

Benefit and contribution provisions are subject to collective bargaining. These provisions are established by ordinance and may be amended only by concurrence of the Board of Selectmen, Board of Finance and the Representative Town Meeting for non-bargaining unit employees.

Town of Darien Police Pension Fund

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

At July 1, 2005, membership in the Police Plan consisted of:

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

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

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

Basis of Accounting

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

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

Valuation of Investments

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

**C. Contributions**

Town employees are required to contribute 5% of their annual salary. The Police are required to contribute 6% of their annual salary. The Town is required by ordinance to contribute the remaining amounts necessary to provide the retirement benefits. The Town’s contributions are actuarially determined on an annual basis. Administrative costs are financed through investment earnings.

**D. Schedule of Funding Progress**

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

**Police**

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Under (Over) Funded AAL (OAAL) (b-a)	Percentage Funded (a/b)	Covered Payroll (c)	Under (Over) Funded AAL as a % of Covered Payroll
2002*	\$ 23,373,615	21,101,112	(2,272,503)	110.8%	3,082,706	(73.7)%
2001	24,048,094	20,323,584	(3,724,510)	118.3%	2,753,485	(135.3)%
2000	23,717,414	19,611,768	(4,105,646)	120.9%	2,805,216	(146.4)%

\* The Plans have changed to the aggregate cost method as of July 1, 2003. Since the aggregate cost method does not calculate an actuarial accrued liability, this schedule will not include entries after 2002. The Town will implement the provisions of GASB Statement No. 50 beginning with its next actuarial report July 1, 2007.

**E. Schedule of Employer Contributions**

**Town**

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2007	\$ 1,133,022	\$ 1,133,022	100.0%
2006	1,127,980	1,127,980	100.0%
2005	953,347	898,319	94.2%
2004	875,362	712,456	81.4%
2003	264,087	284,240	107.6%
2002	-	-	-

**Police**

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2007	\$ 675,337	\$ 675,337	100.0%
2006	585,335	585,335	100.0%
2005	490,221	490,221	100.0%
2004	191,138	191,138	100.0%
2003	-	-	-
2002	-	-	-

## F. Actuarial Assumptions

The data presented in the schedule of funding progress (Note 14.D) and schedule of employer contributions (Note 14.E) were determined as part of the actuarial valuation at the date indicated.

Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	July 1, 2005
Actuarial cost method	Aggregate
Asset valuation method	5 Years smoothed market
Actuarial assumptions:	
Rate of Return	7.5%
Projected salary increases	4.5%
COLA	None

## G. Annual Pension Cost and Net Pension Asset

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

	<u>Town Plan</u>	<u>Police Plan</u>
Annual required contribution	\$ 1,037,960	\$ 675,337
Interest on net pension obligation	3,005	
Adjustment to annual required contribution	<u>(3,523)</u>	
Annual pension cost	1,037,442	675,337
Contributions made	<u>1,133,022</u>	<u>675,337</u>
Decrease in net pension obligation	(95,580)	
Net pension obligation, beginning of year	<u>40,071</u>	<u>-</u>
Net Pension (Asset) Obligation, End of Year	<u>\$ (55,509)</u>	<u>\$ -</u>

## H. Trend Information

<u>Town</u>			
<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2007	\$ 1,037,442	100.1%	\$ (55,509)
2006	1,134,517	99.4%	40,071
2005	970,136	92.6%	33,534

**Police**

<b>Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
2007	\$ 675,337	100%	\$ -
2006	585,335	100%	-
2005	490,221	100%	-

**I. Separate Plan Financial Information**

**Schedule of Plan Net Assets  
June 30, 2007**

	<b>Police</b>	<b>Town</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 283,190	\$ 860,690	\$ 1,143,880
Investments:			
Unit trusts	283,894	340,283	624,177
Equity securities	15,429,475	18,848,836	34,278,311
Mutual funds	11,809,751	14,080,611	25,890,362
Receivables:			
Investment income	73,009	90,419	163,428
Other		55,509	55,509
Total assets	<u>27,879,319</u>	<u>34,276,348</u>	<u>62,155,667</u>
Net assets:			
Net Assets Held in Trust	<u>\$ 27,879,319</u>	<u>\$ 34,276,348</u>	<u>\$ 62,155,667</u>

**Schedule of Changes in Plan Net Assets  
For the Year Ended June 30, 2007**

	<u>Police</u>	<u>Town</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 675,337	\$ 1,133,022	\$ 1,808,359
Plan members	214,468	788,162	1,002,630
Total contributions	<u>889,805</u>	<u>1,921,184</u>	<u>2,810,989</u>
Investment income:			
Net appreciation in fair value of investments	3,543,384	4,282,803	7,826,187
Interest and dividends	336,464	393,383	729,847
Total investment income	<u>3,879,848</u>	<u>4,676,186</u>	<u>8,556,034</u>
Total additions	<u>4,769,653</u>	<u>6,597,370</u>	<u>11,367,023</u>
Deductions:			
Benefits	1,502,124	1,436,838	2,938,962
Administration	178,697	218,545	397,242
Total deductions	<u>1,680,821</u>	<u>1,655,383</u>	<u>3,336,204</u>
Net increase	3,088,832	4,941,987	8,030,819
Net Assets Held in Trust for Employees' Pension Benefits, Beginning of Year	<u>24,790,487</u>	<u>29,334,361</u>	<u>54,124,848</u>
Net Assets Held in Trust for Employees' Pension Benefits, End of Year	<u>\$ 27,879,319</u>	<u>\$ 34,276,348</u>	<u>\$ 62,155,667</u>

**J. Teachers' Retirement Plan**

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

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$30,807,572.

The retirement system for teachers is funded by the State based upon the recommendation of the Teacher's Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2007, the Town has recorded in the General Fund intergovernmental revenue schools and schools expenditures in the amount of \$3,869,438 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. RESTATEMENT - INFRASTRUCTURE**

In accordance with Governmental Accounting Standards Board Statement No. 34, the Town capitalized infrastructure acquired prior to July 1, 2002 as of July 1, 2006. The result of this restatement was an increase in capital assets and net assets of \$9,813,882.

#### **16. SUBSEQUENT EVENTS**

On August 1, 2007, the Town issued \$18,000,000 of bond anticipation notes that mature on January 22, 2008 and bear interest of 4.25%.

#### **17. CONTINGENT LIABILITIES**

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of management and the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Required Supplementary  
Information

## TOWN OF DARIEN, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes:				
Property taxes current	\$ 84,508,459	\$ 84,508,459	\$ 84,994,129	\$ 485,670
Property taxes prior	290,000	290,000	388,021	98,021
Suspense tax collections	1,000	1,000	3,093	2,093
Telecommunication property tax	131,544	131,544	123,367	(8,177)
Interest and liens	230,000	230,000	328,244	98,244
Total property taxes	<u>85,161,003</u>	<u>85,161,003</u>	<u>85,836,854</u>	<u>675,851</u>
Licenses and permits:				
Town Clerk	1,500,000	1,500,000	1,853,324	353,324
Building, plumbing and other	978,400	978,400	1,569,484	591,084
Food establishment	60,000	60,000	43,910	(16,090)
Private disposal and water supply	34,000	34,000	45,669	11,669
Fire Marshal's revenue	4,000	4,000	6,024	2,024
Street operating permits	18,000	18,000	12,100	(5,900)
Other	9,000	9,000	13,175	4,175
Total licenses and permits	<u>2,603,400</u>	<u>2,603,400</u>	<u>3,543,686</u>	<u>940,286</u>
Intergovernmental:				
Capital improvement grant	110,955	110,955	110,746	(209)
Housing Authority	88,000	88,000	73,441	(14,559)
Taxes on State-owned land	94,761	94,761	98,700	3,939
Pequot distribution	15,606	15,606	22,140	6,534
Circuit breaker	73,000	73,000	60,696	(12,304)
Elderly tax relief	14,000	14,000	14,000	-
Veterans' exemption	7,700	7,700	3,705	(3,995)
Court fines	3,000	3,000	19,921	16,921
Boating safety enforcement	18,700	18,700	18,715	15
Infrastructure - Town aid	154,581	154,581	167,354	12,773
State school reimbursement	393,694	393,694	393,820	126
Education cost-sharing grant	1,031,384	1,031,384	1,165,460	134,076
Other	14,904	14,904	55,359	40,455
Total intergovernmental	<u>2,020,285</u>	<u>2,020,285</u>	<u>2,204,057</u>	<u>183,772</u>

(Continued on next page)

## TOWN OF DARIEN, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Charges for services:				
Sale of codes, regulations, etc.	\$ 6,000	\$ 6,000	\$ 2,825	\$ (3,175)
GIS fees	1,000	1,000		(1,000)
Planning and zoning application	18,600	18,600	18,782	182
ZBA application fees	20,240	20,240	19,536	(704)
EPC application fees	30,000	30,000	31,447	1,447
Other planning fees	8,500	8,500	10,820	2,320
Services for Sewer Commission Authority	42,000	42,000	42,000	-
Services for Parking Fund	68,039	68,039	68,039	-
Parking meters and permits	117,650	117,650	140,866	23,216
Youth Commission fees	189,815	189,815	218,244	28,429
Beach parking permits	223,925	223,925	199,270	(24,655)
Boat launch fees	8,525	8,525	8,835	310
Paddle court fees	29,853	29,853	20,841	(9,012)
Parks and recreation	59,880	59,880	97,441	37,561
Other	15,500	15,500	17,118	1,618
Total charges for services	<u>839,527</u>	<u>839,527</u>	<u>896,064</u>	<u>56,537</u>
Fines and forfeits	<u>18,000</u>	<u>18,000</u>	<u>17,999</u>	<u>(1)</u>
Board of Education	<u>73,200</u>	<u>167,598</u>	<u>167,333</u>	<u>(265)</u>
Investment income	<u>700,000</u>	<u>700,000</u>	<u>1,960,870</u>	<u>1,260,870</u>
Miscellaneous:				
Metro mobile rent	88,000	88,000	94,915	6,915
Coin operated Xerox machine	11,000	11,000	14,978	3,978
Commission on Aging - van	25,567	26,458	32,300	5,842
Other rents	20,500	20,500	26,928	6,428
Insurance recoveries	20,000	20,000	50,264	30,264
Other	30,100	30,100	310,990	280,890
Total miscellaneous	<u>195,167</u>	<u>196,058</u>	<u>530,375</u>	<u>334,317</u>
Total revenues	<u>91,610,582</u>	<u>91,705,871</u>	<u>95,157,238</u>	<u>3,451,367</u>

(Continued on next page)

## TOWN OF DARIEN, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Other financing sources:				
Transfers in:				
Sewer Assessment Fund	\$ 422,045	\$ 422,045	\$ 422,045	\$ -
Sewer Operating Fund	53,807	53,807	53,807	-
Interest from other funds	50,000	50,000	24,180	(25,820)
Total transfers in	<u>525,852</u>	<u>525,852</u>	<u>500,032</u>	<u>(25,820)</u>
Appropriation of fund balance	<u>245,538</u>	<u>1,332,138</u>	<u>-</u>	<u>(1,332,138)</u>
Total other financing sources	<u>771,390</u>	<u>1,857,990</u>	<u>500,032</u>	<u>(1,357,958)</u>
Total Revenues and Other Financing Sources	<u>\$ 92,381,972</u>	<u>\$ 93,563,861</u>	95,657,270	<u>\$ 2,093,409</u>

Budgetary revenues are different than GAAP revenues because:

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

3,869,438

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

(23,839)

The Board of Education does not budget for certain intergovernmental  
grants which are credited against expenditures for budgetary reporting.  
These amounts are recorded as revenues and expenditures for financial  
reporting purposes.2,014,670Total revenues and other financing sources as reported on the Statement  
of Revenues, Expenditures and Changes in Fund Balances - Governmental  
Funds - Exhibit IV\$ 101,517,539

## TOWN OF DARIEN, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General government:				
Selectmen's office	\$ 159,376	\$ 171,041	\$ 169,178	\$ 1,863
Administrative Officer	340,094	360,520	357,160	3,360
Human Resources	103,893	100,077	99,042	1,035
RTM	1,880	2,230	2,142	88
Financial management	337,972	353,008	351,187	1,821
Board of Finance	30,250	30,250	30,225	25
Tax Assessor	258,909	247,403	244,380	3,023
Tax Collector	219,604	224,511	223,506	1,005
Legal services	380,790	610,790	598,655	12,135
Town Clerk	247,126	249,202	244,633	4,569
Registrar of Voters	88,974	104,536	99,549	4,987
Information services	242,191	238,090	222,388	15,702
Probate court	11,300	11,300	10,540	760
Total general government	<u>2,422,359</u>	<u>2,702,958</u>	<u>2,652,585</u>	<u>50,373</u>
Community environment:				
Development Planning	443,967	452,007	445,001	7,006
Planning and Zoning	34,355	35,930	33,969	1,961
Zoning Appeals	6,220	4,184	4,081	103
Environmental Protection	5,845	12,130	10,712	1,418
Regional Planning	6,063	6,063	6,063	-
Beautification	33,000	33,000	33,000	-
Celebrations and observances	11,500	26,500	18,909	7,591
Harbor Master	375	1,875	1,610	265
Revitalize Downtown Darien	7,500	7,500	7,500	-
Total community environment	<u>548,825</u>	<u>579,189</u>	<u>560,845</u>	<u>18,344</u>
Public safety:				
Building Department	<u>297,250</u>	<u>298,603</u>	<u>296,530</u>	<u>2,073</u>
Police Department:				
Administration	432,950	456,894	451,628	5,266
Criminal Investigation	391,453	383,537	382,876	661
Patrol	3,090,035	3,107,594	3,102,960	4,634
Records	250,857	254,303	245,356	8,947
Youth	76,815	105,436	105,436	-
Marine Patrol	8,200	8,200	8,122	78
Training	117,460	136,671	135,559	1,112
Traffic and School Crossing	96,700	100,840	100,010	830
Fleet Services	144,220	158,635	156,471	2,164
Station maintenance and communication	185,127	196,215	186,290	9,925
Miscellaneous	1,300	300	221	79
Total Police Department	<u>4,795,117</u>	<u>4,908,625</u>	<u>4,874,929</u>	<u>33,696</u>

(Continued on next page)

## TOWN OF DARIEN, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Fire service and emergency medical service:				
Darien Fire Department	\$ 116,738	\$ 116,738	\$ 105,720	\$ 11,018
Noroton Fire Department	128,203	129,199	127,942	1,257
Noroton Heights Fire Department	110,816	114,076	113,809	267
Board of Fire Commissioners	56,690	56,690	51,985	4,705
Fire Marshal	248,950	247,454	246,626	828
Hydrants and main rental	275,000	271,740	271,490	250
Disaster Preparedness	7,250	7,386	7,380	6
Emergency medical service	84,280	94,994	88,248	6,746
Total fire service and emergency medical service	1,027,927	1,038,277	1,013,200	25,077
Total public safety	6,120,294	6,245,505	6,184,659	60,846
Public works:				
Administration	285,647	295,668	293,402	2,266
Roadway and walkway maintenance	1,538,389	1,576,287	1,570,032	6,255
Public building management	334,546	389,649	389,241	408
Parking facility	49,721	49,721	49,318	403
Total public works	2,208,303	2,311,325	2,301,993	9,332
Health and social services:				
Social services	185,015	192,689	192,236	453
Social service - outside assistance	11,000	11,000	10,529	471
Senior Center	202,022	205,306	204,693	613
Senior transportation	25,567	32,762	32,300	462
Youth programs	270,485	275,517	260,631	14,886
Youth services grants	92,075	92,075	92,075	-
Other outreach services	5,700	5,700	5,700	-
Health Department	200,652	247,074	246,477	597
Total health and social services	992,516	1,062,123	1,044,641	17,482
Parks and recreation:				
Administration	246,525	254,895	250,657	4,238
Beach and court facilities	183,657	156,207	151,990	4,217
Maintenance and repair	352,073	334,418	326,507	7,911
Organized recreation activities	35,297	34,624	32,391	2,233
Grounds, fields, building	225,481	230,420	195,293	35,127
Total parks and recreation	1,043,033	1,010,564	956,838	53,726
Overhead and miscellaneous:				
Employee benefits	3,266,134	3,275,767	3,178,183	97,584
Risk management	858,992	860,208	859,360	848
Contingency	582,785	155,773	135,803	19,970
Total overhead and miscellaneous	4,707,911	4,291,748	4,173,346	118,402

(Continued on next page)

## TOWN OF DARIEN, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Library	\$ 2,389,502	\$ 2,389,502	\$ 2,388,326	\$ 1,176
Board of Education - operations	59,032,677	59,032,677	58,339,657	693,020
Board of Education - other	73,200	167,598	166,853	745
Debt service:				
Schools	8,313,309	8,165,260	8,165,260	-
Town	115,456	88,013	88,013	-
Sewer	680,060	680,060	680,055	5
Servicing bonds	3,000	2,650	500	2,150
Total debt service	9,111,825	8,935,983	8,933,828	2,155
Total expenditures	88,650,445	88,729,172	87,703,571	1,025,601
Other financing uses:				
Transfers out:				
Animal Control	54,673	54,673	54,673	-
Refuse disposal	200,000	202,962	202,962	-
Retiree medical	369,160	369,160	369,160	-
Parking capital	245,538	245,538	245,538	-
Sewer Operating Fund		11,120	11,120	-
Baseball Turf Field Fund		300,000	300,000	-
Capital nonrecurring expenditures	2,862,156	3,635,367	3,635,367	-
Total other financing uses	3,731,527	4,818,820	4,818,820	-
Total	\$ 92,381,972	\$ 93,547,992	92,522,391	\$ 1,025,601

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State

Teachers' Retirement System for Town teachers are not budgeted.

3,869,438

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.

(71,092)

The Board of Education does not budget for certain intergovernmental grants which are credited against expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.

2,014,670

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

\$ 98,335,407

## TOWN OF DARIEN, CONNECTICUT

## SEWER OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Licenses and permits	\$ 7,000	\$ 7,000	\$ 16,950	\$ 9,950
Charges for services	2,553,887	2,553,887	2,676,216	122,329
Fines and forfeits	50,000	50,000	45,849	(4,151)
Investment income	100,000	100,000	361,405	261,405
Miscellaneous income			436	436
Total revenues	<u>2,710,887</u>	<u>2,710,887</u>	<u>3,100,856</u>	<u>389,969</u>
Expenditures:				
Sewer operations:				
Administration	259,609	297,647	268,699	(28,948)
Collection and pumping	925,616	895,849	528,791	(367,058)
Treatment service	2,230,337	2,230,577	1,092,240	(1,138,337)
Overhead and miscellaneous	176,518	179,127	170,976	(8,151)
Total expenditures	<u>3,592,080</u>	<u>3,603,200</u>	<u>2,060,706</u>	<u>(1,542,494)</u>
Excess (deficiency) of revenues over expenditures	<u>(881,193)</u>	<u>(892,313)</u>	<u>1,040,150</u>	<u>1,932,463</u>
Other financing sources (uses):				
Operating transfers in		11,120	11,120	-
Operating transfers out	<u>(53,807)</u>	<u>(53,807)</u>	<u>(53,807)</u>	-
Net other financing uses	<u>(53,807)</u>	<u>(42,687)</u>	<u>(42,687)</u>	-
Appropriation of fund balance	<u>935,000</u>	<u>935,000</u>	-	-
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ (935,000)</u>	997,463	<u>\$ 1,932,463</u>
Fund Balance, Beginning of Year			<u>6,360,136</u>	
Fund Balance, End of Year			<u>\$ 7,357,599</u>	

# Combining and Individual Fund Statements and Schedules

General Fund

## **GENERAL FUND**

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

## TOWN OF DARIEN, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 21,067,101	\$ 15,506,364
Receivables:		
Taxes	1,046,224	865,062
Intergovernmental	1,811,306	2,119,334
Other	578,020	331,592
Due from other funds	259,213	312,316
Advances to other organizations		348,884
Prepaid expenses	<u>7,778</u>	
Total Assets	<u>\$ 24,769,642</u>	<u>\$ 19,483,552</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 2,784,784	\$ 2,247,238
Due to other funds	1,844,691	253,105
Deferred revenue	<u>3,093,219</u>	<u>3,118,393</u>
Total liabilities	<u>7,722,694</u>	<u>5,618,736</u>
Fund balance:		
Reserved for encumbrances	267,274	228,555
Unreserved:		
Designated for subsequent year budget	1,100,000	245,538
Undesignated	<u>15,679,674</u>	<u>13,390,723</u>
Total fund balance	<u>17,046,948</u>	<u>13,864,816</u>
Total Liabilities and Fund Balance	<u>\$ 24,769,642</u>	<u>\$ 19,483,552</u>

**TOWN OF DARIEN, CONNECTICUT**  
**REPORT OF PROPERTY TAX COLLECTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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Grand List Year	Uncollected Taxes June 30, 2006	Current Levy	Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2007
			Additons	Deductions			Taxes	Interest	Liens	Total	
1991	\$ 1,002	\$	\$	\$	\$	\$ 1,002	\$	\$ 143	\$	\$ 143	\$ 1,002
1992	1,035					1,035		5		5	1,035
1993	1,071		103			1,174	103	19		122	1,071
1994	4,154					4,154	3,045	2,898	24	5,967	1,109
1995	9,320					9,320	5,448	6,351	24	11,823	3,872
1996	12,352					12,352	3,390	5,472	24	8,886	8,962
1997	13,057					13,057	3,583	5,224	24	8,831	9,474
1998	27,497					27,497	12,777	14,729	48	27,554	14,720
1999	30,428			4		30,424	3,878	8,403	24	12,305	26,546
2000	42,421					42,421	9,797	6,679	48	16,524	32,624
2001	56,807					56,807	8,262	6,561	48	14,871	48,545
2002	118,744		2,534	750		120,528	18,897	8,384	96	27,377	101,631
2003	177,864		31,516	2,570		206,810	81,393	18,915	240	100,548	125,417
2004	425,037		42,625	24,819		442,843	239,966	39,023	744	279,733	202,877
Total prior years	920,789	-	76,778	28,143	-	969,424	390,539	122,806	1,344	514,689	578,885
2005		85,654,467	65,275	181,429		85,538,313	85,015,247	202,791	124	85,218,162	523,066
Total	\$ 920,789	\$ 85,654,467	\$ 142,053	\$ 209,572	\$ -	\$ 86,507,737	\$ 85,405,786	\$ 325,597	\$ 1,468	\$ 85,732,851	\$ 1,101,951

Special Revenue Funds

## SPECIAL REVENUE FUNDS

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

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

**TOWN OF DARIEN, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

**JUNE 30, 2007**

	<b>Special Revenue</b>						
	<b>Animal Control</b>	<b>Cafeteria</b>	<b>Special Education Grants</b>	<b>Land Purchase Option</b>	<b>Solid Waste Management</b>	<b>Special Education Reserve</b>	<b>Waste Disposal</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 22,503	\$ 132,053	\$ 47,272	\$ 69,832	\$ 99,731	\$	\$ 89,847
Investments							
Receivables:							
Intergovernmental		8,804					
Other					68,823		
Due from other funds			2,304		202,304	250,000	
Inventory		7,654					
<b>Total Assets</b>	<b>\$ 22,503</b>	<b>\$ 148,511</b>	<b>\$ 49,576</b>	<b>\$ 69,832</b>	<b>\$ 370,858</b>	<b>\$ 250,000</b>	<b>\$ 89,847</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts and other payables	\$ 9,273	\$	\$ 4,607	\$	\$ 114,119	\$	\$
Due to other funds	285						
Deferred revenue							
<b>Total liabilities</b>	<b>9,558</b>	<b>-</b>	<b>4,607</b>	<b>-</b>	<b>114,119</b>	<b>-</b>	<b>-</b>
<b>Fund balance:</b>							
Reserved		7,654					
Unreserved reported in:							
Undesignated	12,945	140,857	44,969	69,832	256,739	250,000	89,847
<b>Total fund balance</b>	<b>12,945</b>	<b>148,511</b>	<b>44,969</b>	<b>69,832</b>	<b>256,739</b>	<b>250,000</b>	<b>89,847</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 22,503</b>	<b>\$ 148,511</b>	<b>\$ 49,576</b>	<b>\$ 69,832</b>	<b>\$ 370,858</b>	<b>\$ 250,000</b>	<b>\$ 89,847</b>

(Continued on next page)

## TOWN OF DARIEN, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2007

	Special Revenue							
	Police Extra Duty	Fire Alarm	State and Federal Grants	Social Services Gift	Sarah Wilson Trust	Harold Dean Trust	George Nelson Trust	Bruno Scholarship
<b>Assets</b>								
Cash and cash equivalents	\$ 85,695	\$ 48,564	\$ 165,680	\$ 10,630	\$ 8,532	\$ 1,439	\$ 6,345	\$ 2,491
Investments								
Receivables:								
Intergovernmental			299					
Other	81,817	2,441						
Due from other funds								
Inventory								
<b>Total Assets</b>	<u>\$ 167,512</u>	<u>\$ 51,005</u>	<u>\$ 165,979</u>	<u>\$ 10,630</u>	<u>\$ 8,532</u>	<u>\$ 1,439</u>	<u>\$ 6,345</u>	<u>\$ 2,491</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts and other payables	\$ 65,984	\$ 1,100	\$ 7,799	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	24,180							
Deferred revenue			85,985					
<b>Total liabilities</b>	<u>90,164</u>	<u>1,100</u>	<u>93,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance:</b>								
Reserved								
Unreserved reported in:								
Undesignated	77,348	49,905	72,195	10,630	8,532	1,439	6,345	2,491
<b>Total fund balance</b>	<u>77,348</u>	<u>49,905</u>	<u>72,195</u>	<u>10,630</u>	<u>8,532</u>	<u>1,439</u>	<u>6,345</u>	<u>2,491</u>
<b>Total Liabilities and Fund Balances<sup>5</sup></b>	<u>\$ 167,512</u>	<u>\$ 51,005</u>	<u>\$ 165,979</u>	<u>\$ 10,630</u>	<u>\$ 8,532</u>	<u>\$ 1,439</u>	<u>\$ 6,345</u>	<u>\$ 2,491</u>

(Continued on next page)

**TOWN OF DARIEN, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**

**JUNE 30, 2007**

	<u>Special Revenue</u>							<b>Total Nonmajor Governmental Funds</b>
	<b>Police Retiree Medical Reserve</b>	<b>Stadium Field</b>	<b>Police Supplemental Benefit</b>	<b>Firefighters Memorial</b>	<b>Parking Operations</b>	<b>Park Pals Play Area Trust</b>	<b>Veterans Memorial</b>	
<b>Assets</b>								
Cash and cash equivalents	\$	\$ 1,350	\$ 3,637	\$ 450	\$ 390,387	\$ 32,464	\$	\$ 1,218,902
Investments	920,007		89,987					1,009,994
Receivables:								
Intergovernmental			3,305					12,408
Other					36,537			189,618
Due from other funds							3,130	457,738
Inventory								7,654
<b>Total Assets</b>	<b>\$ 920,007</b>	<b>\$ 1,350</b>	<b>\$ 96,929</b>	<b>\$ 450</b>	<b>\$ 426,924</b>	<b>\$ 32,464</b>	<b>\$ 3,130</b>	<b>\$ 2,896,314</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts and other payables	\$	\$	\$	\$	\$ 10,134	\$	\$ 372	\$ 213,388
Due to other funds					64,330			88,795
Deferred revenue								85,985
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,464</b>	<b>-</b>	<b>372</b>	<b>388,168</b>
<b>Fund balance:</b>								
Reserved	920,007		96,929					1,024,590
Unreserved reported in:								
Undesignated		1,350		450	352,460	32,464	2,758	1,483,556
<b>Total fund balance</b>	<b>920,007</b>	<b>1,350</b>	<b>96,929</b>	<b>450</b>	<b>352,460</b>	<b>32,464</b>	<b>2,758</b>	<b>2,508,146</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 920,007</b>	<b>\$ 1,350</b>	<b>\$ 96,929</b>	<b>\$ 450</b>	<b>\$ 426,924</b>	<b>\$ 32,464</b>	<b>\$ 3,130</b>	<b>\$ 2,896,314</b>

## TOWN OF DARIEN, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Special Revenue</u>						
	<u>Animal Control</u>	<u>Cafeteria</u>	<u>Special Education Grants</u>	<u>Land Purchase Option</u>	<u>Solid Waste Management</u>	<u>Special Education Reserve</u>	<u>Waste Disposal</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Licenses and permits	4,556	91,267	682,594		235,917		
Charges for services		1,873,052			925,014		
Fines and forfeits	2,240				26,719		
Investment income				2,739			3,504
Contributions							
Miscellaneous			61,649				
Total revenues	<u>6,796</u>	<u>1,964,319</u>	<u>744,243</u>	<u>2,739</u>	<u>1,187,650</u>	<u>-</u>	<u>3,504</u>
Expenditures:							
Current:							
General government							
Public safety	60,118						
Public health							
Public works							
Board of Education		1,767,310	818,976				
Solid waste					1,318,404		
Total expenditures	<u>60,118</u>	<u>1,767,310</u>	<u>818,976</u>	<u>-</u>	<u>1,318,404</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(53,322)</u>	<u>197,009</u>	<u>(74,733)</u>	<u>2,739</u>	<u>(130,754)</u>	<u>-</u>	<u>3,504</u>
Other financing sources (uses):							
Transfers in	54,673				202,962		
Transfers out							
Total other financing sources (uses)	<u>54,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,962</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,351	197,009	(74,733)	2,739	72,208	-	3,504
Fund balance, beginning of year	<u>11,594</u>	<u>(48,498)</u>	<u>119,702</u>	<u>67,093</u>	<u>184,531</u>	<u>250,000</u>	<u>86,343</u>
Fund Balance, End of Year	<u>\$ 12,945</u>	<u>\$ 148,511</u>	<u>\$ 44,969</u>	<u>\$ 69,832</u>	<u>\$ 256,739</u>	<u>\$ 250,000</u>	<u>\$ 89,847</u>

(Continued on next page)

TOWN OF DARIEN, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Special Revenue</u>							
	<u>Police Extra Duty</u>	<u>Fire Alarm</u>	<u>State and Federal Grants</u>	<u>Social Services Gift</u>	<u>Sarah Wilson Trust</u>	<u>Harold Dean Trust</u>	<u>George Nelson Trust</u>	<u>Bruno Scholarship</u>
Revenues:								
Intergovernmental	\$	\$	\$ 108,643	\$	\$	\$	\$	\$
Licenses and permits								
Charges for services	652,550							
Fines and forfeits		34,532						
Investment income				45	406	68	301	140
Contributions				11,520				
Miscellaneous								
Total revenues	<u>652,550</u>	<u>34,532</u>	<u>108,643</u>	<u>11,565</u>	<u>406</u>	<u>68</u>	<u>301</u>	<u>140</u>
Expenditures:								
Current:								
General government			13,816	5,123				500
Public safety	635,858	26,425	8,820					
Public health			15,068					
Public works								
Board of Education			43,493					
Solid waste								
Total expenditures	<u>635,858</u>	<u>26,425</u>	<u>81,197</u>	<u>5,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Excess (deficiency) of revenues over expenditures	<u>16,692</u>	<u>8,107</u>	<u>27,446</u>	<u>6,442</u>	<u>406</u>	<u>68</u>	<u>301</u>	<u>(360)</u>
Other financing sources (uses):								
Transfers in								
Transfers out	(24,180)							
Total other financing sources (uses)	<u>(24,180)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(7,488)</u>	<u>8,107</u>	<u>27,446</u>	<u>6,442</u>	<u>406</u>	<u>68</u>	<u>301</u>	<u>(360)</u>
Fund balance, beginning of year	<u>84,836</u>	<u>41,798</u>	<u>44,749</u>	<u>4,188</u>	<u>8,126</u>	<u>1,371</u>	<u>6,044</u>	<u>2,851</u>
Fund Balance, End of Year	<u>\$ 77,348</u>	<u>\$ 49,905</u>	<u>\$ 72,195</u>	<u>\$ 10,630</u>	<u>\$ 8,532</u>	<u>\$ 1,439</u>	<u>\$ 6,345</u>	<u>\$ 2,491</u>

(Continued on next page)

**TOWN OF DARIEN, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Special Revenue						Total Nonmajor Governmental Funds	
	Police Retiree Medical Reserve	Stadium Field	Police Supplemental Benefit	Firefighters Memorial	Parking Operations	Park Pals Play Area Trust		Veterans Memorial
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	
Licenses and permits					569,827		882,504	
Charges for services							810,300	
Fines and forfeits					63,496		3,450,616	
Investment income	110,665		3,368		8,278		126,987	
Contributions							129,514	
Miscellaneous			26,929		18,120		11,520	
Total revenues	110,665	-	30,297	-	659,721	-	-	5,518,139
Expenditures:								
Current:								
General government							19,439	
Public safety	205,420					11,371	4,867	952,879
Public health							15,068	
Public works					402,648		402,648	
Board of Education							2,629,779	
Solid waste							1,318,404	
Total expenditures	205,420	-	-	-	402,648	11,371	4,867	5,338,217
Excess (deficiency) of revenues over expenditures	(94,755)	-	30,297	-	257,073	(11,371)	(4,867)	179,922
Other financing sources (uses):								
Transfers in	369,160						7,625	634,420
Transfers out					(119,882)			(144,062)
Total other financing sources (uses)	369,160	-	-	-	(119,882)	-	7,625	490,358
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	274,405	-	30,297	-	137,191	(11,371)	2,758	670,280
Fund balance, beginning of year	645,602	1,350	66,632	450	215,269	43,835	-	1,837,866
Fund Balance, End of Year	\$ 920,007	\$ 1,350	\$ 96,929	\$ 450	\$ 352,460	\$ 32,464	\$ 2,758	\$ 2,508,146

## TOWN OF DARIEN, CONNECTICUT

## ANIMAL CONTROL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Licenses and permits	\$ 4,311	\$ 4,311	\$ 4,556	\$ 245
Fines and forfeits	2,400	2,400	2,240	(160)
Investment income	100	100		(100)
Total revenues	<u>6,811</u>	<u>6,811</u>	<u>6,796</u>	<u>(15)</u>
Expenditures:				
Public safety	<u>61,484</u>	<u>61,484</u>	<u>60,118</u>	<u>(1,366)</u>
Deficiency of revenues over expenditures	(54,673)	(54,673)	(53,322)	1,351
Other financing sources:				
Transfers in	<u>54,673</u>	<u>54,673</u>	<u>54,673</u>	<u>-</u>
Excess of Revenues and Other Financing Sources over Expenditures	\$ <u>-</u>	\$ <u>-</u>	1,351	\$ <u>1,351</u>
Fund Balance, Beginning of Year			<u>11,594</u>	
Fund Balance, End of Year			\$ <u>12,945</u>	

## TOWN OF DARIEN, CONNECTICUT

## SOLID WASTE MANAGEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Licenses and permits	\$ 229,275	\$ 229,275	\$ 235,917	\$ 6,642
Charges for services	1,224,736	1,224,736	925,014	(299,722)
Fines and forfeits	12,000	12,000	26,719	14,719
Total revenues	<u>1,466,011</u>	<u>1,466,011</u>	<u>1,187,650</u>	<u>(278,361)</u>
Expenditures:				
Solid waste management	<u>1,733,011</u>	<u>1,735,973</u>	<u>1,318,404</u>	<u>(417,569)</u>
Deficiency of revenues over expenditures	<u>(267,000)</u>	<u>(269,962)</u>	<u>(130,754)</u>	<u>139,208</u>
Other financing sources:				
Transfers in	200,000	202,962	202,962	-
Appropriation of fund balance	<u>67,000</u>	<u>67,000</u>	<u>-</u>	<u>(67,000)</u>
Excess of Revenues and Other Financing Sources over Expenditures	<u>\$ -</u>	<u>\$ -</u>	72,208	<u>\$ 72,208</u>
Fund Balance, Beginning of Year			<u>184,531</u>	
Fund Balance, End of Year			<u>\$ 256,739</u>	

## TOWN OF DARIEN, CONNECTICUT

## PARKING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Licenses and permits	\$ 490,000	\$ 490,000	\$ 569,827	\$ 79,827
Fines and forfeits	70,000	70,000	63,496	(6,504)
Investment income	100	100	8,278	8,178
Miscellaneous income	15,000	15,000	18,120	3,120
Total revenues	<u>575,100</u>	<u>575,100</u>	<u>659,721</u>	<u>84,621</u>
Expenditures:				
Parking operations	<u>575,100</u>	<u>575,100</u>	<u>402,648</u>	<u>(172,452)</u>
Excess of revenues over expenditures	-	-	257,073	257,073
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(119,882)</u>	<u>(119,882)</u>
Excess of Revenues over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	137,191	<u>\$ 137,191</u>
Fund Balance, Beginning of Year			<u>215,269</u>	
Fund Balance, End of Year			<u>\$ 352,460</u>	

Fiduciary Funds

## **FIDUCIARY FUNDS**

### **AGENCY FUND**

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

## TOWN OF DARIEN, CONNECTICUT

## AGENCY FUND

## STUDENT ACTIVITIES

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ <u>340,741</u>	\$ <u>1,391,345</u>	\$ <u>1,330,519</u>	\$ <u>401,567</u>
<b>LIABILITIES</b>				
Accounts and other payables	\$ <u>340,741</u>	\$ <u>1,391,345</u>	\$ <u>1,330,519</u>	\$ <u>401,567</u>

# **Statistical Section**

## Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

## TOWN OF DARIEN, CONNECTICUT

## NET ASSETS BY COMPONENT

## LAST FIVE FISCAL YEARS

(In Thousands)

	FISCAL YEAR				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 80,136	\$ 66,459	\$ 66,144	\$ 59,624	\$ 52,386
Unrestricted	<u>36,444</u>	<u>30,855</u>	<u>22,645</u>	<u>20,805</u>	<u>21,380</u>
Total Governmental Activities Net Assets	<u>\$ 116,580</u>	<u>\$ 97,314</u>	<u>\$ 88,789</u>	<u>\$ 80,429</u>	<u>\$ 73,766</u>

## NOTES:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.
- (3) The Town implemented the infrastructure provisions of GASB Statement No. 34 in 2007. Prior years have not been restated.

**TOWN OF DARIEN, CONNECTICUT**  
**CHANGES IN NET ASSETS (CONTINUED)**

**LAST FIVE FISCAL YEARS**  
(In Thousands)

	<b>FISCAL YEAR</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Expenses:					
Governmental activities:					
General government	\$ 3,478	\$ 3,546	\$ 3,127	\$ 3,442	\$ 3,058
Community environment	863	643	655	563	641
Public safety	9,682	9,344	9,145	7,725	8,486
Health and social services	1,416	1,252	1,079	1,062	943
Library	2,388	2,300	2,186	1,983	1,905
Parks and recreation	1,571	1,500	1,296	1,483	1,269
Public works	7,494	3,526	3,297	4,106	3,468
Board of Education	71,884	70,118	60,356	55,938	52,025
Sewer operations	2,061	2,114	2,140	1,905	2,046
Solid waste	1,318	1,580	1,418	1,464	1,313
Interest on long-term debt	3,523	2,947	3,421	2,870	2,542
Total governmental activities expenses	<u>105,678</u>	<u>98,870</u>	<u>88,120</u>	<u>82,541</u>	<u>77,696</u>
Program Revenues:					
Governmental activities:					
Charges for services:					
General government	1,906	2,051	2,119	2,544	1,715
Community environment	70	75	36	25	25
Public safety	2,952		1,580	1,370	1,173
Health and social services	103	93	72	68	169
Parks and recreation	326	320	286	256	189
Public works	209	925	901	68	73
Board of Education	1,873	1,785	1,702	1,578	1,599
Sewer operations	3,596	3,201	2,936	2,298	2,192
Solid waste	1,187	1,405	1,195	1,289	999
Operating grants and contributions:					
General government	29	17	54	35	
Community environment			2		
Public safety	47	2,102	29	68	219
Health and social services	323	201	182	166	38
Parks and recreation		45			
Public works		23	70		35
Board of Education	8,096	3,703	4,895	3,949	3,902
Sewer operations			1		
Interest on long term debt	86	92	173	157	150
Capital grants and contributions:					
General government			109	109	
Public safety		76			
Health and social services	32	32	31	29	
Parks and recreation			41	1,120	
Public works	1,580	3,007	111	70	199
Board of Education	2,999	2,010	3,828	4,519	2,057
Sewer operations		1,433			
Total governmental activities program revenues	<u>25,414</u>	<u>22,596</u>	<u>20,353</u>	<u>19,718</u>	<u>14,734</u>
Net (expense) revenue:					
Governmental activities	<u>(80,264)</u>	<u>(76,274)</u>	<u>(67,767)</u>	<u>(62,823)</u>	<u>(62,962)</u>

(Continued on next page)

**TOWN OF DARIEN, CONNECTICUT**  
**CHANGES IN NET ASSETS (CONTINUED)**  
**LAST FIVE FISCAL YEARS**  
(In Thousands)

	<b>FISCAL YEAR</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes	\$ 85,996	\$ 82,426	\$ 74,497	\$ 68,060	\$ 63,002
Grants and contributions not restricted to specific purposes	255	276	293	272	511
Unrestricted investment earnings	2,855	1,709	867	601	715
Other general revenues	610	387	469	385	14
Total governmental activities	<u>89,716</u>	<u>84,798</u>	<u>76,126</u>	<u>69,318</u>	<u>64,242</u>
Changes in net assets:					
Governmental activities	<u>\$ 9,452</u>	<u>\$ 8,524</u>	<u>\$ 8,359</u>	<u>\$ 6,495</u>	<u>\$ 1,280</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

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

	<b>FISCAL YEAR</b>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:					
Reserved	\$ 267	\$ 229	\$ 393	\$ 270	\$ 122
Unreserved	<u>16,780</u>	<u>13,636</u>	<u>10,284</u>	<u>7,198</u>	<u>7,336</u>
Total General Fund	<u>\$ 17,047</u>	<u>\$ 13,865</u>	<u>\$ 10,677</u>	<u>\$ 7,468</u>	<u>\$ 7,458</u>
All other governmental funds:					
Reserved	\$ 4,030	\$ 2,308	\$ 3,892	\$ 23,485	\$ 24,749
Unreserved, reported in:					
Special revenue funds	7,687	7,445	7,318	6,622	6,379
Capital projects funds	<u>(11,583)</u>	<u>(323)</u>	<u>(3,886)</u>	<u>(22,034)</u>	<u>1,677</u>
Total All Other Governmental Funds	<u>\$ 134</u>	<u>\$ 9,430</u>	<u>\$ 7,324</u>	<u>\$ 8,073</u>	<u>\$ 32,805</u>

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

NOTE 2: Data has not been presented for years prior to the implementation of GASB Statement No. 34 in 2003.

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

	FISCAL YEAR				
	2007	2006	2005	2004	2003
Revenues:					
Property taxes	\$ 85,837	\$ 82,435	74,866	68,132	63,355
Intergovernmental	11,135	9,351	9,954	9,375	6,962
Charges for services	8,690	12,289	10,918	9,423	8,434
Income on investments	2,855	1,709	881	601	715
Miscellaneous	5,257	1,114	496	1,905	193
Total revenues	<u>113,774</u>	<u>106,898</u>	<u>97,115</u>	<u>89,436</u>	<u>79,659</u>
Expenditures:					
General government	2,614	2,554	2,314	2,444	2248
Community environment	560	457	453	429	425
Public safety	7,119	6,686	6,887	6,295	6199
Health and social services	1,056	954	894	848	761
Library	2,388	2,300	2,186	1,983	1905
Parks and recreation	940	936	941	929	883
Public works	2,684	2,494	2,587	2,301	2057
Schools	67,071	64,797	57,102	53,497	49835
Sewer operations	2,061	2,114	2,141	1,905	2046
Solid waste	1,318	1,580	1,418	1,464	1313
General overhead	4,170	3,947	3,018	2,762	2572
Capital outlay	18,973	13,961	24,929	33,001	13701
Debt service:					
Principal	5,501	5,851	4,180	3,529	3,618
Interest	3,433	3,293	3,005	2,928	2,067
Total expenditures	<u>119,888</u>	<u>111,924</u>	<u>112,055</u>	<u>114,315</u>	<u>89,630</u>
Excess of Revenue Over (Under) Expenditures	<u>(6,114)</u>	<u>(5,026)</u>	<u>(14,940)</u>	<u>(24,879)</u>	<u>(9,971)</u>
Other Financing Sources (Uses):					
Transfers in	5,446	3,501	3,605	4,359	3,184
Transfers out	(5,446)	(3,501)	(3,605)	(4,359)	(3,184)
Issuance of bonds		40,215	17,400	9,310	30,000
Payment to escrow agent		(29,894)		(9,154)	
Total other financing sources (uses)	<u>-</u>	<u>10,321</u>	<u>17,400</u>	<u>156</u>	<u>30,000</u>
Net Change in Fund Balances	<u>\$ (6,114)</u>	<u>\$ 5,295</u>	<u>\$ 2,460</u>	<u>\$ (24,723)</u>	<u>\$ 20,029</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>8.85%</u>	<u>9.33%</u>	<u>8.25%</u>	<u>7.94%</u>	<u>7.49%</u>

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

Note 2: Data has not been presented for years prior to the implementation of GASB Statement No. 34 in 2003.

**TOWN OF DARIEN, CONNECTICUT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Real Property</b>			<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Less Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value As a Percentage of Actual Taxable Value</b>
	<b>Residential</b>	<b>Commercial</b>	<b>Other</b>							
2007	\$ 5,573,420	\$ 405,913	\$ 146,438	\$ 71,788	\$ 209,838	\$ 1,823	\$ 6,405,574	13.4	\$ 9,150,820	70.00%
2006	5,513,834	398,601	141,646	63,740	209,890	1,720	6,325,992	13.02	9,037,130	70.00%
2005	5,426,736	399,496	139,631	63,259	195,169	1,841	6,222,451	11.95	8,891,845	69.98%
2004	3,567,507	336,477	83,203	71,176	196,385	2,067	4,254,707	16	6,078,153	70.00%
2003	3,543,949	336,381	81,606	63,178	190,198	1,715	4,263,935	14.98	6,093,785	69.97%
2002	3,528,533	335,074	93,742	69,208	184,032	1,710	4,239,958	14.02	6,059,526	69.97%
2001	3,530,480	335,373	94,875	66,267	176,358	2,058	4,201,294	13.06	6,004,788	69.97%
2000	2,350,863	262,362	80,976	60,876	148,437	2,043	2,901,470	17.72	4,147,875	69.95%
1999	2,366,580	256,646	78,572	58,113	136,856	2,354	2,894,413	17.05	4,138,238	69.94%
1998	2,353,465	259,270	75,308	47,060	130,726	2,099	2,839,925	16.13	4,060,035	69.95%

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Source: Town of Darien Office of Tax Assessor

Note: 70% Assessment ratio used to estimate full value.

## TOWN OF DARIEN, CONNECTICUT

## PRINCIPAL PROPERTY TAX PAYERS

OCTOBER 1, 2005 AND OCTOBER 1, 1995

(In Thousands)

Taxpayer	October 1, 2005(1)			October 1, 1995		
	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
Wee Burn Country Club	\$ 28,429,680	1	0.44%	\$ 14,227,615	2	0.50%
Country Club of Darien	21,790,830	2	0.34%	9,846,580	7	0.35
Avalonbay Communities	19,845,000	3	0.31%			
Woodway Country Club	18,315,690	4	0.29%	10,310,000	5	0.36
Connecticut Light & Power Company	18,299,800	5	0.29%			
U.B. Darien Inc.	14,002,800	6	0.22%	10,102,400	6	0.36
Zotos International	11,345,950	7	0.18%	77,644,000	10	0.27
William Ziegler III TR et al	10,208,520	8	0.16%			
George F. Little II et al	10,120,880	9	0.16%			
Parkland Limited Partnership	10,067,330	10	0.16%	7,868,480	9	0.28
Rivoire, Helen M. et al (Estate)				10,334,440	4	0.37
Steinkraus, Helen & Ziegler, William III				13,263,180	3	0.47
The Nielsen Company				14,471,500	1	0.51
Darien Green Associates				8,841,200	8	0.31
Total	\$ 162,426,480		2.54%	\$ 176,909,395		3.78%

Source: Town of Darien, Office of Tax Assessor

(1) Fiscal year is July 1, 2006 - June 30, 2007

TABLE 7

**TOWN OF DARIEN, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**  
(In Thousands)

<u>Fiscal Year Ended June 30,</u>	<u>Tax Rate in Mills</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within The Fiscal Year of Levy</u>		<u>Collection in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2007	\$ 13.40	\$ 85,538	\$ 85,015	99.39%	n/a	\$ 85,015	99.39%
2006	13.02	82,211	81,786	99.48%	240	82,026	99.77%
2005	11.95	74,228	73,870	99.52%	261	74,131	99.87%
2004	16.00	67,768	67,414	99.48%	254	67,668	99.85%
2003	14.98	62,949	62,546	99.36%	354	62,900	99.92%
2002	14.02	58,772	58,387	99.34%	353	58,740	99.95%
2001	13.06	54,631	54,208	99.23%	397	54,605	99.95%
2000	17.72	52,006	51,372	98.78%	620	51,992	99.97%
1999	17.05	49,259	48,882	99.23%	368	49,250	99.98%
1998	16.13	46,163	45,781	99.21%	353	46,134	99.97%

## TOWN OF DARIEN, CONNECTICUT

## RATIOS OF OUTSTANDING DEBT BY TYPE

## LAST TEN FISCAL YEARS

(In Thousands, except per capita)

Fiscal Year	Governmental Activities		Total Primary Government	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds	Capital Leases			
2007	\$ 84,551	\$ 1,987	\$ 86,538	1.35%	4.24
2006	90,052	911	90,963	1.44%	4.43
2005	84,097	958	85,055	1.34%	4.24
2004	70,187	1,101	71,288	1.13%	3.56
2003	73,389	771	74,160	1.17%	3.70
2002	47,006	969	47,975	0.76%	2.44
2001	44,510	1,008	45,518	0.72%	2.32
2000	47,930	156	48,086	0.76%	2.45
1999	50,595	295	50,890	0.80%	2.81
1998	42,300	438	42,738	0.68%	2.22

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

**TOWN OF DARIEN, CONNECTICUT**  
**COMPUTATION OF LEGAL DEBT MARGIN**

**JUNE 30, 2007**

(In Thousands)

Total tax collections (including interest and lien fees):

For the year ended June 30, 2007:

Town of Darien	\$ 85,733
Taxing districts	490

Reimbursement for revenue loss:

Tax relief for elderly freeze	<u>14</u>
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Base	<u><u>\$ 86,209</u></u>
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	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt Limitation					
2-1/4 times base	\$ 193,970	\$	\$	\$	\$
4-1/2 times base		387,941			
3-3/4 times base			323,284		
3-1/4 times base				280,179	
3 times base					<u>258,627</u>
Total debt limitation	<u>193,970</u>	<u>387,941</u>	<u>323,284</u>	<u>280,179</u>	<u>258,627</u>
Indebtedness:					
Bonds payable (1)	650	77,139	6,762		
Bonds authorized but unissued	4,200	40,585	1,385		
Less school building grants receivable		<u>(7,112)</u>			
Total indebtedness	<u>4,850</u>	<u>110,612</u>	<u>8,147</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 189,120</u>	<u>\$ 277,329</u>	<u>\$ 315,137</u>	<u>\$ 280,179</u>	<u>\$ 258,627</u>

Note 1: Total net indebtedness above amounts to \$123,609 but in no event shall total indebtedness exceed \$603,463 (seven times the base for debt limitation).

Note 2: There is no overlapping debt.

Note 3: School building grants receivable include \$1,883 of bond principal grants from the State of Connecticut. Additionally, progress payments of \$5,229 (or approximately 20.7%) of eligible project costs on the High School and Tokeneke School projects are included.

**TOWN OF DARIEN, CONNECTICUT**  
**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS**  
(In Thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Debt limitation	\$ 603,463	\$ 579,026	\$ 525,686	\$ 478,849	\$ 444,332	\$ 415,261	\$ 387,338	\$ 365,520	\$ 348,768	\$ 329,069
Total net debt applicable to limit	<u>137,833</u>	<u>127,066</u>	<u>104,528</u>	<u>103,670</u>	<u>100,749</u>	<u>104,094</u>	<u>49,909</u>	<u>45,140</u>	<u>47,979</u>	<u>40,398</u>
Legal Debt Margin	<u>\$ 465,630</u>	<u>\$ 451,960</u>	<u>\$ 421,158</u>	<u>\$ 375,179</u>	<u>\$ 343,583</u>	<u>\$ 311,167</u>	<u>\$ 337,429</u>	<u>\$ 320,380</u>	<u>\$ 300,789</u>	<u>\$ 288,671</u>
Total net debt applicable to the limit as a percentage of debt limit	22.84%	21.94%	19.88%	21.65%	22.67%	25.07%	12.89%	12.35%	13.76%	12.28%

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

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

**TOWN OF DARIEN, CONNECTICUT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS**

<b>Calendar Year</b>	<b>Population(1)</b>	<b>Per Capita Income (2)</b>	<b>Median Age (2)</b>	<b>School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>
2007	20,431	\$ 77,519	38	4,587	3.2%
2006	20,547	77,519	38	4,468	3.0%
2005	20,049	77,519	38	4,378	3.6%
2004	20,049	77,519	38	3,927	2.0%
2003	20,049	77,519	38	4,116	2.8%
2002	19,695	77,519	38	3,927	2.0%
2001	19,607	77,519	38	3,874	1.9%
2000	19,607	77,519	38	3,662	1.1%
1999	18,085	77,519	38	3,497	1.4%
1998	19,271	51,795	n/a	3,310	2.2%

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

(2) Source: U.S. Department of Commerce, Bureau of Census

(3) Source: Darien Board of Education

(4) Source: State of Connecticut Department of Labor

**TOWN OF DARIEN, CONNECTICUT**

**PRINCIPAL EMPLOYERS**

**2007 AND 1997**

<b>Employer</b>	<b>Nature of Business</b>	<b>2007</b>			<b>1997</b>		
		<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>
Town of Darien	Municipality	852	1	8.92%	598	1	6.59%
Ring's End, Inc.	Building Supplies	140	2	1.47%	125	4	1.38%
Zoto's International	Hair Care Products	120	3	1.26%	100	5	1.10%
BMW of Darien	Automotive Sales	90	4	0.94%			
CRA Rogers Casey	Investment Consulting	80	5	0.84%	80	6	0.88%
U.S. Postal Service	Mail Delivery	51	6	0.53%			
Life Study Fellowship Foundation	Publishing	43	7	0.45%	65	7	0.72%
Cantor Fitzgerald, LP	Financial Services	40	8	0.42%			
Parfums DeCoeur, Ltd.	Perfume Manufacturer	35	9	0.37%	35	9	0.39%
Air Express International	Air Freight Traffic				200	2	2.20%
Information Resources	Market Research				200	2	2.20%
Brinks Incorporated	Security				100	5	1.10%
Real Decisions Corporation	Computer Software				65	7	0.72%
Brier Neidle Patrone Assoc.	Designers-Airport Installations				35	9	0.39%
<b>TOTAL</b>		<b>1,451</b>		<b>15.20%</b>	<b>1,603</b>		<b>17.67%</b>

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Source: Town of Darien survey

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

## TOWN OF DARIEN, CONNECTICUT

## FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

## LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees as of June 30,									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government	41	41	43	43	43	43	43	43	43	43
Police	57	57	55	55	55	55	55	58	58	58
Public works	25	26	26	27	27	27	27	25	28	28
Sewer authority	4	4	4	4	4	4	4	5	6	6
Parks and recreation	8	8	8	8	8	8	8	8	7	7
Education	717	697	698	669	595	551	605	601	446	446
Total	852	833	834	806	732	688	742	740	588	588

**TOWN OF DARIEN, CONNECTICUT**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
General government:										
Building permits issued	876	901	885	826	820	871	816	749	705	780
Building inspections conducted	3,702	4,266								
Police:										
Calls answered	21,591	21,069	20,839	25,842	22,573	25,842	22,349	20,715	20,873	21,668
Criminal arrests	246	206	206	206	204	320	231	228	67	1,066
Motor vehicle arrests	3,451	2,062	1,993	2,062	3,014	2,995	2,750	2,705	2,637	3,333
DWI arrests	71									
Motor vehicle warnings	834	1,139	929	1,139	1,341	2,689	1,667	1,140	1,562	687
Accidents	652	683	685	683	640	812	762	796	689	
Fire:										
Emergency responses	1,495	1,375	1,269	1,357	1,213	1,005	1,269	1,290	1,243	1,276
Fires extinguished	57	75	69	72	93	71	87	79	109	104
Inspections	397	410	293	207	252	153	259	217	233	239
Other public works:										
Street resurfacing (miles)	3	2.2	2.94	4.15	4.1	4.82	1.99	2.63	3.62	3.95
Parks and recreation:										
Facility permits issued	666	722								
Beach permits issued	6,646	6,671	6,806							
Boat permits issued	202									
Program registrations	3,125	2,619	2,511							
Youth Programs										
Summer camp registrations	645									
Teen program registrations	1,354									

**TOWN OF DARIEN, CONNECTICUT**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units										
Fire stations	3	3	3	3	3	3	3	3	3	3
Other public works:										
Streets (miles)	81	81	81	81	81	81	81	81	81	81
Streetlights	827	827	827							
Traffic signals	10	10	10							
Parks and recreation:										
Acreage	207	207	207	207	207	207	207	207	207	205
Parks	13	13	13	13	13	13	13	13	13	13
Tennis courts	10	10	10	11	11	11	11	11	11	11
Paddle tennis courts	5									
Water:										
Fire hydrants	512	534	522	522	522	522	522	521	520	517
Wastewater:										
Sanitary sewers (miles)	79	79	77	75	75	75	75	75	75	75
Pump stations	14	14	13	13	13	13	13	13	13	13