

Final Official Statement Dated July 8, 2009

New Issue: Book-Entry Only

**Ratings: Moody's Investors Service, Inc.: Aa2
Standard & Poor's: AA+/SP-1+
Fitch Ratings: AA+/F1+**

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for the purpose of the alternative minimum tax imposed on corporations. See "Tax Matters" herein. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.



City of Danbury, Connecticut

\$20,000,000

General Obligation Bonds, Issue of 2009

Dated: July 15, 2009

**Due: Serially on July 15, 2010-2029,
as detailed inside this front cover:**

The Bonds will bear interest payable January 15, 2010 and semiannually thereafter on July 15 and January 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

The Bonds are subject to redemption prior to maturity as herein provided.

BB&T CAPITAL MARKETS

\$48,000,000

General Obligation Bond Anticipation Notes

Dated: July 30, 2009

Due: July 29, 2010

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders as set forth on the inside front cover, in accordance with the Notice of Sale, dated July 1, 2009. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

JP MORGAN SECURITIES INC.

The Bonds and the Notes will be general obligations of the City of Danbury, Connecticut and the City will pledge its full faith and credit to pay the principal of and the interest on the Bonds and the Notes when due. See "Security and Remedies" herein.

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC on or about July 30, 2009.

City of Danbury, Connecticut

\$20,000,000

General Obligation Bonds, Issue of 2009

Dated: July 15, 2009

Due: Serially on July 15, 2010-2029,
as detailed below:

Maturity Schedule ¹

<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>
2010	\$ 1,000,000	3.000%	0.450%	235865R38	2020*	\$ 1,000,000	5.000%	3.350%	235865S52
2011	1,000,000	3.000%	0.970%	235865R46	2021*	1,000,000	4.000%	3.570%	235865S60
2012	1,000,000	3.000%	1.220%	235865R53	2022*	1,000,000	4.000%	3.760%	235865S78
2013	1,000,000	3.000%	1.650%	235865R61	2023*	1,000,000	4.000%	3.800%	235865S86
2014	1,000,000	3.000%	2.080%	235865R79	2024*	1,000,000	4.000%	3.890%	235865S94
2015	1,000,000	4.000%	2.330%	235865R87	2025*	1,000,000	4.000%	3.970%	235865T28
2016	1,000,000	3.000%	2.620%	235865R95	2026	1,000,000	4.000%	4.050%	235865T36
2017	1,000,000	5.000%	2.850%	235865S29	2027	1,000,000	4.000%	4.150%	235865T44
2018	1,000,000	5.000%	3.080%	235865S37	2028	1,000,000	4.125%	4.280%	235865T51
2019*	1,000,000	5.000%	3.250%	235865S45	2029	1,000,000	4.250%	4.370%	235865T69

* Priced as suming redemption on July 15, 2018; however any such redemption is at the option of the City.

\$48,000,000

General Obligation Bond Anticipation Notes

Dated: July 30, 2009

Due: July 29, 2010

Amount: \$48,000,000
Rate: 2.00%
Yield: 0.38%
CUSIP: 235865T77
Underwriter: JP Morgan Securities Inc.

No person has been authorized by the City to give any information or to make any representations not contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds and the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Official Statement.

The independent auditors for the City are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth in Appendix B, Bond Counsel are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

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Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

- Date of Sale:** Wednesday, July 8, 2009, 11:30 A.M. (E.D.T.).
- Location of Sale:** Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, Connecticut 06810.
- Issuer:** City of Danbury, Connecticut (the "City").
- Issue:** \$20,000,000 General Obligation Bonds, Issue of 2009 (the "Bonds").
- Dated Date:** July 15, 2009.
- Interest Due:** January 15, 2010 and semiannually thereafter on July 15 and January 15 in each year until maturity.
- Principal Due:** The Bonds are due serially on July 15 in each of the years 2010 through 2029, as detailed in this Official Statement.
- Purpose and Authority:** A portion of the Bond proceeds are being issued to permanently finance a portion of bond anticipation notes maturing on July 30, 2009, which were issued for various general purpose and school projects, and the balance of the Bond proceeds will provide new money for various general purpose, school and water projects.
- Redemption:** The Bonds are subject to redemption prior to maturity.
- Security and Remedies:** The Bonds will be general obligations of the City of Danbury, Connecticut, and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
- Credit Rating:** Application for a rating was made to Moody's Investors Service, Inc., Standard & Poor's and Fitch Ratings on the Bonds. The City received credit ratings of "Aa2", "AA+" and "AA+" from Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively, on this bond issue.
- Bond Insurance:** The City does not expect to direct purchase a credit enhancement facility.
- Basis of Award:** Lowest True Interest Cost (TIC), as of the dated date.
- Bank Qualification:** The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
- Continuing Disclosure:** In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data, timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
- Registrar, Transfer Agent, Certifying Agent & Paying Agent:** U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
- Financial Advisor:** Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
- Legal Opinion:** Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
- Delivery and Payment:** It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 30, 2009 against payment in Federal Funds.
- Issuer Official:** Questions concerning the Official Statement should be addressed to David W. St. Hilaire, Director of Finance, City of Danbury, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone (203) 797-4652.

Note Issue Summary

The information in this Note Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

- Date of Sale:** Wednesday, July 8, 2009, 11:00 A.M. (E.D.T.).
- Location of Sale:** Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, Connecticut 06810.
- Issuer:** City of Danbury, Connecticut (the "City").
- Issue:** \$48,000,000 General Obligation Bond Anticipation Notes (the "Notes").
- Dated Date:** July 30, 2009.
- Interest Due:** At maturity: July 29, 2010
- Principal Due:** At maturity: July 29, 2010
- Purpose and Authority:** A portion of the Note proceeds are being issued to refund a portion of the bond anticipation notes maturing on July 30, 2009 and to provide new money for various general purpose, school, sewer and water projects.
- Redemption:** The Notes are not subject to redemption prior to maturity.
- Security and Remedies:** The Notes will be general obligations of the City of Danbury, Connecticut, and the City will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
- Credit Rating:** Application for a rating was made to Standard & Poor's and Fitch Ratings on the Notes. The City received credit ratings of "SP-1+" and "F1+" from Standard & Poor's and Fitch Ratings, respectively, on this note issue.
- Basis of Award:** Lowest Net Interest Cost (NIC), as of the dated date.
- Bank Qualification:** The Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
- Continuing Disclosure:** In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, notices of material events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
- Registrar, Transfer Agent, Certifying Agent and Paying Agent:** U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
- Financial Advisor:** Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
- Legal Opinion:** Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
- Delivery and Payment:** It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about July 30, 2009 against payment in Federal Funds.
- Issuer Official:** Questions concerning the Official Statement should be addressed to David W. St. Hilaire, Director of Finance, City of Danbury, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone (203) 797-4652.

I. Bond and Note Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Danbury, Connecticut (the "City"), in connection with the original issuance and sale of \$20,000,000 General Obligation Bonds, Issue of 2009 (the "Bonds") and \$48,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the City.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds and the Notes. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinions) and they make no representation that they have independently verified the same.

Financial Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Financial Advisor to the City with respect to the issuance of the Bonds (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Description of the Bonds

The Bonds will be dated July 15, 2009 and will mature in the years and in such amounts and shall bear interest at such rate of rates as set forth on inside of the front cover of this Official Statement, payable on January 15, 2010 and semiannually thereafter on July 15 and January 15 in each year until maturity. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of December and June in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, and the City shall agree.

Redemption Provisions

Bonds maturing on or before July 15, 2018 are not subject to redemption prior to maturity. The Bonds maturing July 15, 2019 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after July 15, 2018 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Prices</u>
July 15, 2018 and thereafter	100%

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds, or portions of Bonds, of such maturity to be redeemed shall be selected by lot in such manner as the City in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds, which is obtained by dividing the principal amount of such Bond by \$5,000.

The City, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the City will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Bonds and will not be conducted by the City, the Registrar or Paying Agent.

Description of the Notes

The Notes will be dated July 30, 2009 and will be due and payable as to both principal and interest at maturity, July 29, 2010. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System". The Notes are not subject to redemption prior to maturity.

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Authorization and Purpose

The Bonds and the Notes are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the City Charter and certain ordinances adopted by the Common Council of the City.

Proceeds of the Issue

Proceeds of the Bonds and the Notes will be used to refund a portion of the bond anticipation notes maturing July 30, 2009 and to provide new money borrowing for the projects listed below:

Project	Amount Authorized	The Notes To Mature 07/30/09	(Reductions) or New Money	The Bonds	The Notes To Mature 07/29/10
21st Century Public Imp.	55,515,000	8,700,000	(4,875,832)	1,710,868	2,113,300
Public Safety Bond.....	45,544,964	32,350,150	(4,956,273)	10,552,894	16,840,983
Public Safety Bond - Schools.....	3,655,036	-	3,650,000	2,150,000	1,500,000
Open Space.....	16,000,000	9,100,000	400,000	3,000,000	6,500,000
Danbury High School.....	2,900,000	2,900,000	(400,000)	1,100,000	1,400,000
Danbury Neighborhood Bond.....	10,930,000	2,000,000	-	-	2,000,000
Safety Sewer Improvements.....	5,800,000	4,758,000	(3,700,003)	-	1,057,997
21st Century Water.. ²	5,680,000	1,300,000	387,000	687,000	1,000,000
Head Start.....	5,600,000	4,000,000	1,280,000	459,000	4,821,000
Vision 21/2 Schools.....	5,360,000	-	112,238	112,238	-
Sewer Service Ext. III! ¹	5,000,000	1,200,000	1,300,671	-	2,500,671
21st Century Sewer.....	5,000,000	4,084,000	177,199	-	4,261,199
Water Service Ext. II. ²	3,000,000	20,000	330,000	-	350,000
Danbury Neighborhood Water... ²	998,000	435,000	450,000	228,000	657,000
Gen. Public Imp. 06-07.....	500,000	500,000	(500,000)	-	-
Gen. Public Imp. 07-08.....	500,000	500,000	-	-	500,000
G.P.I. 08-09 - Public Safety.....	500,000	500,000	-	-	500,000
G.P.I. 08-09 - School Technology.....	500,000	500,000	-	-	500,000
G.P.I. 08-09 - Recreation & Fields.....	500,000	500,000	-	-	500,000
G.P.I. 08-09 - Phosphorus Study.....	500,000	500,000	-	-	500,000
G.P.I. 08-09 - School Improvements..	497,850	497,850	-	-	497,850
Total	\$ 174,480,850	\$ 74,345,000	\$ (6,345,000)	\$ 20,000,000	\$ 48,000,000

¹ All costs associated with the extension of new sewer services and for the construction of collector lines or laterals are borne by the property owners benefiting by such extension project. Assessments of benefits for those whose property benefits by such extension project are established by standards contained in an ordinance enacted by the Common Council and in conformity with Chapter 103 of the General Statutes, as amended. Debt service is paid from the Sewer Assessment Fund.

² Debt service is included in and paid from the operating budget of the Water Enterprise Fund.

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved on or after July 1, 1996. Debt service reimbursement will continue under the old program for all projects approved prior to July 1, 1996.

Under the old program, the State of Connecticut will reimburse the City for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund the approved school projects.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during construction. The City currently receives approximately 50% of eligible costs in State funding for ongoing school projects.

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered Bonds and Notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Bonds and the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds or Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds and Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds and Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds and Notes may wish to ascertain that the nominee holding the Bonds and the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds and the Notes within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds and Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and the Notes at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Security and Remedies

The Bonds and the Notes will be general obligations of the City of Danbury, Connecticut and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The City has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. Payment of the Bonds and the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds and the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes or judgments thereon, in priority to other claims.

The City is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the federal bankruptcy code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 Title 11 of the Code, or by state law or a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the

Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

The Bonds and the Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds and the Notes.

Availability of Continuing Information

The City of Danbury prepares, in accordance with State law, annual independent audited financial statements and files such annual report with the State Office of Policy and Management within six months of the end of its fiscal year.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data, timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, and notices of material events with respect to the Bonds and notices of material events with respect to the Notes pursuant to Continuing Disclosure Agreements to be executed by the City substantially in the forms attached as Appendix C to this Official Statement.

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the City has not failed to meet any of its undertakings under such agreements.

Ratings

Applications have been made to Moody's Investors Service, Standard & Poor's and Fitch Ratings for a rating on the Bonds and to Standard & Poor's and Fitch Ratings for a rating on the Notes. Moody's Investors Service, Standard & Poor's and Fitch Ratings have previously rated various bond issues of the City as follows:

<u>Issue Date</u>	<u>Amount</u>	<u>Moody's Investors Service</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>
8/1/2008	\$20,000,000	Aa2	AA+	AA+
8/1/2007	28,315,000	Aa2	AA	AA+
8/1/2006	31,620,000	Aa2	AA	AA+
8/1/2005	10,940,000	Aa2	AA	--
8/1/2004	4,915,000	Aa2	AA	--
3/1/2004	25,360,000 ¹	Aa2	AA	--
8/1/2003	12,925,000	Aa2	AA	--
5/1/2003	1,190,000 ¹	Aa2	AA	--
5/15/2002	12,745,000	Aa2	AA	AA+
8/1/1999	22,495,000	Aa2	AA	AA+

¹ Refunding Bonds.

The City furnished to the Rating Agencies information and materials that they requested. However, the City may issue short-term or other debt for which a rating is not required. The City's Financial Advisor, Phoenix Advisors, LLC, recommends that all bonded debt be submitted for a credit rating.

The City received a "Aa2", "AA+" and "AA+" rating from Moody's Investors Service, Inc., Standard and Poor's and Fitch Ratings respectively, on the Bonds. The Notes received ratings of "SP-1+" and "F1+" from Standard & Poor's and Fitch Ratings, respectively.

Bond Insurance

The City does not expect to direct purchase a credit enhancement facility.

II. The Issuer

MAP

Description of the Municipality

Danbury (the "City") is the largest city in northern Fairfield County. Traversed by I-84 and Route 7, and adjacent to I-684, Danbury is easily accessible to New York City, Hartford and Norwalk, all of which are within 60 miles. Danbury is also accessible by a municipal airport.

According to the 2000 U.S. Census, Fairfield County is one of the five wealthiest counties in the United States and Danbury is one of the wealthiest cities, with a median household income of \$53,664. Danbury, with a population of approximately 79,226, is diversely populated. Residents represent more than 60 different nationalities and students entering Danbury public schools speak over 45 different languages. Danbury is a hub for retail shopping. The Danbury Fair Mall remains the largest mall in New England and new shopping centers have attracted tenants such as Bob's Stores, Home Depot, Best Buy, Lowes, Borders and Wal-Mart.

Cultural activities abound in the City through the Charles Ives Center-the largest outdoor concert site in Western Connecticut, Richter Park- containing one of the top 25 public golf courses in the country, Candlewood Lake - the largest man-made lake in New England, and other smaller sites, museums and festivals.

Form of Government

The City of Danbury operates under a Charter, which was last revised in November, 1990. The City is governed by a Mayor and a twenty-one member Common Council. The Mayor is the City's chief executive and the Common Council is the legislative body.

Principal Municipal Officials

Office	Name	Manner of Selection	Term	Years of Service	Employment Last Five Years
Mayor.....	Mark D. Boughton	Elected	12/07-11/09	7.5	Mayor
Treasurer.....	Daniel P. Jowdy	Elected	12/07-11/09	5.5	Funeral Director
Council.....	21 members	Elected	12/07-11/09	Various	Various
Director of Finance.....	David W. St. Hilaire	Appointed ¹ Civil Service	Indefinite	2 ³	Deputy Chief Fiscal Officer
Tax Collector.....	Scott Ferguson	Appointed ¹ Civil Service	Indefinite	3	Manager, Taxes
Assessor.....	Colleen LaHood	Civil Service	Indefinite	23	Assessor
Superintendent of Schools....	Dr. Sal Pascarella	Appointed ²	Contract	3	Superintendent
Corp. Counsel.....	Robert J. Yamin	Appointed ¹	Indefinite	7.5	Attorney

¹ Appointed by the Mayor.

² Appointed by the Board of Education.

³ Mr. St. Hilaire started with the City on July 16, 2007. He was previously the Deputy Chief Fiscal Officer for the County of Rensselaer in New York.

Municipal Services

Police Department

The Danbury Police Department's mission is to provide an environment for the people of Danbury, free from the fear of crime, where people can enjoy a high quality of life, and the community can prosper.

The Danbury Police Department currently has 150 sworn officers, with an authorized strength of 155 officers. Five civilian support personnel are also assigned to the Police Department. The Danbury Police Department is a Community Policing orientated department.

In May 2009, the Danbury Police Department moved into its new headquarters building at 375 Main Street. This new, state of the art building not only gives the Department three times the space of its old building, but also addresses many deficiencies in storage space, interview rooms, parking, locker rooms and detention.

The Department continues the process to complete the Tier 1 State of Connecticut Accreditation. This self-assessment process will reduce liability for actions. It will also force the Department to create written protocols and constantly update them.

In 2009, the Department became a fully deployed TASER agency with TASER electronic control devices issued to all sworn personnel. Also, through federal forfeiture funds, the Department upgraded the ballistic capabilities of its SWAT team with the purchase of a new armored truck.

With a population of 79,226, Danbury continues to be one of New England's safest midsize cities, and in November 2008 was recognized as the safest city in Connecticut.

Fire Department

The mission of the Danbury Fire Department is to provide for the protection of life, property and the environment for all citizens in the safest and most efficient manner possible. This is accomplished with an aggressive Fire Education/Prevention/Inspection Program, up-to-date emergency equipment, and continued training for both Career and Volunteer Divisions of the Department.

The mission is carried out by a Career Division comprised of 123 individuals at full staffing levels in five locations, operating with 12 trucks of various configuration, 17 sedans and SUVs and various equipment trailers. The volunteers supplement with approximately 110 volunteers operating from 12 stations with 23 pieces of equipment. Volunteer units, combined with volunteer Fire Police continue to supplement the Department in emergency situations carrying on a proud tradition.

In addition to fire suppression, the Department is addressing the challenges of potential terrorism and hazardous materials. The development of a regional "Technician" level Hazardous Materials team is proceeding, and

an increased preparedness level has positioned us well. Numerous grant opportunities have allowed the Department to purchase specialized equipment. In addition, Danbury is also a member of the Region 5 response network. Danbury provides staffing and a number of regional resources, including a Hazardous Material response vehicle, foam trailer, a Mass DECON trailer and Mass Casualty trailer.

Additional specialized training in various technical rescue modalities is also underway. This training, utilizing the instructors of the Connecticut Fire Academy, has included "C.O.R.E", below grade and confined space certifications. The department will continue this to include other advanced rescue programs as possible. These programs may include trench and collapse rescue as well as vehicle extrication training.

The Emergency Medical Services Unit is a Division of the Danbury Fire Department and operates three paramedic-staffed ambulances and one lead medic vehicle. These units are staffed and operated by DHCA, a contract affiliate of Danbury Hospital. The Fire Department Emergency Medical Division is headed by an EMS Coordinator and comprises 87 EMTs, 37 EMT intermediates, 36 paramedics, and 2 EMS instructors. These numbers include personnel manning the ambulances through DHCA. All firefighters are cross-trained to an advanced life support first responder level. The Fire Department operates six engine companies and one Truck Company, all equipped with automatic defibrillators and other advanced life support equipment. With reduced response times due to geographic distribution of fire stations, this complement of equipment and professionally trained personnel helps make Danbury a safe community in which to work and live. The deployment schedule for ambulances has improved response time to the City's West Side. The improved response has benefited residents in this growing area of the City with timely emergency medical care.

The 9-1-1 Fire Department Dispatch Center received a total of 42,071 calls in calendar year 2008. These calls resulted in 3,127 Fire Responses and 3,755 Emergency Medical Service Responses. The majority of the remainder routed to the police and others were informational types of calls. The Fire Department Dispatch Center is currently the Public Service Answering Point for the City of Danbury. It has the responsibility of answering all 9-1-1 calls in a professional and expedient manner. The center is manned by uniformed firefighters 24 hours a day.

Training programs for both Career and Volunteer members are continuous and have expanded to meet recent challenges and demands of the fire and emergency services. Hundreds of continuing classroom and practical hours keep firefighters abreast of current equipment use, standards, regulations and safety practices. All career recruits attend an initial 14 week session at the Connecticut State Fire Academy. The basic training, at one of the premier fire training institutions in the country, prepares recruits for the challenges they will face. Many members continue their education through the National Fire Academy, State Fire Academy and other institutions of higher learning including Naugatuck Valley Technical College and the University of New Haven.

The Department continues Public Education activities throughout the community with mock crash simulations in local high schools, Juvenile Fire Setter programs, File of Life senior citizen programs and our Babysitters Program. This program, presented jointly with Danbury Hospital, is in its 24th year and has graduated over 2,400 students. A major initiative within the City has placed automatic defibrillators in municipal buildings and schools. These programs, combined with our inspection and suppression duties, each contribute to making the quality of life in the City of Danbury among the best in the nation.

Parks and Recreation

Excluding school facilities, the City of Danbury has 1,326 acres designated for park and recreational use distributed as follows: 186 acres of City parks, 256 acres of natural resource areas, and 884 acres of special use parks. The Parks & Recreation Department uses 15 schools for playgrounds/ballfields, which account for 57 acres.

The City also contains recreational facilities and parks owned and maintained by state and community organizations. Wooster Mountain State Park (428 acres), administered by Squantz Pond State Park, contains a few lightly used hiking trails and a shooting range operated by the Danbury Shooting Sports Associates. Lattins Cove (5 acres) operates a boat launch on Lake Candlewood. Privately owned recreational facilities include such diverse organizations as the Swampfield Land Trust, the Portuguese Cultural Center, the Ridgewood Country Club, private and parochial schools and the Western Connecticut State University.

- *Bear Mountain Park* (140 acres): mostly undeveloped, passive recreation with a conservational outlook, Ranger Cottage and parking with many diverse hiking trails.
- *Blind Brook Playground* (.5 acres) playground.
- *Danbury Green* (1 acre): benches, walkway and band shell.

- *Elmwood Park* (2 acres): park benches for passive recreation, fountain.
- *Hatters Community Park* (32 acres): bowling alley, Park & Recreation Office, picnic pavilion, 3 softball fields, banquet hall and playground.
- *Highland Playground* (8 acres): playground and spray-park.
- *Joseph Sauer Memorial Park* (2 acres): park for the elderly, basketball court.
- *Kennedy Park* (1 acre): park benches for passive recreation.
- *Lake Candlewood Park* (11 acres): swimming, picnicking, motorized boating and boat ramp.
- *Lake Kenosia Park* (25 acres): swimming, picnicking, non-motorized boating, four soccer fields and playground. Spray-Park, Summer 09.
- *Mill Plain Swamp* (34 acres): no facilities.
- *Old Quarry Nature Center* (40 acres): trails, bird watching, natural setting.
- *Richter Park* (230 acres): 18 hole golf course, pro shop, restaurant, playhouse, basketball court, fishing, hiking trail, two tennis courts, winter recreation. (Richter Park Drive).
- *Rogers Park* (59 acres): 8 tennis courts, handball/paddleball court, 4 softball fields, 6 baseball fields, 1 all purpose field (spring 09), and 6 volleyball courts.
- *Rogers Park Playground* (1 acre): playground and spray-park.
- *Rogers Park Pond* (7 acres): interpretative trails and footbridge.
- *Rowan Street Playground* (3 acres): playground.
- *Stephen A. Kaplanis Field* (5 ½ acres): All purpose Field Turf surface used for football, soccer, lacrosse (boys & girls) and field hockey field.
- *Still River Greenway* (35 acres): hiking trails, education station, boat launch, bird sanctuary and footbridge.
- *Tom West Park* (.5 acre): playground.

Tarrywile Park is a passive recreational area. It is 717 acres split into two distinct sections by Brushy Hill Road. It has several buildings on the property of which the following are most noteworthy:

- *Mansion* - Three stories, built in late 1897 - 18 rooms - renovated for Community Center.
- *Castle* - 3 stories, built 1897 from natural quarry stone - use undetermined - large renovation project.
- *Carriage House* - park residence.
- *Farm House* - park residence.
- *Dairy Barns* - Red barn is an environmental education center with renovated Silo. The milking parlor was recently renovated.
- *Gate House* - park residence.
- *Greenhouse* – used by Danbury High School “Green Room Program” for students at risk.
- *School building* - use to remain as a pre-school.
- *Pavilion* – to be built at a future date.

Danbury Public Library

The Danbury Public Library opened in 1970 on the primary downtown intersection of Main and West Streets.

Current services include:

- *Hours*: The library is open a total of 51 hours per week (including Sundays from September through May) and 44 hours per week during the summer.
- *Audio-video department*: A 4,200 square foot area holds more than 19,280 non-print items: DVDs, compact discs, books on CD, Playaways (books on MP3), and Blu-rays discs.
- *Personal computers for the public use*: Access to word processing, spreadsheet programs, the Internet and a variety of on-line databases are available on over 90 computers for the public. Free wireless Internet access is available in the library, as well as in the library plaza.
- *Library Technology Center*: A 4,300 square foot computer lab with nineteen workstations can be used by the public for Internet access, word processing, on-line access to the library catalog, resume and typing

programs and multilingual access to the Internet. Library staff offers introductory as well as specialized Internet and computer classes to the public on a regular basis in English, Spanish and Portuguese.

- *Praxair Lab*: A second computer-teaching lab opened in February 2002. It accommodates 10 attendees and one instructor. In addition to having the software available on all other public computers, all workstations are installed with state-of-the-art interactive Ellis Learning English software.
- *Language Center*: In 2007, the former Praxair Lab moved to the Language Center Computer Lab to create an expanded language and computer teaching lab, which supports the growing populations in Danbury who are learning English. All workstations are installed with state-of-the-art interactive Ellis Learning English software. Numerous CD-ROM products teaching reading comprehension, pronunciation, and vocabulary are available for self-study. Audiocassette programs, audio CDs, videos, and DVDs are also available in addition to the Ellis Learning English software. The Language Center also carries materials on learning languages other than English, including Tell Me More online for learning Dutch, French, German, Italian and Spanish online.
- *A Program Room*: The Farioly Program Room, which seats up to 100, has kitchen facilities and can be reserved by the public for programs and workshops. A second conference room in the Technology Center can be reserved for smaller group gatherings.
- *Danbury Library Homepage*: danburylibrary.org: Connecting to the library's home page allows off-site customers to view the library's catalog, reserve books, subscribe to an on-line newsletter, visit selected web sites of current interest and retrieve full-text magazine articles 24 hours a day, seven days a week. In addition, 24/7 access to a professional librarian is available through chat software to answer informational and research questions.

A \$540,000 renovation of the library grounds and plaza was completed in 2004. Also in 2004, a \$222,000 redesign of the library's main floor was completed. It includes four customer self check-out machines, a system enabling customers to sign themselves up for Internet computers, and new shelving, seating and tables. New carpeting and tile were installed throughout the library in 2005.

Approximately 28,300 Danbury residents (36%) have active library cards. Over 540,000 visited the library during the last year and over 875,000 visited the library's home page.

A Board of Directors, appointed by the Mayor governs the Danbury Public Library. The Mayor also appoints a Library Director to promote library services and supervise a staff of 62 and manage an operating budget of \$2.1 million.

Urban Revitalization

The Danbury Redevelopment Agency (RDA) was established in 1956 for the purpose of revitalizing the central business district and other areas that had been severely flooded by the Still River. The first phase had a total cost of \$8,152,000, including Federal grants of \$5,600,000 and State grants of \$1,225,000. Projects undertaken during that phase included channelization of the River from Rose Street across White Street, construction of several bridges, and the realignment and widening of Rose, Kennedy, Elm, Crosby, Hartell, and White Streets. Land acquisition for redevelopment totaled over 23 acres. The subsequent sale of over 15 acres resulted in the construction of 22 new commercial businesses, twelve of which constituted new businesses for the City while the remainder were relocations from other areas.

The second phase was funded with Federal grants of \$8,372,000. Projects funded by these grants included: (1) acquisition of 56 parcels for redevelopment activities; (2) additional funding to contribute to the \$13 million expended by the U.S. Army Corp of Engineers for flood control improvements; (3) road improvements, including construction of Patriot Drive; (4) disposition of 12 acres of land for private industrial, commercial, and residential uses; and (5) disposition of an additional site for construction of the new Superior Court House. The realignment of Liberty Street was funded during this phase with redevelopment moneys and a Federal Urban Systems Grant.

Urban revitalization of the remaining 7.7 acre redevelopment site in the downtown was based on the "Downtown Danbury Redevelopment Plan" adopted by the Redevelopment Agency in 1990. Public improvement projects constructed from 1990 to 1994 were funded largely by an \$8,000,000 State grant administered by the Department of Economic Development. Approximately \$4.5 million was expended for the construction of the Patriot Garage at the intersection of Patriot Drive and Independence Way, while the remainder was used to fund streetscape improvements along Main Street from Boughton to Crosby Streets and for the extension of Delay Street

to White Street. CDBG funds were used to finance construction of the "Danbury Green" on the redevelopment site. Private investment redeveloped vacant sites into Liberty Terrace condominiums and Webster Bank.

Construction of additional downtown sidewalks and walkways was completed in 1996. These improvements, funded through the CDBG program, include (1) a walkway across Elmwood Park at Boughton Street, (2) sidewalk installation along Old Liberty Street and Patriot Drive, and (3) a walkway from Patriot Drive to Delay Street along the north end of the garage. The restoration of Elmwood Park was completed in 1998, and the Danbury Ice Arena was opened in 2001 on the redevelopment site. That was followed by streetscape improvements which were completed on Center Street and on Main Street from Center Street to Park Place.

A \$1.3 million streetscape enhancement project was constructed along North Main Street under the Federal TEA-21 program and completed in 2005. The project provided related support for a \$1.5 million blight reduction program for eight properties on North Main Street financed through City bonds.

The new \$10,000,000 Bardo Parking Garage on Library Place was financed by bonds and completed in the Fall of 2007. A \$1,200,000 streetscape project on White Street from Main Street to Fifth Avenue was financed by a combination of bonds and state LoCIP funding. Construction of the first phase from the railroad crossing to Fifth Avenue commenced in early spring 2008 and completed in 2009.

Also completed in 2009 was the New Police Station at the intersection of Main Street and E. Franklin Avenue. The 75,000 square foot facility was constructed with a bond issue of \$30,200,000.

Solid Waste - Recycling

The City is a member of the Housatonic Resources Recovery Authority (HRRA) which has legal authority to site and contract for long-term garbage disposal services. The HRRA has ruled out consideration of construction of a waste to energy incineration facility in the region. They have signed a contract with the owner of such a facility located in Bridgeport, Connecticut. The City executed a parallel contract with HRRA, which commits its solid waste to this regional solution, which began July 1, 1993. Funding of the proposal will be through tipping fees and garbage rate charges by the haulers to their customers. The tipping fee for the second half of fiscal year 2008-2009 is \$80.16 per ton. Approximately, twenty independent haulers collect solid waste in Danbury. There is no municipal garbage collection.

The City of Danbury landfill closed December 31, 1996. The final closure and capping of the landfill was completed in 1998. The project includes installation of a gas recovery system including a full synthetic geomembrane cap. The total cost of this project was \$11 million. The cost of the project has been funded under the Cityworks 2000 bond issue in the amount of \$2.4 million and from a portion of the proceeds the City received in connection with privatization of its wastewater treatment plant in the amount of \$8.1 million.

The State Bond Commission in 1997 approved a grant to the City in an amount not to exceed \$4.0 million under legislation enacted in the 1997 session of the General Assembly. This amount was used to reimburse the City for expenditures related to the landfill closure and was credited to the general fund.

Although the landfill closure has been completed, the project generated serious disputes regarding the quality of the work done by the City's contractor and its subcontractors. The contractor and the subcontractors denied responsibility for failures in the planning and execution of the work and then submitted claims for costs in excess of the contract amount. The City settled all claims made against it by the subcontractors but intends to vigorously defend against the claims made by the contractor.

The citywide recycling program was implemented in 1991. The municipal recycling truck remains available for use by all City residents. There is also curbside recycling offered citywide by independent haulers. In addition, the City has contracted with Automated Waste Disposal to operate a municipal solid waste and recycling center drop off location for residents who do not wish to contract with an independent hauler.

On April 21, 2004, the City of Danbury, Connecticut entered into a 12-year contract with Total Landscaping and Tree Service, LLC for the management and operation of a wood waste facility and a leaf composting facility. The wood waste and leaf composting operations are conducted at City owned facilities. Total Landscaping and Tree Service is responsible for accepting and processing wood waste and leaves deposited at these City owned facilities as generated by the City or its residents.

Enterprise Funds

Sewer Fund

On October 1, 1997, the City of Danbury, Connecticut entered into a 20-year contract with Veolia Water North America (d.b.a. U.S. Filter Operating Services, Inc.) for the management, operation and maintenance of the City’s 15.5 MGD wastewater treatment facility and its 13 pump stations. The contract has been amended to increase the number of pump stations to 17 and address changes in operational requirements. Danbury will continue to exercise control over its rate setting and inter-municipal agreements. The City retains full legal title and ownership of the facility. Veolia Water North America operates and maintains the facility in accordance with the terms and conditions of the City’s NPDES permit (# CT0100145). The contract with Veolia contains additional performance standards, such as Veolia implementing a program to provide year round nitrification process to ensure the quality of effluent, which are above the requirements of the City’s current NPDES permit. A laboratory is maintained on site by Veolia Water North America to insure proper operation of the plant process, and to comply with Connecticut Department of Environmental Protection requirements.

All residential and other sewage collected flows to the treatment plant through lateral and trunk sewers. In those geographic areas where sewage cannot flow by gravity, pumping stations lift the sewage to a higher point in elevation so it may flow by gravity to the treatment plant. Sewers are inspected for blockage and other physical conditions.

Funds for the operation of the Wastewater Division are provided by a sewer use charge. The sewer use charge also pays for the debt service on the debt issued to construct the treatment plant and trunk sewers. The assessment of benefits for lateral sewer lines is calculated in accordance with City ordinances using a formula that includes the following four elements: area of lot or parcel, frontage of lot or parcel, number of existing building units or number of units allowed by zoning on lot or parcel and property valuation for tax purposes of lot or parcel. An individual’s assessment represents a proportionate portion of the assessable cost of sewer extensions.

Sewer rates for all customers were increased as follows for the last five fiscal years:

<u>Fiscal Year Ending</u>	<u>% Increase</u>
June 29, 2010	0.00%
June 30, 2009	0.00%
June 30, 2008	0.00%
June 30, 2007	8.00%
June 30, 2006	20.00%

The City of Danbury has inter-municipal agreements with the Towns of Bethel, Brookfield, Newtown and Ridgefield which address and spell out the mechanism for payment of the capital improvements to the upgraded facility as well as the future operating and maintenance payments to the City of Danbury for the treatment of the sewage that is generated from within each of their towns. Both the capital and operation and maintenance formulas are a function of each municipality’s proportionate share of the flow either reserved in the plant for capital expenses or actually flowing to the plant for operation and maintenance expenses. The plant is fully operational.

Water Fund

The City’s raw water supply has 9 reservoirs with a total capacity of 3.0 billion gallons of water. The safe yield of the City water system is 8.2 MGD. The Lake Kenosia well field and pump station has the ability to complement the reservoir system with an additional 1.0 MGD to 9 MGD when needed. In 2008, the Danbury Water Department produced and distributed an average of 6.7 million gallons per day.

A water quality monitoring program has been established to insure compliance with the standard for quality of drinking water listed in The State of Connecticut Public Health Code and in the Federal Safe Drinking Water Act. All the drinking water provided at the treatment plants and well field is chlorinated and fluoridated as required by the Connecticut Department of Public Health Service. Testing for water quality is performed by the Danbury Water Department laboratory and outside laboratory services.

The Water Department completed major programs directed at improving the purity, adequacy, and safety of the supply. It is the intent of the City of Danbury to develop a water supply system consistent with its plan of development. A Vulnerability Assessment for the water system was submitted to the United States Environmental Protection Agency in December 2003 as required by federal regulations.

The City previously was under State order to repair its dams. The reconstruction of dams at Lower Kohanza, West Lake, Boggs Pond, Margerie, Padanaram and Upper Kohanza was completed in 1993-96. All reservoir dams are inspected annually for review of proper operation and maintenance.

Metered and non-metered rates provide funds for the operation, maintenance, and debt service of the water system. Water rates for all customers were increased as follows for the last five fiscal years:

<u>Fiscal Year Ending</u>	<u>% Increase</u>
June 30, 2010	0.00%
June 30, 2009	0.00%
June 30, 2008	0.00%
June 30, 2007	5.00%
June 30, 2006	20.00%

The rate structure is intended to provide sufficient funds for the Water System to be self-sustaining.

To ensure better accuracy and efficiency of measuring metered water use, a \$1,500,000 water meter replacement program was started in 2005. This program included the replacement of all existing water meters older than 5 years and the installation of an automatic meter reading system. Although meter replacement project funding has been expended, routine replacement work on aging meters continues to be performed by Public Utilities personnel from the operating budget.

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Employee Relations and Collective Bargaining

Municipal Employees

Fiscal Year Ended June 30	2009	2008	2007	2006	2005
General Government.....	551	586	562	540	527
Board of Education.....	1,587	1,548	1,474	1,425	1,387
Total.....	2,138	2,134	2,036	1,965	1,914

Employee Bargaining Organizations

Non-Bargaining Employees.....	43	N/A
DSAA - School Administrators.....	42	6/30/2010
NEA Teachers.....	827	6/30/2011
Local 677 Teamsters Custodians.....	78	6/30/2011
CSEA Paraprofessionals.....	415	6/30/2009 ¹
School Nurses Association.....	26	6/30/2011
Local 677 Teamsters School Lunch.....	79	6/30/2009 ¹
Danbury Association of School Secretaries.....	77	6/30/2010
Total.....	1,587	

City Groups

Local 891 Council 15 AFSCME Police ²	150	6/30/2011
UPSEIU (formerly DMEA) Municipal Employees.....	106	6/30/2011
Local 677 Teamsters.....	105	6/30/2011
Local 801 AFL CIO Firefighters.....	117	6/30/2011
Non-Bargaining Employees.....	73	N/A
Total.....	551	

¹ In negotiation.

² Includes two canine control officers.

The Connecticut General Statutes Sections 7-473c, 7-474 and 10-153d provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of three arbitrators to review the decisions on each of the rejected issues. The panel may accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. In the light of the employer's financial capability, the panel shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational Services

The present Board of Education of the City is comprised of eleven members each serving a four year term, as provided by the City Charter. The Mayor serves as an ex-officio member. The Board of Education is responsible for maintaining public elementary and secondary schools. There are thirteen (13) elementary schools, two (2) middle schools, one (1) high school and one (1) alternative high school providing educational programs to students in grades pre-kindergarten through twelve.

School Facilities

School	Grades	Date Opened (Add. or Ren.)	Type of Construction	Number of Classrooms	Enrollment 10/1/08	Rated Capacity
Great Plain.....	PK - 5	1963	Brick	21	301	379
Hayestown.....	PK - 5	1955	Brick	26	405	448
King Street Primary	PK - 2	1977	Brick	22	326	488
King Street Inter.	3 - 5	1964	Brick	31	317	322
Magnet.....	K - 4	2006	Brick	18	371	390
Mill Ridge Primary	PK - 2	1974	Brick	22	295	396
Mill Ridge Inter.	3 - 5	1957	Brick	30	334	437
Morris Street.....	PK - 5	1892	Brick	24	307	379
		1963	(Addition)			
		1980	(Add. & Ren.)			
Park Avenue.....	PK - 5	1951	Brick	22	408	402
Pembroke.....	PK - 5	1970	Brick	23	335	425
Roberts Avenue.....	PK - 5	1952	Brick	19	350	356
Shelter Rock.....	PK - 5	1963	Brick	18	377	405
		1973	(Addition)			
South Street.....	PK - 5	1935	Brick	19	337	339
		1980	(Add. & Ren.)			
Stadley Rough.....	PK - 5	1971	Brick	21	472	494
Broadview M.S.	6 - 8	1967	Brick	39	1,105	1,012
Rogers Pk. M.S.	6 - 8	1972	Brick	42	1,020	1,012
Danbury H.S.	9 - 12	1964	Brick	117	2,840	2,442
Alternative Center.....	9 - 12	1977	Brick	11	86	100
Total.....				525	9,986¹	10,226

¹ Total Danbury school enrollment listed here does not include students categorized as "Other" in the amount of 293 as is listed below which is comprised of students enrolled in Headstart and other special programs. Total Danbury enrollment is 10,279 as is listed below under "School Enrollment".

Source: Danbury Board of Education

School Enrollment ¹ Historical

Year	Pre-K - 5	6-8	9-12	Other	Total
1999-2000	4,390	2,065	2,465	231	9,151
2000-2001	4,453	2,144	2,564	209	9,370
2001-2002	4,182	2,205	2,673	210	9,270
2002-2003	4,517	2,201	2,844	209	9,771
2003-2004	4,525	2,177	2,886	220	9,808
2004-2005	4,533	2,093	2,936	219	9,781
2005-2006	4,491	2,123	2,994	296	9,904
2006-2007	4,574	2,122	2,966	321	9,983
2007-2008	4,699	2,175	2,931	314	10,119
2008-2009	4,935	2,125	2,926	293	10,279
		Projected ²			
2009-2010	4,721	2,052	2,052	176	9,001
2010-2011	4,789	2,081	2,081	176	9,127
2011-2012	4,832	2,106	2,106	176	9,220
2012-2013	4,874	2,179	2,179	176	9,408
2013-2014	4,878	2,221	2,221	176	9,496

¹ Superintendent's Office

² Connecticut State Department of Education - Enrollment Projections

III. Economic and Demographic Information

Population and Density

Year	Actual Population ¹	% Increase	Density ²
1970	51,066	29.7%	1,161
1980	60,470	18.4%	1,374
1990	65,585	8.5%	1,491
2000	74,848	14.1%	1,701
2007 ³	79,226	5.8%	1,801

¹ 1970 - 2000, U.S. Department of Commerce, Bureau of Census

² Per square mile: 44 square miles

³ State of Connecticut, Department of Public Health; July 1, 2007.

Age Distribution of the Population

	City of Danbury		State of Connecticut	
	2000	Percent	2000	Percent
Under 5.....	4,900	6.5	223,344	6.6
5 – 9.....	4,540	6.1	244,144	7.2
10 – 14.....	4,281	5.7	241,587	7.1
15 – 19.....	4,561	6.1	216,627	6.4
20 – 24.....	5,587	7.5	187,571	5.5
25 – 34.....	13,332	17.8	451,640	13.3
35 – 44.....	13,161	17.6	581,049	17.1
45 – 54.....	10,011	13.4	480,807	14.1
55 – 59.....	3,595	4.8	176,961	5.2
60 – 64.....	2,644	3.5	131,652	3.9
65 – 74.....	4,158	5.6	231,565	6.8
75 – 84.....	2,946	3.9	174,345	5.1
85 years and over.....	1,132	1.5	64,273	1.9
Total.....	74,848	100.0	3,405,565	100.0
Median Age (years)		35.2		37.4

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

Income Distribution

	City of Danbury		State of Connecticut	
	Households	Percent	Households	Percent
Less than \$10,000.....	684	3.8	33,423	3.8
\$10,000 to 14,999.....	452	2.5	23,593	2.7
\$15,000 to 24,999.....	1,341	7.4	63,262	7.1
\$25,000 to 34,999.....	1,695	9.3	75,413	8.5
\$35,000 to 49,999.....	2,721	15.0	120,134	13.6
\$50,000 to 74,999.....	4,299	23.7	198,924	22.5
\$75,000 to 99,999.....	2,988	16.5	141,981	16.0
\$100,000 to 149,999.....	2,561	14.1	132,177	14.9
\$150,000 to 199,999.....	790	4.4	42,472	4.8
\$200,000 or more.....	615	3.4	54,368	6.1
Total.....	18,146	100.0	885,747	100.0

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

Income Levels

	<u>City of Danbury</u>	<u>State of Connecticut</u>
Per Capita Income, 1999.....	\$24,500	\$28,766
Per Capita Income, 1989.....	19,300	20,189
Median Family Income, 1999.....	\$53,664	\$53,935
Percent Below Poverty.....	5.90%	5.60%

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

Educational Attainment Population 25 years and over

	<u>City of Danbury</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade.....	5,182	10.1	132,917	5.8
9th to 12th grade, no diploma.....	6,607	12.9	234,739	10.2
High school graduate (includes equivalency).....	14,688	28.7	653,300	28.5
Some college, no degree.....	8,266	16.1	402,741	17.5
Associate's degree.....	2,596	5.1	150,926	6.6
Bachelor's degree.....	8,937	17.4	416,751	18.2
Graduate or professional degree.....	4,947	9.7	304,243	13.3
Total.....	51,223	100.0	2,295,617	100.0
Percent high school graduate or higher.....		77.0%		84.0%
Percent bachelor's degree or higher.....		27.1%		31.4%

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

Major Employers As of July 2009

<u>Name</u>	<u>Business</u>	<u>Approximate Number of Employees ¹</u>
Danbury Hospital.....	Hospital (excluding affiliates)	2,310
Danbury School Systems.....	Education	1,587
Boehringer-Ingelheim Pharmaceuticals ²	Pharmaceuticals	1,349
Cartus (formerly Cendant Mobility).....	Relocation firm	1,318
Western CT State University.....	Education	620
City of Danbury General Government.....	Municipality	551
Praxair.....	Industrial Gases	501
Goodrich.....	Optical Instruments & Lenses	480
Barden Corporation.....	Industrial Gases	388

¹ Does not include part-time employees

² Includes Danbury & Ridgefield

Source: Greater Danbury Chamber of Commerce, Inc.

Employment by Industry

Sector	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	69	0.2	7,445	0.4
Construction.....	3,811	9.5	99,913	6.0
Manufacturing.....	7,323	18.3	246,607	14.8
Wholesale trade.....	1,181	2.9	53,231	3.2
Retail trade.....	5,039	12.6	185,633	11.2
Transportation and warehousing, and utilities.....	1,213	3.0	64,662	3.9
Information.....	1,602	4.0	55,202	3.3
Finance, insurance, real estate, and rental and leasing.....	2,529	6.3	163,568	9.8
Professional, scientific, management, administrative, and waste management services.....	4,656	11.6	168,334	10.1
Educational, health and social services.....	6,893	17.2	366,568	22.0
Arts, entertainment, recreation, accommodation and food services.....	2,780	6.9	111,424	6.7
Other services (except public administration).....	2,165	5.4	74,499	4.5
Public Administration.....	809	2.0	67,354	4.0
Total Labor Force, Employed.....	40,070	100.0	1,664,440	100.0

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

Employment Data By Place of Residence¹

Period	City of Danbury		Percentage Unemployed		
	Employed	Unemployed	City of Danbury	Danbury Labor Market	State of Connecticut
May 2009.....	41,762	3,147	7.0	6.8	7.9
Annual Average					
2008.....	42,856	2,120	4.7	4.5	5.7
2007.....	43,113	1,640	3.7	3.6	4.6
2006.....	42,478	1,499	3.4	3.3	4.3
2005.....	41,629	1,704	3.9	3.8	4.9
2004.....	39,193	1,447	3.6	3.1	4.7
2003.....	38,553	1,782	4.4	3.8	5.5
2002.....	36,346	1,473	3.9	3.3	4.3
2001.....	34,711	1,086	3.0	2.5	3.3
2000.....	36,010	662	1.8	1.5	2.3
1999.....	34,738	1,034	2.9	2.3	3.2

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

Year Built	City of Danbury		State of Connecticut	
	Units	Percent	Units	Percent
1999 to March 2000.....	685	2.4	15,993	1.2
1995 to 1998.....	808	2.8	47,028	3.4
1990 to 1994.....	1,023	3.6	56,058	4.0
1980 to 1989.....	4,569	16.0	183,405	13.2
1970 to 1979.....	4,855	17.0	203,377	14.7
1960 to 1969.....	4,583	16.1	212,176	15.3
1940 to 1959.....	6,091	21.4	359,042	25.9
1939 or earlier.....	5,905	20.7	308,896	22.3
Total housing units, 2000.....	28,519	100.0	1,385,975	100.0
Percent Owner Occupied, 2000.....		58.3		66.8

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

Housing Inventory

Type	Units	Percent
1-unit, detached.....	12,653	44.4
1-unit, attached.....	2,137	7.5
2 units.....	3,457	12.1
3 or 4 units.....	3,414	12.0
5 to 9 units.....	2,254	7.9
10 to 19 units.....	1,456	5.1
20 or more units.....	2,706	9.5
Mobile home.....	422	1.5
Boat, RV, van, etc.	20	0.1
Total Inventory	28,519	100.0

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

Building Permits

Calendar Year Ending 12/31	Residential		Commercial		Industrial		Total	
	No.	Value	No.	Value	No.	Value	No.	Value
2008	808	\$ 34,115,571	226	\$ 20,464,467	10	\$ 51,439,000	1,044	\$106,019,038
2007	1,220	68,757,868	209	73,443,295	17	45,231,176	1,446	187,432,339
2006	1,368	57,171,613	203	69,518,464	12	28,725,755	1,583	155,415,832
2005	1,441	96,350,821	177	44,660,170	4	25,324,000	1,622	166,334,991
2004	1,420	85,958,812	195	37,860,444	5	8,225,886	1,620	132,045,142
2003	1,127	40,166,000	181	24,635,638	9	3,051,936	1,317	67,853,574
2002	1,062	57,004,872	236	32,725,840	33	6,440,498	1,331	96,171,210
2001	2,160	56,853,403	582	29,916,109	13	16,853,297	2,755	103,622,809 ¹
2000	1,823	62,484,901	426	29,746,777	23	9,744,553	2,272	101,976,231 ¹
1999	802	37,221,107	227	43,087,178	-	-	1,029	80,308,285

Source: Building Department, City of Danbury

¹ Building permits for 2000 and 2001 include electrical and mechanical permits.

Owner-Occupied Housing Values

Specified Owner-occupied Values	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	43	0.40	5,996	0.80
\$ 50,000 to \$ 99,999.....	562	4.80	85,221	11.70
\$100,000 to \$149,999.....	2,347	19.90	212,010	29.10
\$150,000 to \$199,999.....	3,929	33.40	156,397	21.50
\$200,000 to \$299,999.....	3,625	30.80	137,499	18.90
\$300,000 to \$499,999.....	1,082	9.20	79,047	10.90
\$500,000 to \$999,999.....	171	1.50	38,168	5.20
\$1,000,000 or more.....	20	0.20	13,906	1.90
Total.....	11,779	100.00	728,244	100.00
Median Value.....	\$186,500		\$166,900	

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

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IV. Tax Base Data

Property Tax

Assessments

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the City for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the City as of October 1. A Board of Assessment Appeal determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation which was effective for the October 1, 2007 Grand List. The City has elected to phase in those assessments over four years. Normally, this strategy allows the City to minimize the effects each year of the revaluation as the tax base grows while stabilizing tax rates. However, the economic recession, credit crunch and housing market crisis has flat lined the City's tax base as compared to last year. Any continuation of a phase-in would have caused a sudden and substantial tax increase to the City residents without producing any additional property tax revenue in a time when such an increase could not be afforded by the taxpayers. Many cities throughout Connecticut faced the same issue and as a result the Connecticut State legislation passed sSB 997 - An Act Concerning a Municipal Option to Delay Revaluations. Consequently, the City decided to delay the second year of the phase-in and prepared a revised grand list for October 1, 2008 assessment year reflective of the assessments of real estate according to the grand list in effect for the assessment year commencing October 1, 2007, subject only to transfers of ownership, additions for new construction and reductions for demolitions.

Public Act 04-2 Section 32 amended subsections (a) and (b) of Connecticut General Statutes 12-62. Pursuant to this legislative change, revaluations are to be implemented on a five-year cycle. All towns, including those that implemented revaluation prior to the legislation's effective date are subject to that requirement. The next revaluation the City will be performing will be for the October 1, 2012 grand list.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the City by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes (CGS), provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the CGS permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The City has not approved the use of this abatement provision to date.

In accordance with CGS 12-65b, the Common Council adopted in November 1996 an ordinance authorizing the deferral of assessment increases attributed to construction or improvements to real property. This applies to offices, manufactures, warehouses or storage areas.

Also, in accordance with CGS 12-65b, the Common Council adopted in February 2004 an ordinance authorizing the deferral of assessment increases attributed to the placement of personal property to be located in a manufacturing facility.

Levy

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. At the discretion of the City and for the convenience of the taxpayer, tax bills are payable in installments: July 1, October 1, January 1, and April 1. A margin against delinquencies, legal reductions, and Grand List adjustments, such as assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. A modest estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least three times a year, with interest charged at the rate of one and one-half percent per month in accordance with CGS, with a minimum charge of \$2.00. Outstanding real estate tax accounts are automatically lienied each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Real estate accounts and other accounts are transferred to suspense 15 years after the due date in accordance with CGS.

Comparative Assessed Valuation

Grand List as of 10/1	Residential Real Property (%)	Commercial/ Industrial Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Manufacturers' Exemptions,¹ Veterans Relief, and Elderly	Net Taxable Grand List	Annual Change
2008 ²	62.1	28.0	4.5	5.4	\$7,346,890,180	\$208,910,567	\$7,137,979,613	-1.12%
2007 ²	61.8	28.4	4.4	5.4	7,376,104,210	157,066,247	7,219,037,963	15.44%
2006	60.6	26.6	5.9	7.2	6,359,947,800	106,380,770	6,253,567,030	2.46%
2005	60.8	25.9	5.9	7.4	6,210,479,700	107,256,230	6,103,223,470	8.29%
2004 ²	59.2	26.9	6.1	7.8	6,055,386,825	121,477,840	5,635,804,295	8.37%
2003 ²	59.9	24.6	6.7	6.8	5,902,781,490	123,388,910	5,200,457,340	6.30%
2002 ²	59.4	24.8	6.9	6.9	5,871,260,940	122,770,090	4,892,216,450	7.24%
2001	52.4	28.7	8.6	8.5	4,661,646,250	99,622,880	4,562,023,370	2.10%
2000	52.5	31.0	8.3	8.3	4,551,743,810	83,431,520	4,468,312,290	1.67%
1999 ³	52.1	30.7	8.7	7.8	4,480,987,800	86,225,680	4,394,762,120	-5.83%

¹ Manufacturers' Exemptions began in 10/1/91.

² Revaluation. The column entitled "Exemptions" does not include exemptions due to phase in of revaluation.

³ Revaluation.

Source: City of Danbury, City Assessor's Office

Exempt Property Assessed Value as of October 1, 2008

The following categories of exempt properties are not included in the grand lists.

	Assessed Value
U.S. Government.....	\$ 62,991,150
State of Connecticut.....	419,987,360
Miscellaneous.....	353,817,140
City of Danbury.....	595,354,180
Total Exempt Property.....	\$ 1,432,149,830
Percent Compared to Gross Grand List ¹	14.11%

¹ Based on a Gross Grand List 10/1/08 of \$10,151,639,970.

Source: City of Danbury, Assessor's Office

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Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Original Annual Levy	Percent of Annual Levy Collected at end of Fiscal Year	Percent of Annual Levy Uncollected at end of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/09
2007	2009 ¹	\$7,219,037,963	21.35	\$154,126,461	99.0%	1.0%	1.0%
2006	2008	6,253,567,030	22.20	138,859,007	99.3	0.7	0.6
2005	2007	6,103,223,470	22.05	134,604,812	98.5	1.5	0.5
2004	2006	5,635,804,295	23.03	129,801,428	98.5	1.5	0.0
2003	2005	5,200,457,340	24.86	129,296,048	98.5	1.5	0.3
2002	2004	4,892,216,450	24.29	118,824,972	99.3	0.7	0.5
2001	2003	4,562,023,370	25.24	115,150,456	98.3	1.7	0.3
2000	2002	4,468,312,290	24.30	108,588,084	98.7	1.3	0.3
1999	2001	4,394,762,120	23.19	101,895,249	98.0	2.0	0.3
1998	2000	4,667,049,310	20.78	96,977,466	98.6	1.4	0.3

¹ Estimate for June 30, 2009 and subject to audit.

Source: City of Danbury, Tax Collector's Office

Property Taxes Receivable Last Five Fiscal Years

As of June 30	Total	Current Year
2009 ¹	\$6,752,516	\$2,900,148
2008	5,686,635	2,138,168
2007	4,215,417	1,876,605
2006	3,760,854	1,616,950
2005	5,233,029	1,914,898

¹ Subject to audit

Source: Comprehensive Annual Financial Reports, City of Danbury, 2005 - 2008.

City of Danbury, Tax Collector's Office, 2009.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Danbury Mall Associates.....	Shopping Mall	\$ 225,871,500	3.16%
Boehringer-Ingelheim.....	Research Center	58,975,930	0.83%
Gera Danbury LLC.....	Real Estate Investor	56,182,950	0.79%
Avalonbay Communities, Inc.	Land Developer	55,041,360	0.77%
Connecticut Light & Power.....	Public Utilities	49,598,360	0.69%
WCI Communities, Inc.	Land Developer	43,299,000	0.61%
Melvyn, Mary & Seymour Powers Danbury Industrial Corp & MMP Realty....	Industrial Park	44,229,140	0.62%
Building 45 Eagle LLC.....	Retail	41,276,980	0.58%
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center.....	Shopping Ctr & Land Developer	33,374,470	0.47%
Urstadt Biddle Properties, Inc.....	Retail	30,654,530	0.43%
Total.....		\$ 638,504,220	8.95%

¹ Based on a Net Taxable Grand List 10/1/08 of \$7,137,979,613.

Source: Assessor's Office, City of Danbury

V. Debt Summary
Principal Amount of Bonded Indebtedness
As of July 30, 2009
(Pro Forma)

Date	Purpose	Rate %	Amount of Original Issue	Amount Outstanding	Date of Fiscal Year Maturity
08/15/92	Schools.....	4.125 - 6.125	16,000,000	3,200,000	2013
08/15/92	Public Improvement.....	4.125 - 6.125	350,000	60,000	2013
02/01/94	Public Improvement.....	3.200 - 5.100	2,705,000	400,000	2014
02/01/94	Schools.....	3.200 - 5.100	17,740,000	4,400,000	2014
02/01/94	Sewer ²	3.200 - 5.100	2,100,000	525,000	2014
02/01/94	Water - Sewer Treatment Plant ²	3.200 - 5.100	1,000,000	250,000	2014
02/01/94	Sewer - Lateral ³	3.200 - 5.100	1,310,000	325,000	2014
02/01/94	Water - Dams ¹	3.200 - 5.100	2,000,000	500,000	2014
07/29/94	Sewers - Clean Water Fund Loan ²	2.000	47,373,853	10,136,763	2014
01/31/95	Sewers - CWF Loan - Lateral ³	2.000	441,322	112,170	2015
03/15/95	Sewer - Lateral ³	5.000 - 7.000	1,500,000	450,000	2015
03/15/95	Water - Dams ¹	5.000 - 7.000	2,100,000	630,000	2015
03/15/95	Public Improvement.....	5.000 - 7.000	1,695,000	445,000	2015
08/01/99	Public Improvement.....	4.150 - 6.000	3,500,000	175,000	2010
08/01/99	Water System Improvements ¹	4.150 - 6.000	1,000,000	50,000	2010
08/01/99	Sewer - Lateral ³	4.150 - 6.000	1,600,000	80,000	2010
05/15/02	Public Improvement.....	3.500 - 5.000	7,292,000	1,282,050	2012
05/15/02	Schools.....	3.500 - 5.000	4,500,000	675,000	2012
05/15/02	Water Service Extensions ¹	3.500 - 5.000	573,000	85,950	2012
05/15/02	Sewer Lateral ³	3.500 - 5.000	380,000	57,000	2012
05/01/03	Refunding of 1990 Pub. Imp. Bonds.....	2.000 - 4.000	1,190,000	160,000	2010
08/01/03	Schools.....	3.250 - 4.750	5,350,000	3,875,000	2024
08/01/03	Public Improvement.....	3.250 - 4.750	7,575,000	5,250,000	2024
03/01/04	Public Improvement Refunding.....	2.000 - 5.000	11,770,000	11,546,000	2022
03/01/04	Schools Refunding.....	2.000 - 5.000	2,278,000	2,278,000	2022
03/01/04	Sewer - Lateral Refunding ³	2.000 - 5.000	998,000	998,000	2022
03/01/04	Water Refunding ¹	2.000 - 5.000	10,314,000	9,938,000	2022
08/01/04	Public Improvement.....	3.250 - 5.000	3,100,000	2,460,000	2025
08/01/04	Schools.....	3.250 - 5.000	515,000	380,000	2025
08/01/04	Sewer - Lateral ³	3.250 - 5.000	1,300,000	1,040,000	2025
08/01/05	Public Improvement.....	3.000 - 4.500	9,430,000	7,685,000	2026
08/01/05	Schools.....	3.000 - 4.500	1,010,000	400,000	2011
08/01/05	Water ¹	3.000 - 4.500	500,000	425,000	2026
08/01/06	Public Improvement.....	4.250 - 5.000	19,405,500	17,403,000	2027
08/01/06	Schools.....	4.250 - 5.000	4,952,000	4,452,000	2027
08/01/06	Sewer - Lateral ³	4.250 - 5.000	3,550,000	3,190,000	2027
08/01/06	Water ¹	4.250 - 5.000	3,712,500	3,335,000	2027
08/01/07	Public Improvement.....	4.000 - 5.000	23,146,000	21,880,000	2028
08/01/07	Schools.....	4.000 - 5.000	334,000	316,000	2028
08/01/07	Sewer ²	4.000 - 5.000	1,014,000	962,000	2028
08/01/07	Sewer - Lateral ³	4.000 - 5.000	2,697,000	2,560,000	2028
08/01/07	Water ¹	4.000 - 5.000	1,124,000	1,067,000	2028
08/01/08	Public Improvement.....	3.500 - 5.000	17,599,450	17,599,450	2029
08/01/08	Sewer ²	3.500 - 5.000	602,000	602,000	2029
08/01/08	Sewer - Lateral ³	3.500 - 5.000	1,241,050	1,241,050	2029
08/01/08	Water ¹	3.500 - 5.000	557,500	557,500	2029
Total Long Term Debt.....			250,425,175	145,438,933	
This Issue					
07/15/09	Public Improvement.....	3.000 - 5.000	15,263,762	15,263,762	2030
07/15/09	Schools.....	3.000 - 5.000	3,821,238	3,821,238	2030
07/15/09	Water ¹	3.000 - 5.000	915,000	915,000	2030
Total This Issue.....			20,000,000	20,000,000	
Grand Total.....			\$ 270,425,175	\$ 165,438,933	

¹ Debt service is included in and paid from the operating budget of the Water Enterprise Fund.

² Debt service and capital costs incurred in the expansion, renovation, and repair of the central sewer filtering plant, major trunk lines and pumping stations are included in the sewer system operating budget. Rates are established by standards contained in an ordinance enacted by the Common Council and in conformity with Chapter 103 of the General Statutes, as amended.

³ All costs associated with the extension of new sewer services and for the construction of collector lines or laterals are borne by the property owners benefiting from such extension projects. Assessments of benefits for those whose property benefits by such extension projects are established by standards contained in an ordinance enacted by the Common Council and in conformity with Chapter 103 of the General Statutes, as amended. Debt service is paid from the Sewer Assessment Fund.

**Short Term Debt
As of July 30, 2009
(Pro Forma)**

Project	Amount Authorized	This Issue: To Mature 7/29/10
21st Century Public Improvements.	\$ 55,515,000	\$ 2,113,300
Public Safety Bond.....	45,544,964	16,840,983
Public Safety Bond - Schools.....	3,655,036	1,500,000
Open Space.....	18,900,000	7,900,000
Danbury Neighborhood Bond.....	10,930,000	2,000,000
Safety Sewer Improvements. ³	5,800,000	1,057,997
21st Century Water. ¹	5,680,000	1,000,000
Head Start.....	5,600,000	4,821,000
Sewer Service Extension III. ²	5,000,000	2,500,671
21st Century Sewer.....	5,000,000	4,261,199
Water Service Extension II. ¹	3,000,000	350,000
Danbury Neighborhood Water.....	998,000	657,000
General Public Improvements 07-08.....	500,000	500,000
G.P.I. 08-09 - School Technology.....	500,000	500,000
G.P.I. 08-09 - Public Improvements.....	500,000	500,000
G.P.I. 08-09 - Recreation & Field Imps.....	500,000	500,000
G.P.I. 08-09 - Sewer Study.....	500,000	500,000
G.P.I. 08-09 - School Improvements.....	497,850	497,850
Total	\$ 168,620,850	\$ 48,000,000

¹ Debt service is included in and paid from the operating budget of the Water Enterprise Fund.

² All costs associated with the extension of new sewer services and for the construction of collector lines or laterals are borne by the property owners benefiting from such extension projects. Assessments of benefits for those whose property benefits by such extension projects are established by standards contained in an ordinance enacted by the Common Council and in conformity with Chapter 103 of the General Statutes, as amended. Debt service is paid from the Sewer Assessment Fund.

³ The City has an Interim Finance Obligation outstanding in the amount of \$2,597,287 maturing on March 31, 2010. The City also anticipates a grant in the amount of \$1,102,716 from the State.

Other Obligations

The City of Danbury leases certain capital equipment. Please refer to the General Purpose Financial Statements, Note 9 for more information.

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General Fund Annual Bonded Debt Maturity Schedule
As of July 30, 2009
(Pro Forma)

Fiscal Year	Principal	Interest	Total	This Issue - Principal			Cummulative % Principal Retired
				Pub. Imp.	Schools	Total	
2010	\$ 8,671,800	\$ 4,453,506	\$ 13,125,306	\$ -	\$ -	\$ -	6.91%
2011	8,509,350	4,068,733	12,578,083	766,762	192,238	959,000	14.47%
2012	8,302,350	3,691,323	11,993,673	763,000	191,000	954,000	21.85%
2013	8,179,000	3,299,854	11,478,854	763,000	191,000	954,000	29.13%
2014	7,353,000	2,945,453	10,298,453	763,000	191,000	954,000	35.75%
2015	6,183,000	2,628,506	8,811,506	763,000	191,000	954,000	41.44%
2016	6,095,000	2,367,871	8,462,871	763,000	191,000	954,000	47.06%
2017	5,877,000	2,114,783	7,991,783	763,000	191,000	954,000	52.51%
2018	5,806,000	1,874,356	7,680,356	763,000	191,000	954,000	57.90%
2019	5,424,000	1,648,792	7,072,792	763,000	191,000	954,000	62.99%
2020	4,913,000	1,438,175	6,351,175	763,000	191,000	954,000	67.67%
2021	4,737,000	1,238,414	5,975,414	763,000	191,000	954,000	72.20%
2022	4,723,000	1,040,323	5,763,323	763,000	191,000	954,000	76.73%
2023	4,206,000	850,651	5,056,651	763,000	191,000	954,000	80.85%
2024	4,206,000	669,584	4,875,584	763,000	191,000	954,000	84.96%
2025	3,671,000	499,263	4,170,263	763,000	191,000	954,000	88.65%
2026	3,501,000	343,514	3,844,514	763,000	191,000	954,000	92.20%
2027	3,135,000	198,270	3,333,270	763,000	191,000	954,000	95.46%
2028	1,950,000	85,508	2,035,508	763,000	191,000	954,000	97.78%
2029	879,000	20,876	899,876	763,000	191,000	954,000	99.24%
2030	-	-	-	763,000	191,000	954,000	100.00%
Total	\$ 106,321,500	\$ 35,477,755	\$ 141,799,255	\$ 15,263,762	\$ 3,821,238	\$ 19,085,000	

Self-Supporting Debt Annual Bonded Maturity Schedule
As of July 30, 2009
(Pro Forma)

Fiscal Year	Principal	Interest	Total	This Issue:		Cummulative % Principal Retired
				Water	Retired	
2010 ¹	\$ 4,967,737	\$ 1,423,614	\$ 6,391,351	\$ -		12.4%
2011	4,965,188	1,260,930	6,226,118	41,000		24.9%
2012	4,957,188	1,098,374	6,055,562	46,000		37.4%
2013	4,945,540	934,979	5,880,519	46,000		49.9%
2014	2,670,940	788,700	3,459,640	46,000		56.7%
2015	2,128,840	671,951	2,800,791	46,000		62.1%
2016	1,940,000	572,183	2,512,183	46,000		67.1%
2017	1,943,000	483,946	2,426,946	46,000		72.0%
2018	1,929,000	403,050	2,332,050	46,000		77.0%
2019	1,601,000	333,977	1,934,977	46,000		81.1%
2020	987,000	281,922	1,268,922	46,000		83.7%
2021	858,000	243,731	1,101,731	46,000		85.9%
2022	857,000	207,857	1,064,857	46,000		88.2%
2023	809,000	172,568	981,568	46,000		90.3%
2024	809,000	137,948	946,948	46,000		92.4%
2025	809,000	103,028	912,028	46,000		94.6%
2026	744,000	69,270	813,270	46,000		96.6%
2027	720,000	37,333	757,333	46,000		98.5%
2028	355,000	13,664	368,664	46,000		99.5%
2029	121,000	2,874	123,874	46,000		99.9%
2030	-	-	-	46,000		100.0%
Total	\$ 39,117,433	\$ 9,241,899	\$ 48,359,332	\$ 915,000		

¹ Included \$208,712 in principal payments and \$17,082 interest payments from July 1, 2009 through July 30, 2009.

Note: Long-Term capital leases and State of Connecticut Local Bridge Loans are not included.

**Total General Obligation Debt
Annual Bonded Debt Maturity Schedule
As of July 30, 2009
(Pro Forma)**

Fiscal Year	Principal	Interest	Total	Total This Issue	Cumulative % Prin. Retired
2010 ¹	\$ 13,639,537	\$ 5,877,120	\$ 19,516,657	\$ -	8.2%
2011	13,474,538	5,329,663	18,804,201	1,000,000	17.0%
2012	13,259,538	4,789,697	18,049,235	1,000,000	25.6%
2013	13,124,540	4,234,833	17,359,373	1,000,000	34.2%
2014	10,023,940	3,734,153	13,758,093	1,000,000	40.8%
2015	8,311,840	3,300,457	11,612,297	1,000,000	46.4%
2016	8,035,000	2,940,054	10,975,054	1,000,000	51.9%
2017	7,820,000	2,598,729	10,418,729	1,000,000	57.2%
2018	7,735,000	2,277,406	10,012,406	1,000,000	62.5%
2019	7,025,000	1,982,769	9,007,769	1,000,000	67.4%
2020	5,900,000	1,720,097	7,620,097	1,000,000	71.5%
2021	5,595,000	1,482,145	7,077,145	1,000,000	75.5%
2022	5,580,000	1,248,180	6,828,180	1,000,000	79.5%
2023	5,015,000	1,023,219	6,038,219	1,000,000	83.1%
2024	5,015,000	807,532	5,822,532	1,000,000	86.8%
2025	4,480,000	602,291	5,082,291	1,000,000	90.1%
2026	4,245,000	412,784	4,657,784	1,000,000	93.3%
2027	3,855,000	235,603	4,090,603	1,000,000	96.2%
2028	2,305,000	99,172	2,404,172	1,000,000	98.2%
2029	1,000,000	23,750	1,023,750	1,000,000	99.4%
2030	-	-	-	1,000,000	100.0%
Total	\$ 145,438,933	\$ 44,719,654	\$ 190,158,587	\$ 20,000,000	

¹ Includes \$208,712 in principal payments and \$17,082 interest payments from July 1, 2009 through July 30, 2009.

Note: Long-Term capital leases and State of Connecticut Local Bridge Loans are not included.

Overlapping/Underlying Debt

The City of Danbury has neither overlapping nor underlying debt.

THE CITY OF DANBURY HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

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Debt Statement
As of July 30, 2009
(Pro Forma)

Long-Term Debt:

Public Improvement (\$86,345,500 Outstanding Plus \$15,263,762 of This Issue).....	\$ 101,609,262
Schools (\$19,976,000 Outstanding Plus \$3,821,238 of This Issue).....	23,797,238
Sewers	22,278,983
Water (\$16,838,450 Outstanding Plus \$915,000 of This Issue).....	17,753,450
Total Long-Term Debt ¹	<u>165,438,933</u>

Short-Term Debt:

Bond Anticipation Notes (This Issue).....	48,000,000
State of Connecticut Clean Water Fund Interim Finance Obligation (IFO).....	2,597,287
Total Direct Debt	<u>216,036,220</u>

Less: Amount to be provided by the State for school construction (As of 6/30/09).....	(2,852,367)
Self-Supporting Sewer Debt (Includes \$8,319,867 of this Note Issue and IFO)...	(33,196,137)
Self-Supporting Water Debt (Includes \$2,007,000 of this Note Issue).....	(19,760,450)
Total Net Direct Debt	<u>160,227,266</u>

Plus: Overlapping/Underlying Debt.....	-
TOTAL OVERALL NET DEBT	<u>\$ 160,227,266</u>

¹ Long-term debt does not include an estimated \$704,233 for accrued employee benefits, \$12,878,339 of landfill closure and post-closure costs, and \$4,989,269 in capital leases.

Current Debt Ratios
As of July 30, 2009
(Pro Forma)

Population ¹	79,226
Net Taxable Grand List (10/1/08).....	\$ 7,137,979,613
Estimated Full Value.....	\$ 10,197,113,733
Equalized Net Taxable Grand List (10/1/06) ¹	\$ 12,671,862,277
Income per Capita (1990) ²	\$19,300
Income per Capita (2000) ²	\$24,500

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	<u>\$216,036,220</u>	<u>\$ 160,227,266</u>	<u>\$160,227,266</u>
Per Capita.....	\$2,726.83	\$2,022.41	\$2,022.41
Ratio to Net Taxable Grand List.....	3.03%	2.24%	2.24%
Ratio to Estimated Full Value.....	2.12%	1.57%	1.57%
Ratio to Equalized Net Taxable Grand List.....	1.70%	1.26%	1.26%
Debt per Capita to Income per Capita (1990).....	14.13%	10.48%	10.48%
Debt per Capita to Income per Capita (2000).....	11.13%	8.25%	8.25%

¹ Office of Policy and Management, State of Connecticut, July 1, 2007.

² Department of Commerce, U.S. Bureau of Census, 1990 and 2000.

Bond Authorization Procedure

The issuance of bonds is authorized pursuant to an ordinance passed by the Common Council by affirmative vote of at least two-thirds (2/3) of all members of the Council. No bonds may be issued for a term longer than the estimated life of the improvement for which they are issued and in no event, for a term longer than twenty years. Whenever the Common Council votes to issue bonds in a principal amount in excess of \$500,000, the ordinance authorizing such issue must be submitted for approval or disapproval of the electors at the next municipal election or at a special City meeting called by the Mayor.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for school and sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Clean Water Fund Program

The City of Danbury is a participant in the State of Connecticut's Clean Water Fund Program (General Statutes Sections 22a-475 et seq., as amended), which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan). The City authorized \$76,450,000 to undertake major renovations to the wastewater treatment plant. The City financed the renovations and other eligible projects through the State of Connecticut Clean Water Fund Program.

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (Interim Funding Obligation). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality. The City of Danbury has issued \$52,709,321 in debt under the Clean Water Fund Program, and has received \$8,991,012 from the State in the form of a grant. The remaining amounts have been authorized and issued by the participating municipalities.

Amortization of each Loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement, the first year's date, and thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

Statement of Debt Limitation
As of July 30, 2009
(Pro Forma)

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2009 (Subject to Audit)..... \$ 154,031,429

Reimbursement For Revenue Loss On:

Tax Relief for Elderly..... 417,253

BASE..... \$ 154,448,682

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base.....	\$ 347,509,535	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	695,019,069	-	-	-
3 3/4 times base.....	-	-	579,182,558	-	-
3 1/4 times base.....	-	-	-	501,958,217	-
3 times base.....	-	-	-	-	463,346,046
Total Debt Limitation	<u>\$ 347,509,535</u>	<u>\$ 695,019,069</u>	<u>\$ 579,182,558</u>	<u>\$ 501,958,217</u>	<u>\$ 463,346,046</u>
Indebtedness:					
Outstanding Debt:					
Bonds Payable ^{1,2}	\$ 86,345,500	\$ 19,976,000	\$ 12,225,763	\$ -	\$ -
Bonds – This Issue.....	15,263,762	3,821,238	-	-	-
Short-Term Notes – This Issue ²	28,140,983	9,532,150	5,819,196	-	-
Clean Water Fund - IFO.....	-	-	2,597,287	-	-
Authorized But Unissued ^{1,2}	31,193,969	1,421,798	1,162,801	-	-
Total Indebtedness ³	<u>160,944,214</u>	<u>34,751,186</u>	<u>21,805,047</u>	<u>-</u>	<u>-</u>
Less School Construction Grants ⁴	-	(2,852,367)	-	-	-
Total Net Indebtedness For Debt Limitation Calculation	<u>\$ 160,944,214</u>	<u>\$ 31,898,819</u>	<u>\$ 21,805,047</u>	<u>\$ -</u>	<u>\$ -</u>
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS	<u>\$ 186,565,321</u>	<u>\$ 663,120,250</u>	<u>\$ 557,377,510</u>	<u>\$ 501,958,217</u>	<u>\$ 463,346,046</u>

¹ Water debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$16,280,950 of outstanding water bonds, \$915,000 of water bonds included in this issue, \$350,000 of water assessment notes in this issue, \$1,657,000 of water notes in this issue, \$1,394,000 of water assessment authorized but unissued debt.

² Sewer assessment debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$10,053,220 of outstanding sewer assessment bonds, \$2,500,671 of sewer assessment notes and \$1,020,329 of authorized but unissued sewer assessment debt.

³ Excludes \$4,989,269 in capital leases.

⁴ See "School Projects" herein.

Note: With certain exclusions as set forth in Chapter 109 of the General Statutes, bonds and notes causing the aggregate indebtedness of the City to exceed seven times annual receipts from taxation may not be issued for any purpose. This limitation is \$1,081,140,774.

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**Debt Authorized but Unissued
As of July 30, 2009
(Pro Forma)**

Project	Authorized	Debt Previously Issued			Debt Authorized but Unissued			
		The Bonds	The Notes	General Purpose	Schools	Sewers	Water	
Gen. Public Imp. (G.P.I.) 07-08...	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -
G.P.I. 08-09 - School Imps.....	497,850	-	-	497,850	-	-	-	-
G.P.I. 08-09 - School Tech.....	500,000	-	-	500,000	-	-	-	-
G.P.I. 08-09 - Public Imps.....	500,000	-	-	500,000	-	-	-	-
G.P.I. 08-09 - Rec. & Field Imps..	500,000	-	-	500,000	-	-	-	-
G.P.I. 08-09 - Sewer Study.....	500,000	-	-	500,000	-	-	-	-
Vision 21 Program	21,000,000	16,514,500	-	-	4,485,500	-	-	-
Vision 21/2 Pub. Imp.	16,640,000	16,639,500	-	-	500	-	-	-
21st Century Public Imp.	55,515,000	35,044,000	1,710,868	2,113,300	16,646,832	-	-	-
Danbury Neighborhood Bond.....	10,930,000	7,843,000	-	2,000,000	1,087,000	-	-	-
Public Safety Bond.....	45,544,964	15,676,950	10,552,894	16,840,983	2,474,137	-	-	-
Public Safety Bond - Schools.....	3,655,036	-	2,150,000	1,500,000	-	5,036	-	-
Vision 21/2 Schools.....	5,360,000	4,243,000	112,238	-	-	1,004,762	-	-
Head Start.....	5,600,000	308,000	459,000	4,821,000	-	12,000	-	-
Open Space.....	16,000,000	-	3,000,000	6,500,000	6,500,000	-	-	-
Danbury High School.....	2,900,000	-	1,100,000	1,400,000	-	400,000	-	-
Sewer Service Ext. III. ¹	5,000,000	1,479,000	-	2,500,671	-	-	1,020,329	-
21st Century Sewer.....	5,000,000	364,000	-	4,261,199	-	-	374,801	-
Safety Sewer Improvements.....	5,800,000	254,000	-	1,057,997	-	-	788,000 ³	-
Water Service Ext. I. ²	2,500,000	2,435,500	-	-	-	-	-	64,500
Water Service Ext. II. ²	3,000,000	1,320,500	-	350,000	-	-	-	1,329,500
21st Century Water..... ²	5,680,000	3,993,000	687,000	1,000,000	-	-	-	-
Danbury Neighborhood Water..... ²	998,000	113,000	228,000	657,000	-	-	-	-
Total.....	\$214,120,850	\$106,227,950	\$20,000,000	\$48,000,000	\$31,193,969	\$1,421,798	\$2,183,130	\$1,394,000

¹ All costs associated with the extension of new sewer services and for the construction of collector lines or laterals are borne by the property owners benefiting by such extension project. Assessments of benefits for those whose property benefits by such extension project are established by standards contained in an ordinance enacted by the Common Council and in conformity with Chapter 103 of the General Statutes, as amended. Debt service is paid from the Sewer Assessment Fund.

² Debt service is included in and paid from the operating budget of the Water Enterprise Fund.

³ Authorized Unissued debt has been reduced by the City's outstanding Interim Finance Obligation and State of Connecticut Clean Water Fund grants received.

Ratios of Long-Term Debt to Valuation, Population and Income

Fiscal Year	Net Assessed Value	Estimated Full Value	Net Long-Term Debt ¹	Ratio of Net Long-Term Debt to	Ratio of Net Long-Term Debt to	Population ²	Ratio of Net Long-Term Debt per	Ratio of Net Long-Term Debt per
				Assessed Value (%)	Estimated Full Value (%)		Capita	Capita Income ³
2009 ⁴	\$7,219,037,963	\$10,312,911,376	\$107,487,500	1.49%	1.04%	24,500	\$4,387.24	17.91%
2008	6,253,567,030	8,933,667,186	97,770,400	1.56%	1.09%	79,226	1,234.07	5.04%
2007	6,103,223,470	8,718,890,671	80,962,250	1.33%	0.93%	79,226	1,021.92	4.17%
2006	5,635,804,295	8,051,148,993	60,967,100	1.08%	0.76%	79,226	769.53	3.14%
2005	5,200,457,340	7,429,224,771	57,546,562	1.11%	0.77%	78,736	730.88	2.98%

¹ Excludes self-supporting water, sewer and capital lease debt

² State of Connecticut Department of Public Health.

³ U.S. Department of Commerce, Bureau of Census, 2000 data used for per capita income (\$24,500)

⁴ Subject to Audit.

**Ratio of Annual Debt Service to Total General Fund Expenditures
and Other Financing Uses
(Includes Transfers Out)**

Fiscal Year Ended 6/30	Principal	Interest	Total	Total General Fund Expenditures	Ratio of General Fund Debt Service To Total General Fund Expenditures %
2009	\$7,810,350	\$4,497,286	\$12,307,636	\$196,930,743	6.25%
2008	6,599,850	3,855,922	10,455,772	204,004,121	5.13%
2007	5,672,350	3,136,734	8,809,084	183,768,559	4.79%
2006	5,505,611	2,668,668	8,174,279	177,974,241	4.59%
2005	6,322,511	2,877,558	9,200,069	167,520,174	5.49%

Source: City of Danbury Audit Reports 2005-2008.

City of Danbury, Finance Department, 2009 Data. Subject to Audit.

**Capital Improvement Program
Fiscal Year 2010 through Fiscal Year 2014**

Proposed Projects	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Airport	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Data Processing	75,000	180,000	60,000	260,000	90,000	665,000
Engineering	4,000,000	46,230,400	400,000	8,623,000	5,590,000	64,843,400
Equipment Maintenance ...	-	320,000	210,000	-	185,000	715,000
Fire	-	205,610	1,000,000	1,795,000	1,790,000	4,790,610
Forestry.....	-	-	430,000	1,400,000	500,000	2,330,000
Highway	100,000	6,972,838	7,026,618	6,586,378	6,526,618	27,212,452
Parks Maintenance	150,000	334,000	330,000	245,000	332,000	1,391,000
Planning.....	-	500,000	-	-	-	500,000
Police.....	226,000	550,000	728,000	178,000	115,000	1,797,000
Public Buildings	619,550	7,528,283	9,262,721	831,737	5,700,560	23,942,851
Recreation	-	-	145,000	25,000	-	170,000
Solid Waste/Recycle	-	28,000	25,000	-	-	53,000
Tarrywile Park	91,789	258,211	170,000	230,000	-	750,000
Sewer	-	3,189,000	4,629,000	5,726,000	17,984,000	31,528,000
Water	-	7,035,000	4,939,000	2,536,000	1,342,000	15,852,000
TOTAL	\$ 5,262,339	\$73,331,342	\$ 29,355,339	\$ 28,436,115	\$40,155,178	\$176,540,313

Proposed Funding

Sources	2009-10	2010-11	2011-12	2012-13	2013-14	Total
User Charges ¹	\$ -	\$13,478,400	\$ 9,568,000	\$ 8,565,000	\$19,326,000	\$ 50,937,400
Notes/Bonds /Leases	1,322,415	28,841,205	15,219,299	13,942,200	15,050,811	74,375,930
St./Fed. Grants/Other	3,939,924	31,011,737	4,568,040	5,928,915	5,778,367	51,226,983
TOTAL	\$ 5,262,339	\$73,331,342	\$ 29,355,339	\$ 28,436,115	\$40,155,178	\$176,540,313

¹ Includes self-supporting sewer and water debt that will be paid by user fees. Does not assume any pay-as-you-go capital.

VI. Financial Information

Fiscal Year

The City's fiscal year begins July 1 and ends June 30.

Basis of Accounting

The City's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to General Purpose Financial Statements.

Budget Procedure

The City of Danbury uses the following budgetary sequence and time schedule:

	<u>By</u>
All departments submit estimates to Mayor.....	February 15
Mayor presents budget to the Common Council.....	April 7
Common Council holds public hearings	May 1
Common Council adopts budget.....	May 15

Investment Policy

The operating and working capital funds (excluding pension funds) of the City are invested at the direction of the City Treasurer in the following short-term investments: (1) various certificates of deposit with Connecticut banks; (2) money market accounts; (3) overnight repurchase agreements collateralized by U.S. government agency obligations such as Federal Home Loan Mortgage Corporation which are valued daily; (4) overnight U.S. Treasury obligations; (5) an investment pool investing in (i) high-grade, short-term, federal securities and variable rate obligations backed by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the Program's custodial bank to be held for the benefit of the Pool's participants.

In addition, the City monitors the risk based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36-382, 7-400 and 7-402 with which it places deposits or makes investments.

The Connecticut General Statutes, Section 7-400 and 7-402 govern eligible investments for Connecticut municipalities. Please refer to the Notes to the Financial Statements, Note 4 regarding the City's cash and cash equivalent investments at June 30, 2008.

For an extensive description of the City's investment policy and investments related to the City's Pension Funds, see Note 12 to the City's audited financial statements in Appendix A.

Audit

The City, pursuant to the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397) is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Common Council is required to conduct the audit under the standards adopted by the Secretary of the Office of Policy and Management by regulation and approved by the Auditor of Public Accounts. For the fiscal year ended June 30, 2008, the financial statements of the City were audited by McGladrey & Pullen, LLP.

For twenty-two consecutive years, the City has been a recipient of a certificate of achievement for excellence in financial reporting. This award is issued by the Government Finance Officers Association.

Liability Insurance

The City maintains liability insurance coverage as listed below:

Comprehensive General Liability insurance on an occurrence basis with a limit of \$1,000,000 per occurrence and aggregate limit of \$3,000,000 with a deductible of \$100,000 per occurrence.

Law Enforcement Liability with a limit of \$1,000,000 each wrongful act and an aggregate limit of \$1,000,000 with a deductible of \$100,000 each wrongful act.

Automobile Liability insurance with a limit of \$1,000,000 per each occurrence with a deductible of \$100,000 per occurrence.

Public Official Liability insurance on a claims made basis, \$1,000,000 limit each wrongful act and aggregate limit of \$1,000,000 with a deductible of \$100,000 each wrongful act.

School Board Errors and Omissions Liability on claims made basis, \$2,000,000 each wrongful act and aggregate limit of \$2,000,000 with a deductible of \$10,000 for each wrongful act.

Student Nurses Medical Professional Liability Insurance on an occurrence basis with a limit of \$2,000,000 for each occurrence and aggregate limit of \$4,000,000.

Excess liability insurance over the Comprehensive General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability with a limit of \$10,000,000 per occurrence and an aggregate limit of \$10,000,000.

Pension Plans

See Appendix A -- "FINANCIAL STATEMENTS, Note #12 - "Employee Retirement Plans" to "General Purpose Financial Statements" herein.

Other Post Employment Benefits (OPEB)

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement #45 entitled "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions". Retiree medical plans will be required to disclose information about asset and liability levels and disclose historical contribution information. Actuarial valuations will be required to determine liability levels and show historical contribution information.

The implementation schedule requires the City to implement the provisions of this GASB Statement and recognize the liability on its financial statements in fiscal year ending 2008. In fiscal year ending June 30, 2008, the City adopted an ordinance for the establishment of an Other Postemployment Benefit Trust (OPEB) and Board and is in the process of appointing members to the Board. The City has established a plan to reach the ARC funding level within a 3 year period and has set up a \$1.2 million fund balance reserve which will be transferred when the trust is fully set up. If the City continues to make OPEB contributions in accordance with this plan, the actuaries estimate the City's OPEB liability to be approximately \$80 million with an ARC of \$7.2 million. The net budget impact of the ARC is \$3 million, since the City is already contributing towards retiree health benefits.

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**General Fund Revenues, Expenditures and Changes in Fund Balance
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)
with Estimated Actuals and Current Budget (Budgetary Basis)**

	Budget ¹ 6/30/2010	Est. Actual ² 6/30/2009	Actual 6/30/2008	Actual 6/30/2007	Actual 6/30/2006	Actual 6/30/2005
Revenues						
Property taxes.....	\$ 154,004,081	\$ 152,585,196	\$ 139,210,955	\$ 133,943,860	\$ 128,855,805	\$ 128,472,290
State and federal governments.....	33,129,720	34,335,404	42,719,455	36,546,992	35,977,718	31,266,830
Licenses and permits.....	2,994,700	3,432,714	3,895,922	4,908,730	6,105,553	5,394,512
Charges for services.....	4,481,102	2,361,094	6,457,931	3,830,298	3,997,544	3,368,811
Fines and penalties.....	1,360,602	1,309,911	1,325,037	1,330,121	1,222,113	984,552
Investment income.....	1,550,000	2,071,629	3,760,101	3,387,158	2,283,694	1,335,962
Other.....	-	-	-	174,461	303,541	-
Contributions.....	-	-	-	2,625,000	2,625,000	2,625,000
Total Revenues.....	197,520,205	196,095,948	197,369,401	186,746,620	181,370,968	173,447,957
Other Financing Sources						
Refunding Bond Proceeds.....	-	-	-	-	-	-
Premium on Bonds Issued.....	-	909,506	262,200	313,112	745,035	-
Capital Lease Financing.....	-	-	5,033,950	721,128	239,398	1,156,397
Operating Transfers In.....	4,750,000	-	-	-	-	-
Total Revenues and Other Financing Sources.....	202,270,205	197,005,454	202,665,551	187,780,860	182,355,401	174,604,354
Expenditures						
General Government.....	9,140,867	9,017,702	8,888,361	8,447,089	8,007,621	7,446,262
Public Safety.....	29,026,533	27,371,114	28,117,311	25,304,021	24,390,095	21,196,989
Public Works.....	9,102,892	9,294,575	8,237,911	8,220,435	8,092,000	7,600,601
Health and Welfare.....	2,381,007	2,749,647	4,728,441	2,793,825	4,322,340	3,958,011
Culture and Recreation.....	3,003,393	3,026,789	2,955,511	2,927,559	2,861,019	2,705,599
Education.....	112,103,866	112,103,866	114,914,158	107,317,345	102,381,921	93,430,267
Pension and Other Employee Benefits.....	23,473,979	20,031,789	19,662,590	16,970,377	18,596,490	19,073,801
Other.....	-	-	-	-	-	896,108
Capital Outlay.....	-	-	5,322,882	741,273	434,595	1,329,999
Debt Service.....	13,788,307	13,091,212	10,455,772	8,809,084	8,174,280	9,200,069
Total Expenditures.....	202,020,844	196,686,694	203,282,937	181,531,008	177,260,361	166,837,706
Other Financing Uses						
Payment to Refunding Agent.....	-	-	-	-	-	-
Operating Transfers Out.....	249,361	244,049	721,184	2,237,551	713,880	682,468
Total Expenditures and Other Financing Uses.....	202,270,205	196,930,743	204,004,121	183,768,559	177,974,241	167,520,174
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources.....						
	-	74,711	(1,338,570)	4,012,301	4,381,160	7,084,180
Decrease (Increase) in Reserve for Encumbrances and Other Reservations.....	N/A	N/A	(104,242)	(752,547)	348,992	(617,186)
Net Change In Unreserved Fund Balance.....						
	N/A	N/A	(1,442,812)	3,259,754	4,730,152	6,466,994
Residual Equity Transfer In.....						
	N/A	N/A	-	-	-	-
Beginning Fund Balance - Unreserved.....						
	N/A	N/A	26,218,829	22,959,075	18,228,923	11,761,929
Ending Fund Balance - Unreserved.....						
	N/A	N/A	\$ 24,776,017	\$ 26,218,829	\$ 22,959,075	\$ 18,228,923

Note: During Fiscal Year ending June 30, 2008, the State of Connecticut issued approximately \$2.3 billion in taxable general obligation bonds to be used for deposit into the State of Connecticut Teachers' Retirement Fund. As contributions to the fund represent on-behalf payment to the City, an amount of \$35,392,000 has been recorded as an extraordinary item in the City's financial statements but has been excluded from this table for sake of comparison with prior years.

Analysis of General Fund Equity

	Budget ¹ 6/30/2010	Est. Actual ² 6/30/2009	Actual 6/30/2008	Actual 6/30/2007	Actual 6/30/2006	Actual 6/30/2005
Reserved for Encumbrances.....	N/A	N/A	\$2,071,992	\$ 1,940,582	\$1,189,484	\$1,481,018
Reserved for Continued Appropriations.....	N/A	N/A	133,094	160,262	158,813	216,271
Unreserved						
Designated for Future Budgets.....	N/A	N/A	3,000,000	4,815,000	-	-
Undesignated.....	N/A	N/A	21,776,017	21,403,829	22,959,075	18,228,923
Total Fund Balance.....	N/A	N/A	\$26,981,103	\$28,319,673	\$24,307,372	\$19,926,212

¹ Budget basis. No assurances can be given that subsequent projections and the final result of operations will not change.

² Subject to Audit.

VII. Legal and Other Information

Litigation

The Corporation Counsel has advised that there are several personal injury, negligence, personnel and other related lawsuits pending against the City. The outcome and eventual liability of the City, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the City's management estimates that potential claims against the City not covered by insurance, resulting from such litigation would not materially affect the financial position of the City except for the following cases:

Metcalf and Eddy, Inc. v. City of Danbury - Subsequent to unsuccessful mediation, litigation was commenced by the Plaintiff against Danbury in 2005 based on a claim of breach of contract for project services in the closure process for the Danbury Landfill. The claim filed was in excess of \$7,393,000. It is not expected that this matter will go to trial or reach verdict until early 2010.

Tax Appeals: Due to the October 1, 2007 Citywide Grand List revaluation, there are approximately thirty tax appeals that have been filed with the court. An additional twenty five appeals have been filed in relation to the October 1, 2008 Grand List, bringing total appeals pending to fifty five. The City is processing these appeals at the present time and assessing their proposed impact. At this time, and until said review is completed, we cannot say with certainty that there will or will not be a material financial impact in the event appellants are successful. However, consistent with past experience, we expect many of these matters to settle, others to be tried successfully, others resulting in some assessment adjustment(s). We cannot, therefore, at this time, quantify an impact.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remain excluded from gross income for federal income tax purposes. Non-compliance with such requirements could cause interest on the Bonds and the Notes to be included in gross income retroactive to the date of issuance of the Bonds and the Notes. The Tax Regulatory Agreement, which will be executed and delivered by the City concurrently with the Bonds and the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and the Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the City also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds and the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the City with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purpose of the alternative minimum tax imposed on corporations.

Ownership of the Bonds and the Notes may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and the Notes.

In the opinion of Robinson & Cole LLP, Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds and the Notes are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of, and receipt of interest on, the Bonds and the Notes.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective investors in the Bonds should consult their tax advisors with respect to the federal income tax consequences the disposition of Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The price set forth on the cover page of the Official Statement may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective investors in the Bonds should consult their tax advisors with respect to the federal income tax consequences of the disposition of the Bonds.

Transcript and Closing Documents

The original purchaser(s) will be furnished the following documents when the Bonds and the Notes are delivered:

1. Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay them.
2. Certificate on behalf of the City, signed by the Mayor, the Treasurer, and the Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, at the time bids were accepted on the Bonds and the Notes the description and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and the Notes.
4. Approving opinions of Robinson & Cole LLP, Bond Counsel.
5. Executed continuing disclosure agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendix C to this Official Statement.

The City of Danbury has prepared an Official Statement for the Bonds and the Notes, which is dated July 1, 2009. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is

subject to revision or amendment. The City will make available to the winning purchaser of the Bonds one hundred (100) copies of the Official Statement at the City's expense, and to each winning purchasers of the Notes five (5) copies. The copies of the Official Statement will be made available to the winning purchaser within seven business days of the bid opening. If the City's Financial Advisor, Phoenix Advisors, LLC, is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Bonds and the Notes. The purchaser shall arrange with the Financial Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the City with respect to the Bonds will be kept on file at the offices of U.S. Bank National Association and will be available for examination upon reasonable notice.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the City and the Underwriter or holders of the Bonds and the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provision of law is subject to repeal or amendment.

Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the City, and executed for and on behalf of the City by the following officials:

CITY OF DANBURY, CONNECTICUT

/S/ Mark D Boughton

Mark D. Boughton, Mayor

/S/ Daniel P. Jowdy

Daniel P. Jowdy, Treasurer

/S/ David W St. Hilaire

David W. St. Hilaire, Director of Finance

Dated as of July 8, 2009

Appendix A

2008 General Purpose Financial Statements (Excerpted from the City's Comprehensive Annual Financial Report)

The following includes the General Purpose Financial Statements of the City of Danbury, Connecticut for the fiscal year ended June 30, 2008. The supplemental data and letter of transmittal, which were a part of that report, have not been reproduced herein. A copy of the complete report is available upon request from Matthew Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite #3, Milford, Connecticut. Telephone (203) 878-4945.

Appendix B

Forms of Legal Opinions of Bond Counsel

Appendix C

Forms of Continuing Disclosure Agreements

Appendix D

Notices of Sale & Bid Forms

