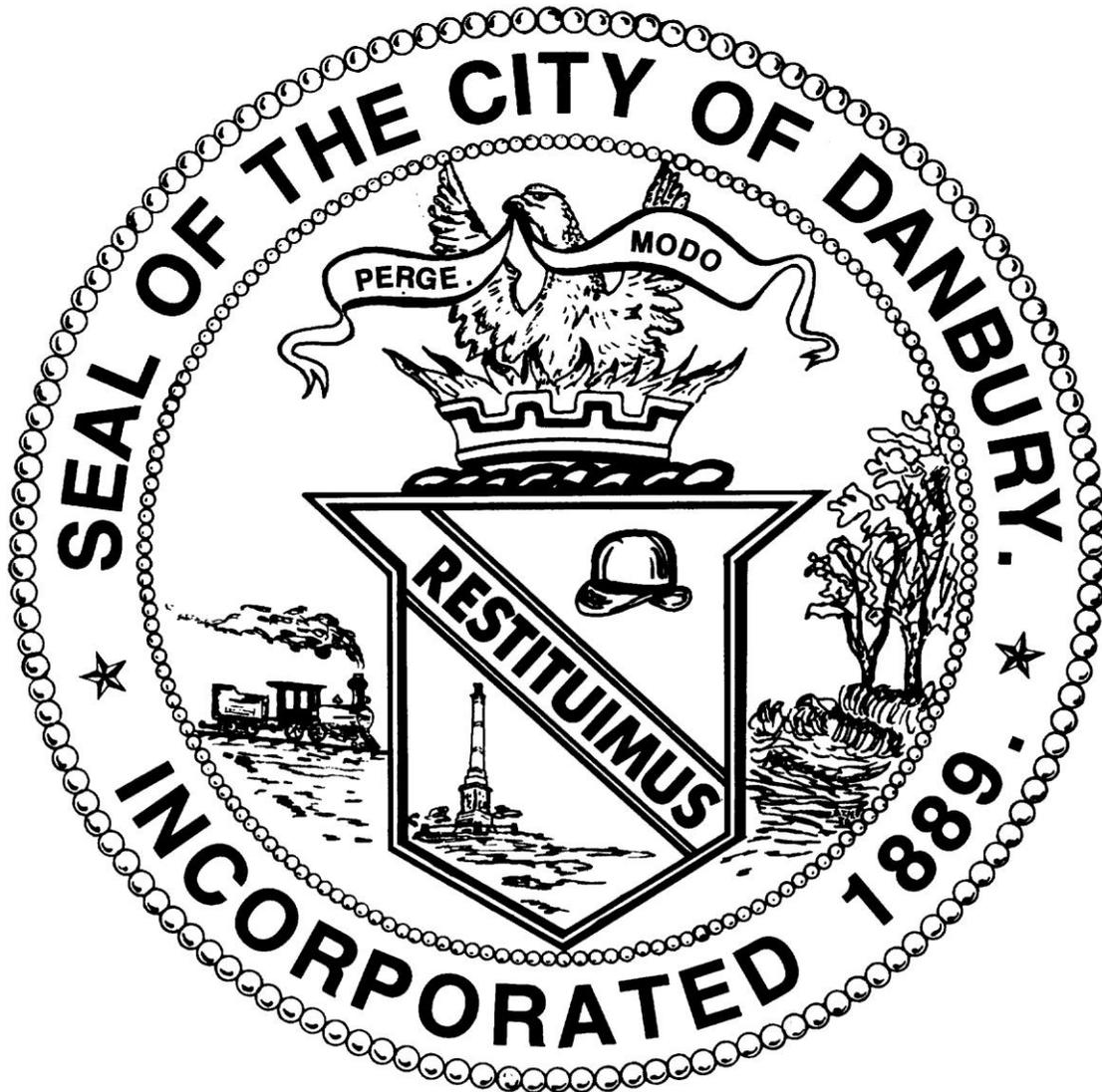


**CITY OF DANBURY, CONNECTICUT  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2009  
DEPARTMENT OF FINANCE  
DANBURY, CONNECTICUT**



**CITY OF DANBURY,  
CONNECTICUT**

**Comprehensive  
Annual Financial Report**

for

**The Fiscal Year Ended  
June 30, 2009**

**Prepared By:**

**City of Danbury Department of Finance**

**David W. St. Hilaire**  

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**Director of Finance**



**CITY OF DANBURY, CONNECTICUT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**TABLE OF CONTENTS**

---

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	i-ix
GFOA Certificate of Achievement .....	x
Principal City Officials .....	xi
Organization Chart .....	xii
<b>II. FINANCIAL SECTION</b>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis .....	3-14
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Assets .....	16-17
Statement of Activities .....	18-19
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	20
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Governmental Funds .....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances – Budgetary Basis – Budget and Actual – General Fund .....	23
Statement of Net Assets – Proprietary Funds .....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds .....	25
Statement of Cash Flows – Proprietary Funds .....	26
Statement of Fiduciary Net Assets – Fiduciary Funds .....	27
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	28
Notes to Financial Statements .....	29-77

CITY OF DANBURY, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

---

II. FINANCIAL SECTION, Continued	<u>Page</u>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Required Supplementary Information – Pension and OPEB Schedule of Funding Progress.....	79-80
<b>SUPPLEMENTAL AND COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS AND SCHEDULES</b>	
<b><u>GENERAL FUND</u></b>	
General Fund Expenditures and Encumbrances - Budgetary Basis - Budget and Actual.....	81-83
<b><u>NONMAJOR GOVERNMENTAL FUNDS</u></b>	
Combining Balance Sheet .....	86-89
Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances (Deficits) .....	90-93
Schedule of Revenues and Expenditures – Budget & Actual – Animal Control Fund .....	94
Schedule of Revenues and Expenditures – Budget & Actual – Ambulance Fund .....	95
<b><u>INTERNAL SERVICE FUNDS</u></b>	
Combining Statement of Net Assets .....	97
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	98
Combining Statement of Cash Flows.....	99
<b><u>PENSION TRUSTS, PRIVATE PURPOSE TRUSTS AND AGENCY FUNDS</u></b>	
Statement of Net Assets - Pension Trust Funds .....	102-103
Statement of Net Assets - Private Purpose Trust Fund .....	104
Statement of Net Assets - Agency Funds .....	105
Statement of Changes in Net Assets - Pension Trust Funds .....	106-107
Statement of Changes in Net Assets - Private Purpose Trust Fund .....	108
Statement of Changes in Assets and Liabilities - Agency Funds .....	109-110

CITY OF DANBURY, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

---

<b>II. FINANCIAL SECTION, Continued</b>	<b>Page</b>
<b><u>CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS</u></b>	
Schedule By Category .....	111
Schedule By Function and Activity .....	112
Schedule of Changes By Function and Activity .....	113
<b><u>OTHER SCHEDULES</u></b>	
Schedule of Property Taxes Levied, Collected and Outstanding - General Fund .....	116-117
<b>III. STATISTICAL SECTION</b>	
Net Assets By Component.....	119
Changes in Net Assets .....	120-123
Program Revenues by Function/Program.....	124-125
Fund Balances, Governmental Funds .....	126-127
Changes in Fund Balances, Governmental Funds .....	128-129
Tax Revenues by Source, Governmental Funds .....	130
Assessed Value and Estimated Actual Value of Taxable Property .....	132-133
Principal Property Taxpayers.....	134
Property Tax Levies and Collections .....	135
Ratios of General Bonded Debt Outstanding by Type .....	136
Direct Governmental Activities Debt .....	137
Legal Debt Margin Information.....	138-139
Computation of Legal Debt Limitation .....	140
Demographic and Economic Statistics .....	141
Principal Employers-Current Year and Nine Years Ago .....	142
Full-Time Equivalent City Government Employees By Functions/Programs.....	144-145
Operating Indicators By Function/Program .....	146-147
Capital Assets Statistics By Function/Program .....	148-149



**Introductory Section**





## CITY OF DANBURY

155 DEER HILL AVENUE  
DANBURY, CONNECTICUT 06810-7769

DAVID ST. HILAIRE  
DIRECTOR OF FINANCE

(203) 797-4652  
FAX: (203) 796-1526

December 30, 2009

Honorable Mark D. Boughton, Mayor  
Members of the City Council  
City of Danbury, Connecticut

### **FORMAL TRANSMITTAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

Connecticut State Statutes require that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Danbury, Connecticut for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City of Danbury, Connecticut. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the City of Danbury has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Danbury's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Danbury, Connecticut's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Danbury, Connecticut's financial statements have been audited by McGladrey & Pullen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Danbury, Connecticut for the fiscal year ended June

30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Danbury, Connecticut's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Danbury, Connecticut was part of broader state and federally mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing the Federal and State Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the City of Danbury, Connecticut's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Danbury, Connecticut's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

Danbury is the largest city in Northern Fairfield County. Danbury's unique location on I-84 and Route 7, and adjacent to I-684 makes it easily accessible to New York City, Hartford and Norwalk, all of which are within 60 miles.

According to the 2000 U.S. Census Bureau, Fairfield County is one of the five wealthiest counties in the United States and Danbury is one of the wealthiest cities. According to the U.S. Census Bureau, the City of Danbury has an estimated population of 79,256 (in 2008) and a median household income of approximately \$66,888 in 2008 (inflation-adjusted dollars).

The City of Danbury was incorporated in 1889, and operates pursuant to a city charter revised most recently in December 2009. In early 2008, the Mayor had appointed a nine member Charter Review Commission consisting of community residents and taxpayers to offer recommendations and to provide assistance in updating the newly revised Charter. The most significant changes recommended by the Commission and approved by the voters were as follows:

- ◆ Renaming the Common Council to the City Council
- ◆ Eliminating the office of the City Clerk, replacing it with the Office of the Legislative Assistant
- ◆ A referendum challenging the adoption of an ordinance requires a voter petition of 10% (it was 15% previously)
- ◆ The upper limit of total annual borrowing/debt issuance without the requirement for a voter referendum is now \$3M,

- ◆ Financing an emergency no longer requires potential depletion of the general fund, and if funded through bond financing, requires a 2/3 vote of the Council, and does not invoke the \$3M cap.

A Mayor and a twenty-one member City Council govern the City. The Mayor is the City's chief elected and executive officer and the Council is its legislative body.

The City of Danbury's municipal government provides a full range of services including education, police, fire, planning and zoning, construction and maintenance of highway streets, storm/sanitary sewers and infrastructure, health and social services, parks and recreational activities, cultural events and a municipal airport. The City has a total of 2,188 employees with approximately 576 full-time municipal employees who provide services to the Danbury community and 1,612 teachers, administrators and support staff for the City's School District. The City is 44 square miles and has 242 miles of streets.

The City of Danbury has four discretely presented component units: the Danbury Parking Authority, Richter Park Authority, Tarrywile Park Authority, and the Danbury Museum and Historical Society Authority. Discretely presented component units are reported in separate columns in the entity-wide statements to emphasize that they are legally separate from the primary government and to differentiate their financial positions and results of operations from those of the primary government. The Charles Ives Authority is also a component unit of the City, however, is not presented in the financial statements as it is not significant to the financial statements taken as a whole.

The annual budget serves as the foundation for the City of Danbury's financial planning and control.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. All governmental funds in the City of Danbury are appropriated on an annual basis. For the general fund, this comparison is presented on page 23 as part of the basic financial statements for the General Fund.

## **INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local Economy:** Essential to developing the economy and the overall quality of life in Danbury is the safety of its residents and community. For the second consecutive year, Danbury has been ranked the safest city in Connecticut. Additionally, the City's overall ranking in the U.S. improved from No. 55 last year to No. 29 this year from among the 393 U.S. cities included in the ranking, conducted by CQ Press, as part of its Crime in Metropolitan America series.

Danbury's economy is diverse, with services, manufacturing and trade being the leading components. Thus far, the City of Danbury has been able to withstand this severe economic recession which started with the housing and stock market crashes in the fall of 2008. As of November 2009, total non-farm employment data in the Danbury Labor Market Area (LMA) was 66,100 (seasonal adjusted), a decrease of 2,600 over the same period in the prior year. While leisure and hospitality sector jobs remained flat, jobs were lost in the retail and goods producing sectors. The Danbury Labor Market Area (LMA) unemployment rate for November 2009 remains the lowest in the State of Connecticut at 6.7%.

While construction projects in many communities throughout our nation have been abandoned during this economic recession and severe crisis in the financial markets, Danbury has been fortunate that most previously planned private construction projects have continued although smaller in size and scope. Previously approved municipal projects, especially those with state and/or federal funding are moving forward. In the fall of 2009, the Ellsworth Avenue Elementary School opened and the City completed dozens of drainage and road improvement projects on our 242 miles of streets which span across 44 square miles. We have added a new multi-purpose sports field in Rogers Park for use by our athletic leagues and most significantly, opened a \$39 million police station on Main Street.

The City will also be moving forward with the acquisition of the White Street Transfer Station through the newly created Danbury Solid Waste Authority to turn our trash into cash. The City has engaged in a strategic partnership with Hudson-Baylor, a national leader in solid waste management to pursue the acquisition of the facility. If successful, Hudson-Baylor will acquire all of the assets in the auction and then sell the Transfer Station to the Danbury Solid Waste Authority.

The City is currently completing negotiations on the transfer of 13 acres adjacent to the Reserve that will be developed into a life style center. A 400 seat independent Film Theater, a 5,000 square foot production facility designed to be flexible space for lease by the film industry and several retail facilities will be located on this parcel.

Danbury Hospital, the City's largest employer with approximately 3,500 employees located in the Danbury area, continues to expand its services. Danbury Hospital has been the recipient of several accreditations and designations and continues to be ranked in the top 5% of hospitals for their health care services and facilities. It has been given special recognition by HealthGrade in each of the last three years. Construction was recently completed in 2007 on a 60,000 square foot out-patient diagnostic center and an additional major construction project is currently being planned. The center includes surgical offices, ultrasound, imaging & radiology, and cardiology testing. The relocation of these services resulted in more patient beds in the main facility. The facility also includes a new parking structure with 650 spaces.

The Steiner family's Prindle Lane complex which will break ground in June of 2010, will include: a 125-room TownePlace Suites by Marriott; a 40,000-square-foot office building; and a 5,800-square-foot restaurant. All have been approved by the Planning Commission.

In 2009, Danbury hosted several prominent statewide events. The Connecticut Film Festival attracted 6,582 individual visitors, yielding \$588,628 in direct spending to city businesses while generating an estimated \$1,059,530 in total economic impact to the City. It featured more than 120 independently created films from throughout the country and 300 individual events. Most importantly, it has been the catalyst for re-opening the historic Palace Theater on Main Street after a 13 year closure. The Palace now hosts weekly community events and, in concert with the City's Planning Department, is amid a \$55,000 study to define its future use.

Additionally in 2009, Danbury hosted the Nutmeg State Games, a 26-sport Olympics-style competition for 4,100 Connecticut youngsters. The week-long Games yielded 24,200 individual visits which generated \$528,143 in spending with our local businesses.

The re-branding of the former Union Carbide building continues with its recent purchase by the Long Island based Matrix Realty Group. They are actively marketing to large corporate tenants and have converted their dining facility in an effort to attract community events.

MannKind Bio Pharmaceuticals Corporation completed a \$200 million expansion project in September 2008 which added 300,000 square feet to an existing building that will be used for the production of a powder insulin drug and dispenser. The corporation anticipates obtaining FDA approval of this product within weeks which will result in the creation of 400 new jobs.

In the downtown area, several development projects are planned or are underway which will support the revitalization of Danbury's central business district. BRT has purchased a building on Crosby Street to create more market rate housing. The White Street streetscape and railroad crossings have been completed. To continue and promote the revitalization efforts, the Mayor's Main Street Renaissance Task Force will be presenting its proposed master plan to the Mayor this summer (2010).

The State of Connecticut remains committed to Western Connecticut State University, which has its two campuses in the City of Danbury.

Retail sales in Danbury continue to rank as one of highest in the State of Connecticut which can be attributed to one of the largest malls in New England, the popular Danbury Fair Mall. The Mall, which totals 1.5 million square feet offers more than 200 shops and services, is a destination place for many residents on the East Coast. The owners of the Mall, the Macerich Company, has completed the first phase of their renovations with a \$180 million investment in improvements that included new stone and porcelain flooring, new lighting fixtures, and stained-wood accents. Additionally, the Danbury Fair Mall is actively negotiating with a prospective new tenant to fill the vacated space which they purchased from May's Department Stores.

The City continues to enjoy strong credit ratings and received an upgrade last year to AA+ by Standard & Poors. All three rating agencies cite the City's diverse tax base and continued development and job growth in Danbury. Moody's Investor's, Standard and Poors, and Fitch Ratings have rated the City as Aa2, AA+, and AA+ from respectively.

### **Major Initiatives**

Listed below are some of the more notable initiatives that have been undertaken in recent years. Several on-going projects which will continue into Fiscal Year 2009-2010 are cited as well.

- ♦ **Open Space Bond** - In March 2008, \$18.9 million was approved by the voters for: open space acquisitions, improvements to Danbury High School, various recreation projects and public works improvements and equipment.
  - **Open Space initiatives** - \$6.625 million of the bond authorization will be used for the purchase of land, easements, and developmental rights for open space preservation, recreation, conservation, or agricultural land preservation. Several parcels throughout the City were previously identified and efforts to acquire the land, easements or developmental rights are underway. Since March 2008, the City has expended \$1.2 million to purchase 35 acres of undeveloped land and development rights to a 28 acre working farm.



- **Public Works Improvements** - To date approximately \$3.8 million has been used: to rebuild and repair City roads and storm drainage; to reconstruct two bridges (Padanaram Road over Miry Brook and Padanaram Road over East Lake (2009)); to design the replacement of the Backus Avenue Bridge; the construction of a sand and salt building (2007); and replacement of Public Works equipment such as sweeper, loader, stump grinder and Public Works vehicles.
- **Streetscape Project** - The White Street Streetscape project was completed in 2009 at the cost of \$595,000. This project provides for the safe passage of pedestrians and vehicles along the roadway, as well enhances the visual image of this commercial area.
- **Western Connecticut Academy of International Studies** - The State of Connecticut selected Danbury as the home of a magnet school that focuses on international studies and related cultures. The operational plan envisioned a multinational educational adventure through the use of technology, the arts, and the promotion of world languages. The Academy serves 360 students in grades K-5, and includes students from New Fairfield, Newtown and Redding. The school was constructed on the Westside campus of Western Connecticut State University and opened for the 2006/2007 school year. The construction was primarily funded by the State of Connecticut.
- **Middle School Construction Projects** - In 2007, the City completed a \$7.4 million addition and renovation project at Broadview Middle School. Renovations included additional classroom space, a new auditorium and music classrooms, expansion of the cafeteria, gymnasium, media center, and locker rooms. Also in 2007, the City completed a \$7.5 million renovation project at Rogers Park Middle School that included additional classroom space and renovations to the cafeteria, auditorium, media center, gymnasium, science labs, bathrooms, and roof work.
- **Roberts Avenue Replacement School/Ellsworth Avenue School** - As part of its expansion plans, Western Connecticut State University purchased the Roberts Avenue Elementary School located within its campus. The Ellsworth Avenue School project was completed in September 2009. The total cost of this project is approximately \$20.6 million.
- **New Head Start Facility** - The City purchased the Immanuel Lutheran School for a new Head Start Program. The design stage of converting the building into a new school is underway. By creating this new facility, the City will gain twelve additional classrooms in its various elementary schools which will allow for the introduction of all day kindergarten. The project has been approved by the State of Connecticut.
- **Downtown Parking Garage** - In May 2006, the voters approved \$6.6 million for the construction of a new parking garage in the City's central business district, in addition to the \$5 million approved by the voters in a prior referendum. The garage, which was completed in November 2007, holds 385 vehicles and provides additional parking to the City's downtown.
- **New Public Safety Facilities** - In May 2006, voters approved a \$49.2 million Public Safety Initiative for various projects which included funding for: school improvements, various public works projects, and public safety related projects. Completed projects include: new fire equipment (\$1.7 million); new fire station building completed September 2007 (\$1.7 million); and Police Department headquarters building completed May 2009 (\$39 million). The fire

station is located on the City's west side near the Danbury Mall and Boehringer Ingelheim facilities and provides enhanced fire protection in that area. The Police Department now has a headquarters with state of the art technology and ample space for all police activities (cell block facilities, lab, office space, vehicle storage, etc.) Funds were used in 2009 to replace the aging Park Avenue School Roof as well as to purchase public works equipment, dump trucks, plows, and vehicles.

- **QAlert311** - Danbury is one of only 20-30 cities that offer 311 dialing for citizen interaction. The City's QAlert311 initiative and web site, which was introduced in spring 2007, has received national recognition and sets the benchmark for constituent services for other municipalities. It has proven to be a positive contribution that has significantly enhanced the responsiveness to citizen issues on a daily basis.
- **Water & Sewer Facility Improvements** - Since 2005, the voters have approved \$18.5 million for various improvements to the City's water and sewer facilities. Approximately, 75% of the City's 11,000 accounts have had meters replaced and a radio read system has been implemented. A new two million gallon water storage tank which will better serve the high service needs on the west side of Danbury has been operational since the fall of 2009. The West Side Sewer Interceptor project will be going out to bid in January 2010 and is expected to be completed by the mid-2011. The nitrogen removal facilities went on-line in November 2009. This project will significantly reduce the annual purchase of nitrogen credits from the DEP. These are the first major capital improvement programs for the facilities in several years.

## **Risk Management**

The City has a comprehensive Risk Management Program designed to measure and control exposure to financial loss resulting from claims against the City. Such claims have been reduced as a direct result of the extensive promotion of training and safety initiatives which are customized for each functional area. The program includes the purchasing of all insurances for the City such as worker's compensation, property and liability, disability, dental, life and health insurance. The Risk Manager is also responsible for purchasing employee bonds for various positions as required by State statutes. Since the establishment of this position, the City has been able to reduce insurance costs or increase its insurance coverage at no additional cost in many instances.

The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. Presently, the City is self-insured for the first \$100,000 per claim for general, auto, property and public liability. The City also maintains a \$750,000 combined aggregate stop loss on these lines of coverage. The Risk Management Department also manages worker's compensation and heart/hypertension claims. The City is self-insured for the first \$500,000 per claim and maintains an aggregate stop loss on these worker's compensation claims of \$3 million. The City is fully self-insured for all heart/hypertension liability. Employee medical benefits are fully insured, except for prescription drug coverage and dental coverage which are self insured.

## **Debt Management**

At year-end, the City had outstanding \$135,190,000 in general obligation bonds, \$11,414,932 outstanding in notes, \$74,345,000 in Bond Anticipation Notes and had \$60,315,090 in authorized but unissued debt.

At year-end, the City had outstanding \$135.2 million in general obligation bonds, \$11.4 million outstanding in notes, \$74.3 million in Bond Anticipation Notes (BANS) and had \$60.3 million in authorized but unissued debt. However, as stated in bonding resolutions for certain projects, slightly more than half of the current unissued amounts will remain unissued because the City has received or anticipates receiving state and/or federal grants in an equivalent amount and the project funding must not exceed bond resolution amount. Usually, the City enters the bond market once a year to convert its short-term financing to long-term on the completed or near completed projects while issuing short-term financing for newer projects. The City has been issuing about \$20.0 million in bonds (converting BANS into Bonds) over the last few years and will likely issue a similar amount this year while rates are low and as more projects are being completed. This strategy has helped keep our debt ratio manageable while maintaining the necessary cash funding for the City's capital program in addition to being able to take advantage of the low borrowing rates.

### **AWARDS AND ACKNOWLEDGEMENTS**

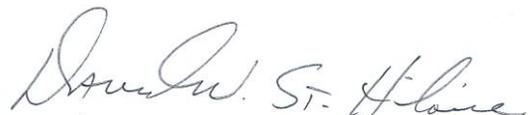
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Danbury, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Danbury has received a Certificate of Achievement in each of the last 22 fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. I would like to express my appreciation and gratitude to all members of the Department who assisted and contributed to its preparation. I also appreciate the assistance and dedication of the audit team from McGladrey and Pullen, LLP. Finally, I would like to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



David W. St. Hilaire  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Danbury  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



President

Executive Director

**Principal Officials  
City of Danbury, Connecticut**

**Mayor**

Mark D. Boughton

**Town Clerk**

Lori A. Kaback

**Treasurer**

Daniel P. Jowdy

**Legislative Assistant\***

Jean A. Natale

**City Council\***

Joseph A. Cavo  
President

Robert F. Arconti  
Benjamin Chianese  
Philip D. Colla  
Philip D. Curran  
Nancy Deep Damici  
Michael J. Halas  
Jack Knapp  
Shay Nagarsheth  
Peter P. Nero  
Duane E. Perkins

Robert T. Riley  
Paul T. Rotello  
Thomas J. Saadi  
Gregg W. Seabury  
Colleen A. Stanley  
Donald A. Taylor, Jr.  
Mary E. Teicholz  
Charles J. Trombetta  
Sal Tumino  
Frederick L. Visconti, Jr.

David W. St. Hilaire  
Director of Finance

Daniel G. Garrick  
Assistant Director of Finance

Scott Ferguson  
Tax Collector

Colleen LaHood  
Tax Assessor

Charles Volpe  
Purchasing Agent

Wade Anderson  
Manager, Information Technology

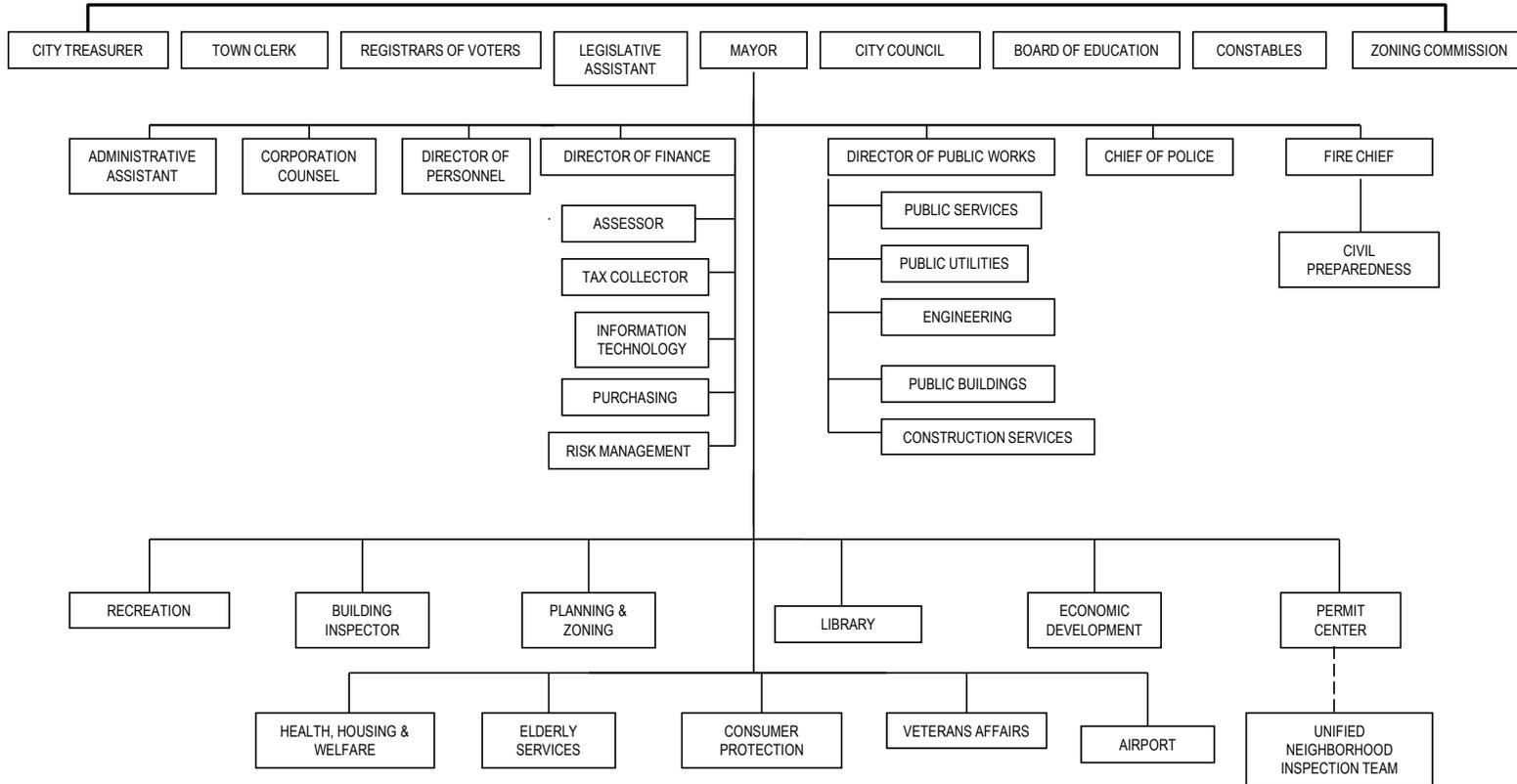
**Independent Auditors**

McGladrey & Pullen, LLP  
New Haven, Connecticut

\* per City Charter changes effective 12/3/09.

**CITY OF DANBURY  
ORGANIZATION CHART  
AS OF 6/30/09**

VOTERS ELECT



**Financial Section**



# McGladrey & Pullen

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Danbury, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Danbury, Connecticut (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Danbury, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority, the Tarrywile Park Authority, and the Danbury Museum and Historical Society Authority, component units of the City, which financial statements reflect 100% of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to amounts included for the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority, the Tarrywile Park Authority, and the Danbury Museum and Historical Society Authority, discretely presented component units of the City, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority, the Tarrywile Park Authority and the Danbury Museum and Historical Society Authority discretely presented component units of the City, were not audited in accordance with "Government Auditing Standards." An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the reports of other auditors, provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Danbury, Connecticut, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 15 to the basic financial statements, the City adopted GASB Statement No. 49 as of July 1, 2008.

In accordance with "Government Auditing Standards," we have also issued our report dated December 30, 2009 on our consideration of the City of Danbury, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance and other matters. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management discussion and analysis and the schedules of funding progress for pensions and other post-employment benefits are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
December 30, 2009

**City of Danbury, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2009**

As management of the City of Danbury, Connecticut, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Danbury for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

**Financial Highlights**

- ◆ At the end of the current fiscal year, revenues slightly exceeded expenditures on an actual budgetary basis by \$0.1 million. However, unreserved/undesignated fund balance decreased by \$0.9 million to \$20.9 million for the general fund while the total fund balance amounted to \$26.3 million, a decrease by \$0.7 million. The unreserved/undesignated fund balance was negatively impacted by a \$0.6 million appropriation during the fiscal year for litigation matters and the use of an additional \$1 million for the 09/10 Budget. Unreserved/undesignated general fund balance at year-end represents 10.34% of the ensuing year's total general fund expenditures of \$202.3 million.
- ◆ On a government-wide basis for the year-ended, the City's net assets totaled \$280.4 million, a slight decrease from last year's total of \$280.3 million. Government-wide expenses totaled \$261.2 million and revenues totaled \$260.7 million. Total net assets for Governmental Activities and Business-Type Activities at fiscal year-end were \$152.1 million and \$128.3 million, respectively. Net assets for Governmental Activities decreased by \$2.7 million or 1.7% while Net assets increased for Business-Type Activities by \$2.8 million or 2.2%. Of the City's total net assets at June 30, 2009, \$24.4 million or 8.7% is unrestricted and may be used to meet the government's obligation to citizens and creditors.
- ◆ At the close of the year, the City of Danbury's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$7.2 million, a decrease of \$12.3 million from the prior fiscal year. The most significant reason for the decrease is the \$12.7 million reduction in Capital Projects fund encumbrances relating to the Public Safety Bond which funded the recently completed (May 2009) new Police Headquarters Building.
- ◆ The City of Danbury's total debt increased by \$15.4 million for public improvement projects in Sewer/Water, Public Safety, Education and open space initiatives. The new debt results from the City's on-going capital program and the necessity to finance such programs through debt.

**Overview of the Financial Statements**

This discussion and analyses are intended to serve as an introduction to the City of Danbury's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information as well as the basic financial statements.

## Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Danbury's finances, in a manner similar to private-sector business. All of the resources the City has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the City's overall financial status.

The statement of net assets presents information on all of the City of Danbury's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the city is improving or deteriorating. It speaks to the question of whether or not, the City, as a whole is better or worse off as a result of this year's activities. However, substantial changes in Net Assets may occur from one year to the next simply as a result of new accounting standards issued by GASB (Governmental Accounting Standards Board) i.e. Other Post Employee Benefits (OPEB – GASB 45) and the construction of capital assets. Other non-financial factors will need to be considered, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, uncollected taxes and earned but unused vacation leave are examples.

Both of the government-wide financial statements distinguish functions of the City of Danbury that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- ◆ Governmental activities of the City of Danbury encompass most of the City's basic services and include general government, public safety, public works, health and welfare, culture and recreation, education and other activities. Property taxes, charges for services and state and federal grants finance most of these activities.
- ◆ Business-type activities of the City of Danbury include the Water, Sewer, and Internal Service funds. The Water and Sewer Funds are reported here as the City charges a fee to customers to help cover the cost of the operations. The Internal Service Fund is a new fund created to report the activity of providing employee benefits.
- ◆ The government-wide financial statements include not only the City of Danbury itself, but also four legally separate component units, the Danbury Parking Authority, the Richter Park Authority, the Tarrywile Park Authority, and the Danbury Museum and Historical Society Authority for which the City of Danbury is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-19 of this report.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The City of Danbury, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Danbury can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Danbury maintains 27 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Other funds considered to be Major Funds are Sewer, Water, Internal Service, Public Safety Bond, and Century 21 PI Fund. Non-major governmental funds are combined into a single, aggregated presentation as other governmental funds. Such funds include the School Lunch Program Fund, the Community Development Block Grant Fund, the WIC Grant Fund, the Continuing Education Fund, the Animal Control Fund, the School-Based Health Center Grant Fund, the Ambulance Fund, the LOCIP Fund, Airport Projects Fund, State and Federal School Projects Fund, the Library Fund, the Railyard Parking Lease Fund, Library Place Parking Garage Fund, Open Space Bond, Magnet School Fund, Miscellaneous Special Revenue Fund, the Vision 21 and Vision 21 – 2 Bond Issues Fund, the City Projects Fund, the Danbury Neighborhood Bond Fund, the Head Start Bond Fund and the Farioly Permanent Fund. The Miscellaneous Special Revenue Fund is the consolidation of 46 small grant programs that have been combined for the purposes of financial reporting. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20-21 of this report.

The City of Danbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement on page 23 has been provided for the general fund to demonstrate compliance with the authorized budget.

**Proprietary funds.** The City of Danbury maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Danbury uses enterprise funds to account for its Water, Sewer, and Internal Service operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Internal Service Funds, all of which are considered to be major funds of the City of Danbury.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the City constituency. The City has six pension funds trust funds, one private purpose fund and six agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

### **Notes to the Financial Statements.**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-77 of this report.

The notes to this report also contain certain information concerning the City of Danbury's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 79-80 of this report.

## Government-wide Financial Analysis

As noted earlier, the statement of net assets presents information on all of the City of Danbury's assets and liabilities, with the difference reported as net assets. In the case of the City of Danbury, assets exceeded liabilities by \$280.4 million at June 30, 2009, a decrease of \$93,000 in Net Assets, as restated from the previous fiscal year.

	June 30, 2009			June 30, 2008		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 79,066	\$ 25,198	\$ 104,264	\$ 85,493	\$ 27,521	\$ 113,014
Non-current	3,346	412	\$ 3,758	3,989	549	4,538
Capital assets	294,881	160,256	\$ 455,137	266,612	158,356	424,968
<b>Total Assets</b>	<b>377,293</b>	<b>185,866</b>	<b>563,159</b>	<b>356,094</b>	<b>186,426</b>	<b>542,520</b>
Current liabilities	64,370	18,131	82,501	54,974	18,773	73,747
Long-term liabilities outstanding	160,836	39,450	200,286	145,686	42,124	187,810
<b>Total Liabilities</b>	<b>225,206</b>	<b>57,581</b>	<b>282,787</b>	<b>200,660</b>	<b>60,897</b>	<b>261,557</b>
Net assets:						
Invested in capital assets, net of related debt	139,376	115,046	254,422	140,360	104,188	244,548
Restricted	1,514	-	1,514	1,394	-	1,394
Unrestricted	11,197	13,239	24,436	12,996	21,341	34,337
<b>Total Net Assets</b>	<b>\$ 152,087</b>	<b>\$ 128,285</b>	<b>\$ 280,372</b>	<b>\$ 154,750</b>	<b>\$ 125,529</b>	<b>\$ 280,279</b>

At the end of the current fiscal year, the City of Danbury is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

On a government-wide basis excluding component units, the assets of the City of Danbury exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$280.4 million. This is slightly down from last year's restated net assets of \$280.3 million. Total net assets for Governmental Activities at fiscal year-end were \$152.1 million (down from \$154.8 million in the previous year) and total net assets for Business-type activities were \$128.3 million (up from \$125.5 million in the previous year). Of the City's total net assets at June 30, 2009, \$24.4 million or 8.7% is unrestricted and may be used to meet the government's on-going obligations to citizens and creditors. This compares with last year's total unrestricted net assets of \$34.3 million or 12.3% unrestricted.

By far the largest portion of the City of Danbury's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Danbury uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Danbury's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must

be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Year Ended June 30, 2009			Year Ended June 30, 2008		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 15,350	\$ 18,598	\$ 33,948	\$ 13,929	\$ 18,232	\$ 32,161
Operating Grants and Contributions	61,288	-	61,288	64,891	-	64,891
Capital Grants and Contributions	1,259	635	1,894	1,607	6,156	7,763
General Revenues:						
Property Taxes	153,096	-	153,096	140,196	-	140,196
Grants and contributions not restricted to specific programs	8,498	-	8,498	7,205	-	7,205
Unrestricted investment earnings	1,963	593	2,556	3,760	714	4,474
<b>Total Revenues</b>	<b>241,454</b>	<b>19,826</b>	<b>261,280</b>	<b>231,588</b>	<b>25,102</b>	<b>256,690</b>
<b>Expenses:</b>						
General Government	18,307	-	18,307	13,962	-	13,962
Public Safety	44,778	-	44,778	48,028	-	48,028
Public Works	15,984	17,070	33,054	21,668	16,951	38,619
Health and Welfare	5,058	-	5,058	6,180	-	6,180
Culture and Recreation	5,091	-	5,091	5,490	-	5,490
Education	150,405	-	150,405	139,538	-	139,538
Interest on long-term debt	4,494	-	4,494	5,118	-	5,118
<b>Total Expenses</b>	<b>244,117</b>	<b>17,070</b>	<b>261,187</b>	<b>239,984</b>	<b>16,951</b>	<b>256,935</b>
<b>Excess (Deficiency)</b>	<b>(2,663)</b>	<b>2,756</b>	<b>93</b>	<b>(8,396)</b>	<b>8,151</b>	<b>(245)</b>
<b>Extraordinary Item:</b>						
State teachers on behalf payments	-	-	-	(35,392)	-	(35,392)
State teachers on behalf revenue	-	-	-	35,392	-	35,392
<b>Change in net assets</b>	<b>(2,663)</b>	<b>2,756</b>	<b>93</b>	<b>(8,396)</b>	<b>8,151</b>	<b>(245)</b>
<b>Net assets – beginning</b>	<b>154,750</b>	<b>125,529</b>	<b>280,279</b>	<b>163,830</b>	<b>117,378</b>	<b>281,208</b>
Restatement for pollution remediation obligations (Note 15)	-	-	-	(684)	-	(684)
<b>Net assets - ending</b>	<b>\$ 152,087</b>	<b>\$ 128,285</b>	<b>\$ 280,372</b>	<b>\$ 154,750</b>	<b>\$ 125,529</b>	<b>\$ 280,279</b>

## **Government Activities**

For Governmental activities, approximately 63.4% of the revenues were derived from property taxes followed by 32.2% from program revenues, then 0.8% from investment earnings, and 3.5% of the City's revenue in this fiscal year was derived from unrestricted grants.

The increase of \$9.9 million in total revenues in Governmental Activities was primarily due related to property tax revenues (\$12.9 million) associated with the mandated revaluation effective as of October 1, 2007 Grand List. However, the increase in property tax revenues was offset by decreases in investment earnings (\$1.8 million), operating grants received for operations and various capital projects for School and Public Works (\$3.6 million) and charges for services (\$1.4) million

For Governmental Activities, about 61.9% of the City's expenditures relate to education, 18.3% relate to public safety, 6.5% for public works, 7.5% for general government, 2.1% for cultural and recreation, 2.2% for health and welfare, 1.8% for interest on long-term debt. GASB 45 required the City to record an additional \$3.6 million liability for Other Post Employment Benefits (OPEB) cost for all functions, an additional \$3.9 million liability for early retirement cost for Education, and \$1.8 million liability for the legal claims for General Government, directly reducing the Net Assets.

Major expenditure factors included:

- ◆ Education expenditures increased by a total of \$10.9 million: (\$7.1 million) annual budget increase, (\$4.7 million) increased retirement costs, (\$0.4 million) decreased state and federal projects, School Lunch program (\$0.5 million) decrease.
- ◆ Expenditures for Public Safety decreased by \$3.3 million: (\$1.8 million) annual budget decrease, (\$0.6 million) Other Post Employment Benefits (OPEB), (\$0.7 million) insurance costs, and (\$0.1 million) depreciation.
- ◆ Expenditures for Public Works decreased \$5.7 million primarily due to costs associated with capital project expense.

### **Business-Type Activities**

Business-Type activities increased the City's net assets by \$2.8 million, an increase of 2.2% from the prior fiscal year. Factors impacting the growth include:

Charges for services increased (\$0.4 million) to total \$18.6 million, investment earnings amounted to nearly \$0.6 million, while contributed capital decreased by \$5.5 million to total approximately \$0.6 million for the year. However, expenditures increased only slightly, \$0.1 million, totaling \$17.1 million.

### **Financial Analysis of the Fund Financial Statements**

As noted earlier, the City of Danbury uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Danbury's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Danbury's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Danbury's governmental funds reported combined ending fund balances of \$7.2 million. The General Fund and Other Governmental Funds reported fund balances of \$26.3 million and negative \$19.1 million, respectively. Collectively, the fund balances for capital projects decreased by \$13.6 million from negative \$9.9 million last year to a negative \$23.5 million at June 30, 2009. The decrease in capital projects fund balance is primarily due to the escalation of three capital project initiatives and eventual completion of two of these projects:

- ◆ Purchased 35 acres of undeveloped land and development rights to a 28 acres working farm as part of the City's Open Space initiative for \$1.2 million.
- ◆ The new Ellsworth Avenue School which cost \$20.6 million opened in September 2009.
- ◆ New police headquarters building was completed in May 2009 for a total cost of \$38.7 million.

The general fund is the chief operating fund of the City of Danbury. At the end of the current fiscal year, unreserved fund balance of the general fund decreased \$0.9 million to \$20.9 million while total fund balance equals \$26.3 million. Approximately \$20.9 million of the general fund's total fund balance constitutes unreserved/undesignated fund balance which is available for spending at the government's discretion. The remaining \$5.4 million of the General Fund balance is not available for new spending and has been reserved/designated to liquidate contracts/purchase orders of the prior period (\$1.4 million) and for future budget appropriations (\$4.0 million). As a measure of the general fund's liquidity, it may be useful to compare both unreserved/undesignated fund balance and total fund balance to total fund expenditures for the ensuing year's budget. Unreserved fund balance represents 10.04% of total general fund expenditures while total fund balance represents 12.6% of that same amount.

The City of Danbury's General Fund ending unreserved Budgetary Fund Balance on a budgetary basis, decreased by \$0.9 million during the current fiscal year. On an actual budgetary basis, revenues exceeded expenditures this year by \$0.1 million while the City's budgeted use of fund balance increased from \$3.0 million in 08/09 Budget to \$4.0 million for the 09/10 Budget. Although the \$3.0 million budgeted amount for 08/09 Budget was returned to unreserved fund balance, the net \$1.0 million increase use of fund balance was offset by the year-end \$0.1 million surplus at June 30, 2009, netting to a negative impact to unreserved fund balance of \$0.9 million.

On a budgetary basis, the fund-balance of the City of Danbury's general fund, decreased by \$0.9 million during the current fiscal year. Key factors in this decrease are as follows:

- ◆ \$1.0 million increase in planned use of fund balance for the ensuing year's budget.
- ◆ \$0.6 million reduction due to the authorized use of fund balance through Council resolution for litigation related matters.

**Proprietary funds.** The City of Danbury's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Water Fund at the end of the year were \$67.7 million. The fund generated operating income during the year of \$1.9 million, a decrease of approximately \$0.2 million from the prior year. Capital contributions totaled \$0.3 million, resulting in the fund increasing its net assets by \$1.8 million. Unrestricted net assets totaled \$11.3 million at year-end.

Net assets of the Sewer Fund at the end of the year were \$60.6 million. The fund generated operating income of nearly \$0.9 million. A small increase in capital contributions of about \$0.3 million helped to increase the fund's overall net assets by \$1.0 million. Unrestricted net assets totaled \$1.9 million at year-end.

## General Fund Budgetary Highlights

The difference between the original budgeted expenditures and the final amended budget was \$0.8 million. The major additional appropriations approved during the year are summarized below:

- ◆ \$575,000 from fund balance for litigation related matters. Requested and authorized by Council Resolution.
- ◆ \$20,000 from the Historic Document Reserve Account for the conversion of historical land record books. Requested and authorized by Council Resolution.
- ◆ \$67,695 increase for Police and Fire Special Services.
- ◆ \$133,094 carry-over for continued appropriations.

During the year, actual revenues on a budgetary basis were \$196.4 million, \$2.2 million under budgetary estimates. Revenue from investment income and general property taxes were lower than budgeted by \$1.0 million and \$1.7 million, respectively. Charges for services were approximately \$1.6 million higher than the budget.

Actual expenditures on a budgetary basis totaled \$196.3 million, which were \$6.8 million less than the adjusted budget.

## Capital Asset and Debt Administration

**Capital assets.** As of June 30, 2009, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to \$455.1 million, net of accumulated depreciation. This investment in capital assets includes land, building and land improvements, machinery and equipment and infrastructure. The total increase in the City of Danbury's investment in capital assets for the current fiscal year was \$30.2 million or 7.1%.

	June 30, 2009			June 30, 2008		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 49,153,128	\$ 1,031,946	\$ 50,185,074	\$ 49,022,128	\$ 1,031,946	\$ 50,054,074
Land Improvements	6,702,431	-	6,702,431	7,076,098	-	7,076,098
Buildings and Improvements	136,768,280	63,037,314	199,805,594	103,937,353	65,349,922	169,287,275
Machinery and Equipment	14,020,545	-	14,020,545	13,069,905	326,111	13,396,016
Infrastructure	44,167,451	76,235,640	120,403,091	44,981,217	77,441,732	122,422,949
Other	-	178,307	178,307	-	182,827	182,827
Construction in Progress	44,069,020	19,772,911	63,841,931	48,524,604	14,022,858	62,547,462
<b>Total</b>	<b>\$ 294,880,855</b>	<b>\$ 160,256,118</b>	<b>\$ 455,136,973</b>	<b>\$ 266,611,305</b>	<b>\$ 158,355,396</b>	<b>\$ 424,966,701</b>

Major capital asset events during the current fiscal year included the following:

- ◆ Completed construction of a multipurpose artificial turf field with appurtenances in Rogers Park (August 2009) and other recreation improvements in city parks for \$1.5 million in the current year.
- ◆ Completion of the White Street Streetscape project for \$0.6 million, \$0.1 million in current year.
- ◆ Completed reconstruction of two bridges (Padanaram Road over Miry Brook and Padanaram Road over East Lake) for \$1.1 million, \$0.7 million in current year.
- ◆ Purchased 35 acres of undeveloped land and development rights to a 28 acres working farm as part of the City's Open Space initiative for \$1.2 million, \$0.4 million in current year.
- ◆ Completed construction in September 2009 of the Ellsworth Avenue School (replacement school for the old Roberts Avenue School which was sold to Western Connecticut State University) for a total cost of \$20.6 million, \$8.7 million in current year.
- ◆ Completed construction on the new state of the art police headquarters building on Main Street in May 2009 for a total cost of \$38.7 million, \$16.7 million in current year.
- ◆ Purchased replacement vehicles for police department for \$0.5 million.
- ◆ Purchased replacement equipment and vehicles for public works for \$0.7 million.
- ◆ Repairs and renovations to various city and school buildings for \$0.5 million.
- ◆ Computers for Schools purchased through a lease for \$0.5 million.
- ◆ Road reconstruction, repaving, and drainage to various city streets for \$1.5 million.
- ◆ Completed construction of Rose Hill Bridge for \$2.3 million, \$1.0 million in current year.

Additional information on the City of Danbury's capital assets can be found in Note 7 on pages 47-51 of this report.

**Debt.** At the end of the current fiscal year the City of Danbury had total bonded debt outstanding of \$135.2 million. One-hundred percent of this debt is backed by the full faith and credit of the city government.

	June 30, 2009			June 30, 2008		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 106,321,500	\$ 28,868,500	\$ 135,190,000	\$ 96,532,400	\$ 28,807,600	\$ 125,340,000
Bond anticipation notes	62,048,000	12,297,000	74,345,000	53,589,000	12,491,000	66,080,000
Notes payable	1,166,000	10,248,933	11,414,933	1,238,000	12,868,314	14,106,314
<b>Total</b>	<b>\$ 169,535,500</b>	<b>\$ 51,414,433</b>	<b>\$ 220,949,933</b>	<b>\$ 151,359,400</b>	<b>\$ 54,166,914</b>	<b>\$ 205,526,314</b>

The City of Danbury's total debt increased by \$15.4 million during the current fiscal year, due to an increase of approximately \$9.9 million in long term debt and a \$8.3 million increase in short-term debt.

The City of Danbury maintains the following ratings from Wall Street's credit agencies for general obligation debt: an Aa2 rating from Moody's Investors Service, AA+ from Standard and Poor's Corporation (upgraded last year), and AA+ from Fitch Ratings.

The overall statutory debt limit for the City of Danbury is equal to seven times annual receipts from taxation or \$1,077.1 million. As of June 30, 2009, the City recorded long-term debt of \$169.5 million related to Governmental Activities and \$51.4 million related to Business-Type Activities, well below its statutory debt limit.

Additional information on the City of Danbury's long-term debt can be found in Notes 8 and 9 of this report.

**Cash Management Policies and Practices.** At June 30, 2009, the City had \$88.0 million in cash and cash equivalents. The City also had \$177.8 million of investments representing assets in the City's six pension funds.

With the exception of the six pension funds, the City's operating and working capital funds 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 only in (a) high grade, short-term federal securities and variable rate obligations faced by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two, and (b) 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 benefits of the Pool's participants.

**Pension Administration.** The City maintains six distinct pension plans covering substantially all of its employees, except teachers who are covered by the State Teachers' Retirement Fund. The City does not contribute to the State Teachers' Retirement Fund. The General Employee's Plan is a non-contributory defined benefit plan. The remaining five plans – Post-1983 Police; Post-1967 Fire; Post-1967 Police; Pre-1967 Fire and Pre-1967 Police, are contributory defined benefit plans. Police contribute 4%-4.5% of their wages to the plans, while fire contribute 5%. The City's funding policy is to make contributions on an actuarial cost basis, which includes normal cost plus an amortization of the unfunded past service liability. Total employer pension contributions for the year ended June 30, 2009 were \$2.3 million.

The City prepares valuations of its pension plans every other year. At the latest actuarial valuation dates July 1, 2008 and July 1 2007, the City's six pension trust funds had assets, in the aggregate on an actuarial basis, of \$263.8 million, while the actuarial accrued liability was \$245.8 million. On an actuarial accrued basis, the City's liability was in the aggregate, 107.3% funded. However, subsequent to the most recent valuation dates, certain economic events have had significant adverse impact on the City's investment portfolios. As of June 30, 2009, the six plans had aggregate assets of \$192.8 million, down \$57.8 million (23%) from \$250.7 million over the past 12 months. As such, these market downturns have had a significant effect on the funded ratios and on the future require contributions.

### **Economic Factors and Next Year's Budgets and Rates**

The City of Danbury continues to show economic stability compared to other parts of the State of Connecticut. As of November 2009, the unemployment rate for the Danbury Labor Market Area was 6.7%, the lowest in the State of Connecticut. Connecticut's unemployment rate was 7.9% for the same period.

To date, the impact of the severe recession and economic crisis has been realized to a much lesser degree in the City of Danbury and the surrounding area than that of most other areas of the State and the Country. The number of private construction projects still remains relatively high however the size and scope of these projects have been reduced significantly. As such, building activity and associated fees continue to decline. The City's Permit Center is in steady contact with developers of major projects regarding their construction plans and while most development has been postponed, many corporations still intend to expand their presence in the future, demonstrating that Danbury remains a desirable location to do business. Finally, the Danbury's diverse and high quality tax base lends stability to the City's revenue stream and the City of Danbury expects to retain its competitive advantage in Northern Fairfield County.

### **Requests for Information**

The financial report is designed to provide a general overview of the City of Danbury's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance at 155 Deer Hill Avenue, Danbury, CT 06810.

## **Basic Financial Statements**



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CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total*
<b>Assets</b>			
Cash and cash equivalents	\$ 54,378,937	\$ 18,935,256	\$ 73,314,193
Receivables (net of allowances for collection losses):			
Property taxes	6,466,518	-	6,466,518
Unbilled services	-	2,431,370	2,431,370
Special assessments	-	4,568,041	4,568,041
Accounts receivable	5,398,960	-	5,398,960
Federal and state governments	8,788,899	-	8,788,899
User charges	-	1,818,383	1,818,383
Other receivable	-	944,280	944,280
Inventories	30,578	504,313	534,891
Internal balances	4,003,161	(4,003,161)	-
Other assets	94,758	-	94,758
Deferred charges, net of accumulated amortization	552,729	411,826	964,555
Federal and state government receivables	2,697,988	-	2,697,988
Capital assets, not being depreciated	93,222,148	20,804,857	114,027,005
Capital assets, net of accumulated depreciation	201,658,707	139,451,261	341,109,968
<b>Total assets</b>	<b>377,293,383</b>	<b>185,866,426</b>	<b>563,159,809</b>
<b>Liabilities</b>			
Accounts payable	8,039,320	757,885	8,797,205
Accrued liabilities	6,970,299	950,953	7,921,252
Advance tax collections	1,028,785	-	1,028,785
Unearned revenues	2,247,608	4,124,953	6,372,561
Bond anticipation notes payable	46,084,238	12,297,000	58,381,238
Noncurrent liabilities:			
Due within one year	16,008,693	5,090,998	21,099,691
Due in more than one year	144,826,945	34,359,570	179,186,515
<b>Total liabilities</b>	<b>225,205,888</b>	<b>57,581,359</b>	<b>282,787,247</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	139,376,277	115,045,612	254,421,889
Restricted for:			
Debt service	-	-	-
School lunch-expendable	30,578	-	30,578
Farioly Library-non-expendable	1,483,133	-	1,483,133
Capital improvement	-	-	-
Unrestricted	11,197,507	13,239,455	24,436,962
<b>Total net assets</b>	<b>\$ 152,087,495</b>	<b>\$ 128,285,067</b>	<b>\$ 280,372,562</b>

The notes to the financial statements are an integral part of this statement.

\* After internal receivables and payables have been eliminated.

Component Units				
Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority	Danbury Museum and Historical Society Authority	
\$ 152,195	\$ 144,109	\$ 133,226	\$ 43,781	
-	-	-	-	
-	-	-	-	
-	-	-	-	
44,623	-	14,875	925	
-	-	-	-	
7,505	-	-	-	
-	-	-	16,726	
-	-	-	-	
57,817	21,178	16,192	2,135	
-	-	-	-	
-	-	-	-	
-	-	-	128,790	
169,838	3,587,099	61,870	822,454	
431,978	3,752,386	226,163	1,014,811	
44,191	145,229	18,128	2,912	
12,096	-	6,380	4,013	
-	-	-	-	
-	23,500	-	802	
-	-	-	-	
-	121,810	-	-	
-	507,240	15,321	-	
56,287	797,779	39,829	7,727	
169,838	2,958,049	61,870	951,244	
-	629,050	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	5,730	
205,853	(632,492)	124,464	50,110	
\$ 375,691	\$ 2,954,607	\$ 186,334	\$ 1,007,084	

CITY OF DANBURY, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ (18,306,617)	\$ 7,262,312	\$ 2,848,423	\$ 1,100,972
Public safety	(44,778,282)	279,337	527,560	-
Public works	(15,983,893)	6,500	5,736,165	13,952
Health and welfare	(5,058,556)	2,499,088	2,498,581	-
Culture and recreation	(5,090,569)	-	320,543	557
Education	(150,405,010)	5,302,877	49,357,171	143,125
Interest on long-term debt	(4,493,919)	-	-	-
<b>Total governmental activities</b>	<b>(244,116,846)</b>	<b>15,350,114</b>	<b>61,288,443</b>	<b>1,258,606</b>
Business-type activities:				
Sewer	(10,133,342)	10,493,329	-	296,344
Water	(6,936,874)	8,104,719	-	338,795
<b>Total business-type activities</b>	<b>(17,070,216)</b>	<b>18,598,048</b>	<b>-</b>	<b>635,139</b>
<b>Total primary government</b>	<b>(261,187,062)</b>	<b>33,948,162</b>	<b>61,288,443</b>	<b>1,893,745</b>
<b>Component Units:</b>				
Danbury Parking Authority	(1,082,278)	1,042,245	-	-
Richter Park Authority	(2,308,742)	2,158,392	-	-
Tarrywile Park Authority	(445,795)	142,259	16,730	-
Danbury Museum and Historical Society Authority	(286,107)	142,186	99,757	23,658
<b>Total component units</b>	<b>\$ (4,122,922)</b>	<b>\$ 3,485,082</b>	<b>\$ 116,487</b>	<b>\$ 23,658</b>

General revenues:

Property taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Total general revenues

Change in net assets

Net assets - beginning (as restated-Note15)

Net assets - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets							
Primary Government			Component Units				
Governmental Activities	Business-type Activities	Total	Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority	Danbury Museum and Historical Society Authority	
\$ (7,094,910)	\$ -	\$ (7,094,910)	\$ -	\$ -	\$ -	\$ -	
(43,971,385)	-	(43,971,385)	-	-	-	-	
(10,227,276)	-	(10,227,276)	-	-	-	-	
(60,887)	-	(60,887)	-	-	-	-	
(4,769,469)	-	(4,769,469)	-	-	-	-	
(95,601,837)	-	(95,601,837)	-	-	-	-	
(4,493,919)	-	(4,493,919)	-	-	-	-	
(166,219,683)	-	(166,219,683)	-	-	-	-	
-	656,331	656,331	-	-	-	-	
-	1,506,640	1,506,640	-	-	-	-	
-	2,162,971	2,162,971	-	-	-	-	
(166,219,683)	2,162,971	(164,056,712)	-	-	-	-	
-	-	-	(40,033)	-	-	-	
-	-	-	-	(150,350)	-	-	
-	-	-	-	-	(286,806)	-	
-	-	-	-	-	-	(20,506)	
-	-	-	(40,033)	(150,350)	(286,806)	(20,506)	
153,095,763	-	153,095,763	-	-	-	-	
8,498,315	-	8,498,315	1,946	76,219	315,000	-	
1,963,063	592,627	2,555,690	3,061	-	768	-	
163,557,141	592,627	164,149,768	5,007	76,219	315,768	-	
(2,662,542)	2,755,598	93,056	(35,026)	(74,131)	28,962	(20,506)	
154,750,037	125,529,469	280,279,506	410,717	3,028,738	157,372	1,027,590	
\$ 152,087,495	\$ 128,285,067	\$ 280,372,562	\$ 375,691	\$ 2,954,607	\$ 186,334	\$ 1,007,084	

CITY OF DANBURY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	General	Public Safety Bond	Century 21 PI	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 16,369,379	\$ 6,295,798	\$ 7,400,836	\$ 24,312,924	\$ 54,378,937
Receivables (net of allowances for collection losses):					
Property taxes	6,466,518	-	-	-	6,466,518
Contract receivable	-	-	-	2,365,737	2,365,737
State and federal governments	7,803,108	-	443,281	3,240,498	11,486,887
Accounts receivable	2,661,082	-	-	372,141	3,033,223
Inventories	-	-	-	30,578	30,578
Other assets	94,758	-	-	-	94,758
Due from other funds	9,956,685	-	842,044	2,894,427	13,693,156
<b>Total assets</b>	<b>\$ 43,351,530</b>	<b>\$ 6,295,798</b>	<b>\$ 8,686,161</b>	<b>\$ 33,216,305</b>	<b>\$ 91,549,794</b>
<b>Liabilities</b>					
Accounts payable	\$ 3,022,883	\$ 1,704,825	\$ 812,253	\$ 2,499,359	\$ 8,039,320
Accrued wages	1,372,889	-	-	-	1,372,889
Due to other funds	3,308,397	71,432	1,237,151	8,229,170	12,846,150
Deferred revenues	8,308,181	-	443,320	3,940,981	12,692,482
Unearned revenue	-	-	-	2,247,608	2,247,608
Bond anticipation notes payable	-	21,797,256	6,989,132	17,297,850	46,084,238
Advance tax collections	1,028,785	-	-	-	1,028,785
<b>Total liabilities</b>	<b>17,041,135</b>	<b>23,573,513</b>	<b>9,481,856</b>	<b>34,214,968</b>	<b>84,311,472</b>
<b>Fund Balances (Deficits)</b>					
Reserved for:					
Inventories	-	-	-	30,578	30,578
Encumbrances	1,262,021	966,097	1,339,641	5,173,394	8,741,153
Continued appropriations	128,759	-	-	-	128,759
Permanent fund	-	-	-	1,483,133	1,483,133
CDBG Projects	-	-	-	527,854	527,854
Designated for:					
Future appropriation	4,000,000	-	-	-	4,000,000
Unreserved/undesignated, reported in:					
General fund	20,919,615	-	-	-	20,919,615
Special revenue funds	-	-	-	(458,213)	(458,213)
Capital projects funds	-	(18,243,812)	(2,135,336)	(8,009,027)	(28,388,175)
Permanent fund	-	-	-	253,618	253,618
<b>Total fund balances (deficits)</b>	<b>26,310,395</b>	<b>(17,277,715)</b>	<b>(795,695)</b>	<b>(998,663)</b>	<b>7,238,322</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 43,351,530</b>	<b>\$ 6,295,798</b>	<b>\$ 8,686,161</b>	<b>\$ 33,216,305</b>	

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

Capital assets, net of accumulated depreciation of \$158,569,393, purchased by governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the City as a whole.	294,880,855
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(160,282,908)
Deferred revenue	12,692,482
Accrued interest	(2,441,256)

Net assets of governmental activities

\$ 152,087,495

The notes to the financial statements are an integral part of this statement.

CITY OF DANBURY, CONNECTICUT

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

For the Year Ended June 30, 2009

	General	Public Safety Bond	Century 21 PI	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 152,551,430	\$ -	\$ -	\$ -	\$ 152,551,430
State and federal governments	43,575,163	-	4,556,251	24,824,659	72,956,073
Licenses and permits	3,328,157	-	-	14,430	3,342,587
Charges for services	3,808,050	-	-	6,212,267	10,020,317
Fines and penalties	1,186,314	-	-	-	1,186,314
Investment income	1,916,231	-	-	46,832	1,963,063
Other	-	-	-	668,610	668,610
<b>Total revenues</b>	<b>206,365,345</b>	<b>-</b>	<b>4,556,251</b>	<b>31,766,798</b>	<b>242,688,394</b>
<b>EXPENDITURES</b>					
Current:					
General government	9,220,047	-	-	1,218,324	10,438,371
Public safety	28,318,064	-	-	2,724,572	31,042,636
Public works	9,054,873	-	-	2,030,626	11,085,499
Health and welfare	4,318,069	-	-	1,660,248	5,978,317
Culture and recreation	2,933,194	-	-	343,721	3,276,915
Education	121,411,300	-	-	21,562,326	142,973,626
Pension and other employee benefits	19,822,162	-	-	-	19,822,162
Debt service:					
Principal retirements	7,810,350	-	-	-	7,810,350
Interest and other charges	4,497,286	-	-	-	4,497,286
Capital outlay	958,014	19,205,256	9,289,110	7,162,736	36,615,116
<b>Total expenditures</b>	<b>208,343,359</b>	<b>19,205,256</b>	<b>9,289,110</b>	<b>36,702,553</b>	<b>273,540,278</b>
<b>Revenues over (under) expenditures</b>	<b>(1,978,014)</b>	<b>(19,205,256)</b>	<b>(4,732,859)</b>	<b>(4,935,755)</b>	<b>(30,851,884)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	744,048	744,048
Transfers out	(744,048)	-	-	-	(744,048)
Issuance of bond anticipation notes	-	10,552,894	1,018,868	4,392,000	15,963,762
Issuance of general obligation bonds	-	10,026,950	7,000,000	572,500	17,599,450
Payments-bond anticipation notes	-	(10,026,950)	(6,308,000)	(692,000)	(17,026,950)
Premium on bonds	1,120,847	-	-	-	1,120,847
Lease financing	930,507	-	-	-	930,507
<b>Total other financing sources</b>	<b>1,307,306</b>	<b>10,552,894</b>	<b>1,710,868</b>	<b>5,016,548</b>	<b>18,587,616</b>
<b>Net change in fund balances (deficits)</b>	<b>(670,708)</b>	<b>(8,652,362)</b>	<b>(3,021,991)</b>	<b>80,793</b>	<b>(12,264,268)</b>
<b>FUND BALANCES (DEFICITS), beginning</b>	<b>26,981,103</b>	<b>(8,625,353)</b>	<b>2,226,296</b>	<b>(1,079,456)</b>	<b>19,502,590</b>
<b>FUND BALANCES (DEFICITS), ending</b>	<b>\$ 26,310,395</b>	<b>\$ (17,277,715)</b>	<b>\$ (795,695)</b>	<b>\$ (998,663)</b>	<b>\$ 7,238,322</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF DANBURY, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009**

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

Net change in fund balances – total governmental funds \$ (12,264,268)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 28,281,550

Some revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revenues in governmental funds. Examples are revenues from special assessments, property taxes and intergovernmental projects.

Taxes and related interest	544,333
Miscellaneous revenue	132,286
School construction	(582,547)
Intergovernmental revenue	(1,328,162)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (8,622,618)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (8,823,116)

Change in net assets of governmental activities \$ (2,662,542)

The notes to the financial statements are an integral part of this statement.

CITY OF DANBURY, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED  
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 155,160,461	\$ 154,210,461	152,551,430	\$ (1,659,031)
Federal and state governments	33,120,718	33,120,718	32,485,163	(635,555)
Licenses and permits	3,826,600	3,826,600	3,328,157	(498,443)
Charges for services	2,111,880	3,108,380	4,715,027	1,606,647
Fines and penalties	325,600	325,600	279,337	(46,263)
Investment income	4,000,000	4,000,000	3,037,078	(962,922)
<b>Total revenues</b>	<b>198,545,259</b>	<b>198,591,759</b>	<b>196,396,192</b>	<b>(2,195,567)</b>
<b>EXPENDITURES</b>				
Current:				
General government	9,429,679	10,287,991	9,515,701	772,290
Public safety	28,889,619	28,914,619	28,582,034	332,585
Public works	9,471,668	9,757,633	9,581,068	176,565
Health and welfare	2,761,094	2,826,094	2,803,069	23,025
Culture and recreation	3,173,705	3,175,205	2,933,194	242,011
Education	112,103,866	112,103,866	111,729,554	374,312
Pension and other employee benefits	22,874,416	22,874,416	18,772,831	4,101,585
Capital outlay	-	32,508	27,507	5,001
Contingency	500,000	27,505	-	27,505
Debt service:				
Principal retirements	8,310,350	8,310,350	7,810,350	500,000
Interest	4,780,862	4,780,862	4,497,286	283,576
<b>Total expenditures</b>	<b>202,295,259</b>	<b>203,091,049</b>	<b>196,252,594</b>	<b>6,838,454</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (3,750,000)</b>	<b>\$ (4,499,290)</b>	<b>143,598</b>	<b>\$ 4,642,887</b>

**UNRESERVED BUDGETARY FUND**

**BALANCE**, beginning 21,776,017

Change in Designation for Future Appropriations (1,000,000)

**UNRESERVED BUDGETARY FUND BALANCE**, ending \$ 20,919,615

The notes to the financial statements are an integral part of this statement.

CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 8,517,604	\$ 10,417,652	\$ 18,935,256	\$ -
Receivables (net of allowances for collection losses):				
Unbilled services	1,226,300	1,205,070	2,431,370	-
Special assessments receivable	144,631	396,852	541,483	-
User Charges	880,262	938,121	1,818,383	-
Due from other funds	-	-	-	3,156,155
Other	-	944,280	944,280	-
Inventories	504,313	-	504,313	-
<b>Total current assets</b>	<b>11,273,110</b>	<b>13,901,975</b>	<b>25,175,085</b>	<b>3,156,155</b>
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	74,966,192	85,289,926	160,256,118	-
Special assessments receivable, net	786,655	3,239,903	4,026,558	-
Other assets (net of accumulated amortization)	366,516	45,310	411,826	-
<b>Total noncurrent assets</b>	<b>76,119,363</b>	<b>88,575,139</b>	<b>164,694,502</b>	<b>-</b>
<b>Total assets</b>	<b>87,392,473</b>	<b>102,477,114</b>	<b>189,869,587</b>	<b>3,156,155</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accrued liabilities	477,117	473,836	950,953	3,156,155
Accounts payable	229,096	528,789	757,885	-
Due to other funds	119,476	3,883,685	4,003,161	-
Unearned revenues	-	4,124,953	4,124,953	-
Bonds and notes payable	1,587,150	3,503,848	5,090,998	-
Bond anticipation notes payable	1,755,000	10,542,000	12,297,000	-
<b>Total current liabilities</b>	<b>4,167,839</b>	<b>23,057,111</b>	<b>27,224,950</b>	<b>3,156,155</b>
Noncurrent liabilities:				
Notes payable (net of unamortized discount)	-	7,744,394	7,744,394	-
Bonds payable (net of unamortized discount)	15,251,300	11,030,741	26,282,041	-
Other liabilities (net of accumulated amortization)	295,347	37,788	333,135	-
<b>Total noncurrent liabilities</b>	<b>15,546,647</b>	<b>18,812,923</b>	<b>34,359,570</b>	<b>-</b>
<b>Total liabilities</b>	<b>19,714,486</b>	<b>41,870,034</b>	<b>61,584,520</b>	<b>3,156,155</b>
<b>NET ASSETS</b>				
Invested in capital assets (net of related debt)	56,372,742	58,672,870	115,045,612	-
Unrestricted	11,305,245	1,934,210	13,239,455	-
<b>Total net assets</b>	<b>\$ 67,677,987</b>	<b>\$ 60,607,080</b>	<b>\$ 128,285,067</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

CITY OF DANBURY, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
 PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 8,104,719	\$ 9,542,311	\$ 17,647,030	\$ 15,847,789
Septic and connection fees	-	951,018	951,018	-
<b>Total operating revenues</b>	<b>8,104,719</b>	<b>10,493,329</b>	<b>18,598,048</b>	<b>15,847,789</b>
<b>OPERATING EXPENSES</b>				
Salaries, benefits and claims	2,792,046	-	2,792,046	15,847,789
Materials and supplies	659,009	-	659,009	-
Depreciation	1,378,080	3,407,879	4,785,959	-
Utilities	605,931	-	605,931	-
Administration and operation	807,493	6,203,927	7,011,420	-
<b>Total operating expenses</b>	<b>6,242,559</b>	<b>9,611,806</b>	<b>15,854,365</b>	<b>15,847,789</b>
<b>Operating income</b>	<b>1,862,160</b>	<b>881,523</b>	<b>2,743,683</b>	<b>-</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	283,490	309,137	592,627	-
Interest expense	(694,315)	(521,536)	(1,215,851)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(410,825)</b>	<b>(212,399)</b>	<b>(623,224)</b>	<b>-</b>
<b>Net income before capital contributions</b>	<b>1,451,335</b>	<b>669,124</b>	<b>2,120,459</b>	<b>-</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>338,795</b>	<b>296,344</b>	<b>635,139</b>	<b>-</b>
<b>Change in net assets</b>	<b>1,790,130</b>	<b>965,468</b>	<b>2,755,598</b>	<b>-</b>
<b>NET ASSETS, beginning</b>	<b>65,887,857</b>	<b>59,641,612</b>	<b>125,529,469</b>	<b>-</b>
<b>NET ASSETS, ending</b>	<b>\$ 67,677,987</b>	<b>\$ 60,607,080</b>	<b>\$ 128,285,067</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Totals	Activities Internal Service Funds
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 8,454,427	\$ 9,677,630	\$ 18,132,057	\$ 15,547,789
Payments to suppliers/claims paid	(1,849,029)	(5,906,046)	(7,755,075)	(15,547,789)
Payments to employees	(2,775,995)	-	(2,775,995)	-
<b>Net cash provided by operating activities</b>	<b>3,829,403</b>	<b>3,771,584</b>	<b>7,600,987</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal payments on debt	(1,561,650)	(3,256,332)	(4,817,982)	-
Interest paid on debt	(787,367)	(718,276)	(1,505,643)	-
Capital contributions	338,795	296,344	635,139	-
Purchase of capital assets	(2,539,711)	(4,147,017)	(6,686,728)	-
Proceeds of notes	51,500	2,014,000	2,065,500	-
<b>Net cash used in capital and related financing activities</b>	<b>(4,498,433)</b>	<b>(5,811,281)</b>	<b>(10,309,714)</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>				
Interest received on investments	283,491	309,137	592,628	-
<b>Net cash provided by investing activities</b>	<b>283,491</b>	<b>309,137</b>	<b>592,628</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(385,539)</b>	<b>(1,730,560)</b>	<b>(2,116,099)</b>	<b>-</b>
<b>Cash and Cash Equivalents</b>				
Beginning	8,903,143	12,148,212	21,051,355	-
Ending	<b>\$ 8,517,604</b>	<b>\$ 10,417,652</b>	<b>\$ 18,935,256</b>	<b>\$ -</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating income	\$ 1,862,160	\$ 881,523	\$ 2,743,683	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,378,080	3,407,897	4,785,977	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	222,166	(496,758)	(274,592)	-
Decrease in other receivables	127,541	181,622	309,163	-
Increase in inventories	19,600	-	19,600	-
Increase in due from other funds	-	-	-	(316,951)
Decrease (increase) in other assets	137,477	(558)	136,919	-
(Decrease) increase in accrued expenses	73,664	267,712	341,376	316,951
Increase in due to other funds	119,474	33,666	153,140	-
Decrease in unearned revenue	-	(500,004)	(500,004)	-
Decrease in other liabilities	(110,759)	(3,516)	(114,275)	-
<b>Net cash provided by operating activities</b>	<b>\$ 3,829,403</b>	<b>\$ 3,771,584</b>	<b>\$ 7,600,987</b>	<b>\$ -</b>
<b>Supplemental Schedule of Noncash Financing Activities</b>				
Amortization of issuance costs and gain on refunded debt	\$ 137,477	\$ 13,887	\$ 151,364	\$ -
Amortization of premium on refunded debt	\$ 110,756	\$ 10,805	\$ 121,561	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF DANBURY, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2009

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,403,051	\$ 1,421	\$ 3,308,603
Investments, at fair value			
Common stock	46,170,210	-	-
Debt securities	21,974,896	-	-
Mutual funds	57,414,660	-	-
Private hedge fund	52,262,330	-	-
<b>Total investments</b>	<b>177,822,096</b>	<b>-</b>	<b>-</b>
Accrued interest and dividends	297,403	-	-
Pending sales	5,496,914	-	-
<b>Total assets</b>	<b>195,019,464</b>	<b>1,421</b>	<b>3,308,603</b>
<b>LIABILITIES</b>			
Pending purchases	2,171,876	-	-
Other liabilities	-	-	3,308,603
	<b>2,171,876</b>	<b>-</b>	<b>3,308,603</b>
<b>Net Assets Held in Trust for Pension</b>			
<b>Benefits and Other Purposes</b>	<b>\$ 192,847,588</b>	<b>\$ 1,421</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

For the Year Ended June 30, 2009

	Pension Trust Funds	Private Purpose Trust Fund
<b>Additions</b>		
Contributions		
Employer	\$ 2,286,644	\$ -
Plan members	757,354	-
<b>Total contributions</b>	<b>3,043,998</b>	<b>-</b>
Investment Income (loss)		
Net depreciation in fair value of investments	(50,518,828)	-
Interest and dividends	5,207,752	34
	(45,311,076)	34
Less investment expenses:		
Investment management fees	932,807	-
<b>Net investment income (loss)</b>	<b>(46,243,883)</b>	<b>34</b>
<b>Deductions</b>		
Benefits Paid	14,613,895	-
<b>Change in net assets</b>	<b>(57,813,780)</b>	<b>34</b>
<b>Net Assets</b>		
Beginning of year	250,661,368	1,387
End of year	\$ 192,847,588	\$ 1,421

The notes to the financial statements are an integral part of this statement.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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**Note 1. Summary of Significant Accounting Policies**

**Reporting entity**

The City was created in 1889 and operates under an elected Mayor/Council form of government. The City's major operations include education services, health, social services, public safety, public roads, culture and recreation, public improvements, water and sewer services, planning and zoning, and general administrative services.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City's component units are discretely presented component units, which are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City. Each component unit has a June 30 year-end, except the Stanley L. Richter Memorial Park Authority ("Richter Park"), which has a December 31 year-end.

**Discretely Presented Component Units**

The Redevelopment Agency of the City is governed by members who are appointed by the Mayor with the approval of the City Council. The Redevelopment Agency has the absolute authority (including the right to exercise eminent domain) to acquire, renovate, and resell property within a blighted area legally designated as the redevelopment district. The Redevelopment Agency does not have any assets, liabilities, fund balance, revenues, or expenditures. As such, no financial statements exist or are available for this component unit as it has no activity.

The Tarrywile Park Authority ("Tarrywile") is responsible for administering, operating and maintaining Tarrywile Park, including all structures and land. The land and original buildings are owned by the City. Tarrywile is governed by members that are appointed by the Mayor and confirmed by the City Council on a rotating basis. The City is potentially liable for any operating deficits and provides substantial budgeted allocation annually to Tarrywile to support its operations. Tarrywile is presented as a governmental fund type. The information presented for Tarrywile is for the year ended June 30, 2009.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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The Danbury Parking Authority (“Parking Authority”) is responsible for establishing and operating parking facilities within the City in a manner similar to a private business enterprise where the costs of providing services to the general public are financed through user charges. The Parking Authority is governed by members who are appointed by the Mayor and confirmed by the City Council. The Parking Authority has the potential to provide specific financial benefit to, or impose specific financial burdens on, the City. The Parking Authority is presented as a proprietary fund type. The information presented for the Parking Authority is for the year ended June 30, 2009.

Richter Park is responsible for independent control over the operation of the Stanley L. Richter Memorial Park. Richter Park was donated to the City of Danbury for use as a recreational facility in 1971. The board members are appointed on a rotating basis by the Mayor and confirmed by the City Council. The City is potentially liable for any operating deficits and provides substantial funding, in the form of operating and capital grants, to Richter Park to support its operations. Richter Park is presented as a proprietary fund type. The information presented for Richter Park is for the year ended December 31, 2008.

The Danbury Museum and Historical Society Authority (“the Authority”) is responsible for administering, operating, and maintaining the Danbury Museum and Historical Society in the City of Danbury. The board members are appointed by the Mayor with the approval of the majority of the City Council. The City is potentially liable for any operating deficits and provides budgeted allocation annually to the Authority. The Authority is presented as a proprietary fund type. The information presented for the Authority is for the year ended June 30, 2009.

Complete financial statements for each of the individual component units may be obtained at the entities’ administrative offices:

Tarrywile Park Authority  
70 Southern Boulevard  
Danbury, CT 06810

Stanley L. Richter Memorial Park Authority  
100 Aunt Hack Road  
Danbury, CT 06811

Danbury Parking Authority  
21 Delay Street  
Danbury, CT 06810

Danbury Museum and Historical Society Authority  
43 Main Street  
Danbury, CT 06810

### **Joint ventures and related organizations**

The Candlewood Lake Authority, the Housatonic Resources Recovery Authority, and the Housatonic Area Regional Transit District are joint ventures of the City. The Housing Authority is a related organization. See Note 15 in the notes to financial statements. The City does not have an equity investment in the joint ventures. Therefore, the annual support is reported as an expenditure when incurred.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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#### **Government-wide and Fund Financial Statements**

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, landfill post-closure monitoring, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

Property taxes, when levied for, intergovernmental revenues when eligibility requirements are met, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period,

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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if available. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds.

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

The *Public Safety Bond Fund* accounts for proceeds of specific general obligation bonds for various projects either authorized by the City or to further develop the City.

The *Century 21 PI Fund* accounts for proceeds of specific general obligation bonds for various projects throughout the City.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operation of the City's water supply system. It is independent in terms of its relationship to other City functions. Its operations are financed from direct charges to the users of the service.

The *Sewer Fund* accounts for the operations of the City's wastewater treatment system. The City, through Veolia Water North America - Northeast, LLC ("Veolia Water"), operates its own sewage treatment plant, sewage pumping stations, and collection system. It is independent in terms of its relationship to other City functions. Veolia Water finances all aspects of the sewage system operations and recovers such costs through direct charges billed through the City to the users of the service.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for workers' compensation and risk management, including health and general liability insurance costs, provided to departments of the City and the Board of Education.

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for use by a not-for-profit organization devoted to educating the public about the government's historic city hall by means of guided tours, publications, and special events. All resources of the fund, including any earnings on invested resources, may be used to support the organization's activities. There is no requirement that any portion of these resources be preserved as capital.

The *Pension Trust Funds* account for the activities of the City's six defined benefit pension plans, which accumulate resources for pension benefit payments to qualified employees. Pension funds follow the accrual basis of accounting.

The *Agency Funds* account for monies held as a custodian for outside student groups. Agency funds have no measurement focus and are reported on the accrual basis of accounting.

## **CITY OF DANBURY, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009**

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Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### **Accounting estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **Property taxes**

Property taxes are assessed as of October 1 and levied on the following July 1. Taxes are due in four installments on July 1, October 1, January 1 and April 1. Supplemental motor vehicle taxes are due in full January 1. Liens are recorded during the month of June.

## **CITY OF DANBURY, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued** **June 30, 2009**

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#### **Cash equivalents**

The City considers all highly liquid investments and those with original maturities of three months or less, when purchased to be cash equivalents.

#### **Allowance for doubtful accounts**

Accounts receivables, property tax receivables and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately \$1,500,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

#### **Investments**

Investments are stated at fair value, based on quoted market prices, except as disclosed in the following paragraphs.

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships, infrastructure limited partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Investments in 2a7 like pools are stated at amortized cost.

#### **Inventories**

Inventories of governmental fund types are stated at the lower of cost or market using the consumption method on the first-in, first-out basis.

Inventories of proprietary funds are stated at the lower of cost (first-in, first-out method) or market.

#### **Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at historical

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of any interest revenue earned from specific borrowings.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	15-45
Land improvements	20
Distribution and collection systems	50-100
Infrastructure	10-100
Machinery and equipment	5-20
Vehicles	6
Other	10
Furniture and fixtures	20

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

#### **Compensated absences**

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for the amounts that have become due. Amounts for compensated absences are generally liquidated by the general fund.

#### **Long-term obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued, including capital leases, is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and principal payments are reported as debt service expenditures.

#### **Pension accounting:**

##### **Pension Trust Funds**

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

##### **Governmental Funds**

Expenditures are recognized when they are paid or are expected to be paid with current available resources.

##### **Funding policy**

The City funds the contributions to its pension plans based on the actuarial required contribution and union contracts.

#### **Net other post-employment benefit obligations**

In fiscal year 2008, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions.* This pronouncement requires the City to calculate and record a net other post-employment benefit obligation (NOPEBO). The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2007. The City makes annual contributions based upon management decisions.

#### **Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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**Fund Equity and Net Assets**

In the government-wide financial statements and in the proprietary fund statements, net assets are classified in the following categories:

***Invested in Capital Assets, Net of Related Debt*** – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

***Restricted Net Assets*** – This category represents the net assets of the City, which are restricted by donors for a specific purpose.

***Unrestricted Net Assets or Deficits*** – This category represents the net assets into City, which are not restricted for any project or other purpose. Deficits require future funding.

In the fund financial statements, fund balances of governmental funds are classified in separate categories. The categories, and their general meanings, are as follows:

***Reserved Fund Balance*** - indicates that portion of fund equity which has been legally segregated for specific purposes or is not available for spending.

***Designated Fund Balance*** - indicates that portion of fund equity for which the City has made tentative plans.

***Unreserved/Undesignated Fund Balance/Deficits*** - indicates that portion of fund equity which is available for appropriation and expenditure in future periods. A deficit will require future funding.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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**Note 2. Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(160,282,908) difference are as follows:

Bonds and notes payable	\$ (122,285,262)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	552,730
Add: Issuance premium (to be amortized over life of debt)	(1,618,955)
Capital leases payable	(5,608,428)
Compensated absences	(2,764,126)
Pollution remediation obligation	(721,700)
Landfill closure	(12,273,875)
HUD-Section 108 loans	(1,166,000)
Legal claims and other	(2,550,000)
OPEB obligations	(7,976,500)
Early retirement accrual	<u>(3,870,792)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ (160,282,908)</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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**Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$28,281,550 difference are as follows:

Capital outlay	\$ 36,812,913
Depreciation expense	(8,520,443)
Loss on disposal	<u>(10,920)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 28,281,550</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$8,622,618 difference are as follows:

Debt issued or incurred:	
Issuance of bonds (including net bond anticipation notes)	\$ 16,536,262
Premiums	1,120,847
Bond issuance costs	(753,390)
Capital leases	930,507
Principal repayments:	
General obligation debt	(7,882,350)
Capital leases	<u>(1,329,258)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 8,622,618</u>

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$(8,823,116) difference are as follows:

Compensated absences	\$	(311,389)
Other liabilities		(8,511,727)
		<hr/>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$	<u>(8,823,116)</u>

#### **Note 3. Budgets and Budgetary Accounting**

The City follows procedures in establishing the formal (as amended) budgetary data reflected in the financial statements for the General Fund. The procedures are as follows:

1. Prior to April 7, the Mayor submits proposed operating budgets to the City Council for the fiscal year commencing the following July 1. The Board of Education has the same duties and follows the same procedures with respect to the budget of the Board of Education as those required of the Mayor. The operating budgets include proposed expenditures and the means of financing them; however, capital lease acquisitions and state on-behalf payments are not included in the operating budget. The Animal Control and Ambulance are special revenue funds which have legally adopted annual budgets.
2. Upon receipt of the proposed budgets, the City Council publishes a notice of the proposed budgets and a public hearing to be held no later than May 1.
3. No later than May 15, the budgets are legally enacted through City Council resolution.
4. The legal level of budgetary control is at the department level. The Mayor is authorized to transfer budget amounts within departments and the City Council is authorized to transfer budget amounts between departments within any fund as well as any supplemental appropriations that amend the total expenditures of any budgeted fund. During the year, several supplemental appropriations were necessary; the effect of the amendments increased budgeted expenditures by approximately \$796,000 and also increased budgeted revenues approximately \$46,500.
5. Formal budgetary accounting is employed as a management control within the City for the General Fund and certain special revenue funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required. The General Fund budget is adopted on a modified accrual basis of accounting, except that encumbrances and continued appropriations are treated as budgeted expenditures in the year of incurrence of the commitment to purchase and certain employee benefits are budgeted on the cash basis of accounting (non-GAAP basis). Budgetary comparisons in the financial statements are presented pursuant to the applicable budgetary basis referred to above.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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6. Except for purposes which are to be financed by the issuance of bonds or by special assessment, no money can be disbursed without an authorized appropriation in any fiscal year. A contingency fund may be used for emergency appropriations, however, expenditures may not be charged directly to this fund. An appropriation and transfer to the expending fund must be approved by the City Council.
7. All unencumbered appropriations, except for continued appropriations, lapse at the end of each fiscal year.
8. Continued appropriations represent approved appropriations from the current or prior years' budgets for construction or other permanent improvement projects. In accordance with the City's Charter, these appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned. Any such project is deemed to be abandoned if three years have elapsed without any expenditure from, or encumbrance of, the appropriation. At June 30, 2009, there was \$128,759 in continued appropriations.

A reconciliation of General Fund operations presented on a budgetary basis to the amounts presented in the fund financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") is as follows:

	Revenues and Transfers in	Expenditures, Encumbrances and Transfers Out
Balance, budgetary basis	\$ 196,396,192	\$ 196,252,594
Encumbrances and continued appropriations		
June 30, 2008	-	2,205,086
June 30, 2009	-	(1,390,780)
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	9,575,000	9,575,000
On-behalf payments paid directly by the Department of Health to WIC recipients, not recognized for budgetary purposes	1,515,000	1,515,000
Purchases of equipment under capital lease obligations, not recognized for budgetary purposes	930,507	930,507
Balance, GAAP basis	<u>\$ 208,416,699</u>	<u>\$ 209,087,407</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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**Special revenue funds**

The City does not have legally adopted annual budgets for its special revenue funds except for the Animal Control and Ambulance special revenue funds. Budgets for the various special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements for the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

**Capital projects funds**

Legal authorization for expenditures of capital projects funds is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

**Note 4. Cash and Investments**

Deposits: The City has a policy that deposits can include demand and savings accounts and certificates of deposit with Connecticut banks. City policy adopts the State of Connecticut requirements that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The investment and credit risk policies of the City conform to the policies as set forth by the State of Connecticut. The City policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk. They set asset allocation parameters, as follows:

	Range	Target
Cash and short-term investments	0%-20%	5%
Equity securities	45%-75%	60%
Fixed income securities	20%-60%	40%
Alternative strategies (hedge funds)	0%-30%	15%

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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Interest Rate Risk: The City does not have a policy that limits its exposure to fair value losses arising from changes in interest rates. The City's pension funds do have a policy to limit their exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for benefit payments, and monitoring the liquidity of the funds on an ongoing basis.

Concentrations: The City does not have a formal policy; however, their practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

The investment policy of the pension plans is that no more than 10% (at market) may be invested in any one company and no more than 20% exposure to any one industry. In addition, the portfolio cannot have more than 20% invested in foreign bonds and no more than 20% invested in preferred stocks and convertibles.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2009, \$78,188,190 of the City's bank balance of \$90,522,800 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City and the pension funds do not have custodial credit risk policies for investments.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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Cash and investments of the City consist of the following at June 30, 2009:

<b>Cash and Cash Equivalents</b>	
Deposits With Financial Institutions	\$ 87,994,530
Municipal Backed Investment Fund	32,738
<b>Total cash and cash equivalents</b>	<u>88,027,268</u>
<b>Investments</b>	
Pension Trust Funds:	
U.S. Government Securities	4,514,628 *
U.S. Government Agencies	10,542,797 *
Corporate Debt	6,917,471 *
Common Stocks	46,170,210 *
Mutual Funds	57,414,660
Private Hedge Funds	52,262,330
<b>Total pension investments</b>	<u>177,822,096</u>
<b>Total cash and investments</b>	<u>\$ 265,849,364</u>

\* These investments are uninsured and unregistered, with securities held by its agent, but not in the City's Pension Trust Funds' name.

Cash and investments are classified in the accompanying financial statements as follows:

	Primary Government
<b>Statement of Net Assets</b>	
Cash and cash equivalents	\$ 73,314,193
	<u>73,314,193</u>
<b>Fiduciary Funds:</b>	
Cash and cash equivalents	14,713,075
Investments	177,822,096
	<u>192,535,171</u>
<b>Total cash and investments</b>	<u>\$ 265,849,364</u>

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

value to changes in market interest rates. Information about the exposure of the City's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Securities	\$ 4,514,628	\$ -	\$ 2,928,156	\$ 1,586,471	\$ -
U.S. Government Agencies	10,542,797	-	2,661,471	691,639	7,189,688
Corporate Bonds	6,917,471	-	4,626,967	1,416,328	874,176
Pooled Fixed Income	32,738	32,738	-	-	-
<b>TOTAL</b>	<b>\$ 22,007,634</b>	<b>\$ 32,738</b>	<b>\$ 10,216,594</b>	<b>\$ 3,694,438</b>	<b>\$ 8,063,864</b>

***Credit Risk:*** Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment:

Average Rating	U.S. Government		
	Corporate Bonds	Agency Obligation	Pooled Fixed Income
AAA	\$ -	\$ 9,045,219	\$ 32,738
AA+	338,155	-	-
AA	-	126,539	-
AA-	156,335	-	-
A+	629,597	-	-
A	2,807,866	-	-
A-	1,318,616	-	-
BBB+	966,225	-	-
BBB	639,156	-	-
BBB-	61,521	-	-
B	-	38,989	-
Unrated	-	1,332,050	-
	<b>\$ 6,917,471</b>	<b>\$ 10,542,797</b>	<b>\$ -</b>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

**Note 5. Deferred Revenue/Unearned Revenue**

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

	Deferred Revenue	Unearned Revenue
<b>General Fund:</b>		
Taxes and accrued interest on delinquent property taxes	\$ 5,541,090	\$ -
School construction receivable	2,569,420	-
Other	197,671	-
<b>Century 21 PI:</b>		
Grants and other	443,320	-
<b>Nonmajor Funds:</b>		
Grants and other	3,940,981	2,247,608
	<u>\$ 12,692,482</u>	<u>\$ 2,247,608</u>

**Note 6. Interfund Receivables, Payables and Transfers**

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 9,956,685	\$ 3,308,397
Public Safety Bond	-	71,432
Century 21 PI	842,044	1,237,151
Water	-	119,476
Sewer	-	3,883,685
Internal Service Funds	3,156,155	-
Nonmajor and Other Funds	2,894,427	8,229,170
<b>Totals</b>	<u>\$ 16,849,311</u>	<u>\$ 16,849,311</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

Interfund balances represent routine short-term advances.

Interfund transfers during the year ended June 30, 2009 were as follows:

	Transfers In:		
	General Fund	Nonmajor Governmental	Total
Transfers out:			
General Fund	\$ (744,048)	\$ 744,048	\$ -

Transfers are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations.

**Note 7. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 49,022,128	\$ 131,000	\$ -	\$ 49,153,128
Construction in progress	48,524,604	34,988,738	(39,444,322)	44,069,020
Total capital assets, not being depreciated	97,546,732	35,119,738	(39,444,322)	93,222,148
Capital assets, being depreciated:				
Land improvements	9,433,825	36,199	-	9,470,024
Buildings and improvements	154,202,288	35,903,203	-	190,105,491
Machinery and equipment	33,774,408	3,750,560	(229,200)	37,295,768
Infrastructure	121,909,282	1,447,535	-	123,356,817
Total capital assets being depreciated	319,319,803	41,137,497	(229,200)	360,228,100
Less accumulated depreciation for:				
Land improvements	2,357,727	409,866	-	2,767,593
Buildings and improvements	50,264,935	3,072,276	-	53,337,211
Machinery and equipment	20,704,503	2,777,000	(206,280)	23,275,223
Infrastructure	76,928,065	2,261,301	-	79,189,366
Total accumulated depreciation	150,255,230	8,520,443	(206,280)	158,569,393
Total capital assets, being depreciated, net	169,064,573	32,617,054	(22,920)	201,658,707
Governmental activities capital assets, net	\$ 266,611,305	\$ 67,736,792	\$ (39,467,242)	\$ 294,880,855

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,031,946	\$ -	\$ -	\$ 1,031,946
Construction in progress	14,022,858	5,750,053		19,772,911
Total capital assets, not being depreciated	15,054,804	5,750,053	-	20,804,857
Capital assets, being depreciated:				
Buildings and improvements	103,177,500	174,490	-	103,351,990
Machinery and equipment	1,486,892	87,373	-	1,574,265
Distribution and collection systems	98,797,089	610,658	-	99,407,747
Vehicles	976,336	64,107	(56,248)	984,195
Other	931,076	-	-	931,076
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	205,656,597	936,628	(56,248)	206,536,977
Less accumulated depreciation for:				
Buildings and improvements	37,827,578	2,487,098	-	40,314,676
Machinery and equipment	1,160,781	413,484	-	1,574,265
Distribution and collection systems	21,355,357	1,816,750	-	23,172,107
Vehicles	894,534	46,530	(56,248)	884,816
Other	830,965	21,711	-	852,676
Furniture and fixtures	286,790	386	-	287,176
Total accumulated depreciation	62,356,005	4,785,959	(56,248)	67,085,716
Total capital assets, being depreciated, net	143,300,592	(3,849,331)	-	139,451,261
Business-type capital assets, net	\$ 158,355,396	\$ 1,900,722	\$ -	\$ 160,256,118

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 753,525
Public safety	1,353,060
Public works, including depreciation of general infrastructure assets	2,642,715
Health and welfare	69,026
Culture and recreation	606,321
Education	3,095,796
Total depreciation expense – governmental activities	<u>\$ 8,520,443</u>
<b>Business-type activities:</b>	
Sewer	\$ 3,407,879
Water	1,378,080
Total depreciation expense – business-type activities	<u>\$ 4,785,959</u>

**Discretely presented component units**

Activity for the Danbury Parking Authority for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 192,956	\$ -	\$ -	\$ 192,956
Machinery and equipment	459,878	5,400	-	465,278
Computer equipment	22,506	-	-	22,506
Total capital assets, being depreciated	<u>675,340</u>	<u>5,400</u>	<u>-</u>	<u>680,740</u>
Less accumulated depreciation for:				
Buildings and improvements	68,521	9,172	-	77,693
Machinery and equipment	411,535	6,636	-	418,171
Computer equipment	11,570	3,468	-	15,038
Total accumulated depreciation	<u>491,626</u>	<u>19,276</u>	<u>-</u>	<u>510,902</u>
Total capital assets, being depreciated, net	<u>\$ 183,714</u>	<u>\$ (13,876)</u>	<u>\$ -</u>	<u>\$ 169,838</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

Activity for the Richter Park Authority for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 842,385	\$ -	\$ -	\$ 842,385
Total capital assets, not being depreciated	842,385	-	-	842,385
Capital assets, being depreciated:				
Buildings	\$ 2,011,363	\$ -	\$ -	\$ 2,011,363
Improvements	2,649,598	621,178	-	3,270,776
Machinery and equipment	1,056,439	219,869	(22,330)	1,253,978
Totals, capital assets being depreciated	5,717,400	841,047	(22,330)	6,536,117
Less accumulated depreciation for:				
Buildings	1,175,431	42,043	-	1,217,474
Improvements	1,638,179	129,564	-	1,767,743
Machinery and equipment	736,097	92,419	(22,330)	806,186
Total accumulated depreciation	3,549,707	264,026	(22,330)	3,791,403
Total capital assets, being depreciated, net	2,167,693	577,021	-	2,744,714
Total capital assets, net	\$ 3,010,078	\$ 577,021	\$ -	\$ 3,587,099

Activity for the Tarrywile Park Authority for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 118,658	\$ 6,225	\$ -	\$ 124,883
Ground maintenance equipment	26,865	9,361	-	36,226
Administrative equipment	86,782	-	-	86,782
Totals, capital assets being depreciated	232,305	15,586	-	247,891
Less accumulated depreciation for:				
Buildings and improvements	77,939	6,255	-	84,194
Ground maintenance equipment	11,907	4,260	-	16,167
Administrative equipment	84,912	748	-	85,660
Total accumulated depreciation	174,758	11,263	-	186,021
Total capital assets, being depreciated, net	\$ 57,547	\$ 4,323	\$ -	\$ 61,870

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

Activity for the Danbury Museum and Historical Society Authority for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 128,790	\$ -	\$ -	\$ 128,790
Total capital assets, not being depreciated	128,790	-	-	128,790
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,096,270	\$ 17,927	\$ -	\$ 1,114,197
Machinery and equipment	22,962	1,055	-	24,017
Furniture and fixtures	12,861	1,771	-	14,632
Totals, capital assets being depreciated	1,132,093	20,753	-	1,152,846
Less accumulated depreciation for:				
Buildings and improvements	259,269	53,231	-	312,500
Machinery and equipment	7,488	1,616	-	9,104
Furniture and fixtures	7,951	837	-	8,788
Total accumulated depreciation	274,708	55,684	-	330,392
Total capital assets, being depreciated, net	857,385	(34,931)	-	822,454
Total capital assets, net	\$ 986,175	\$ (34,931)	\$ -	\$ 951,244

**Note 8. Bond Anticipation Notes Payable and Subsequent Event**

The City has \$74,345,000 of bond anticipation notes outstanding as of June 30, 2009. The bond anticipation notes bear interest at 2% to 3%. Bond Anticipation Notes were issued for sewer, water, police department, school facility, parking lot and other general government capital projects.

Bond anticipation note transactions for the year ended June 30, 2009 were as follows:

Outstanding, July 1, 2008	\$ 66,080,000
Borrowings	74,345,000
Repayments	<u>(66,080,000)</u>
Outstanding, June 30, 2009	<u>\$ 74,345,000</u>
Reported as:	
Bond anticipation notes	\$ 58,381,238
Long-term debt	\$ 15,963,762

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

Subsequent event

In July 2009, the City issued \$20,000,000 in general obligation bonds. The bonds bear interest of 3.00% - 5.00% and mature serially from July 15, 2010 to July 15, 2029. Of the \$74,345,000 bond anticipation notes outstanding, \$15,963,762 was financed with the August 2009 issue and is considered long-term debt in the government-wide financial statements, and other financing sources in the Governmental Fund financial statements as all conditions of FAS 6 had been met.

**Note 9. Long-Term Liabilities**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 96,532,400	\$ 17,599,450	\$ 7,810,350	\$ 106,321,500	\$ 8,671,800
Notes payable	1,238,000	-	72,000	1,166,000	72,000
Bond anticipation notes	17,026,950	15,963,762	17,026,950	15,963,762	-
Plus deferred amounts:					
Unamortized premiums	1,532,605	1,120,847	1,034,497	1,618,955	1,006,603
<b>Total bonds and notes payable</b>	<b>116,329,955</b>	<b>34,684,059</b>	<b>25,943,797</b>	<b>125,070,217</b>	<b>9,750,403</b>
Capital leases	6,063,439	930,507	1,385,518	5,608,428	1,461,258
Landfill post-closure monitoring	12,878,339	-	604,464	12,273,875	500,000
Pollution remediation obligation	684,000	37,700	-	721,700	-
Early retirement accrual	-	3,870,792	-	3,870,792	969,465
Compensated absences	2,452,737	1,866,421	1,555,032	2,764,126	1,527,567
Legal claims and other	750,000	1,800,000	-	2,550,000	1,800,000
OPEB obligations	4,372,600	3,603,900	-	7,976,500	-
<b>Governmental activity     long-term liabilities</b>	<b>\$ 143,531,070</b>	<b>\$ 46,793,379</b>	<b>\$ 29,488,811</b>	<b>\$ 160,835,638</b>	<b>\$ 16,008,693</b>
<b>Business-type activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 28,807,600	\$ 2,400,550	\$ 2,339,650	\$ 28,868,500	\$ 2,463,200
Notes payable	12,868,314	-	2,619,381	10,248,933	2,504,539
Plus deferred amounts:					
Unamortized premiums	447,439	29,933	144,237	333,135	123,259
<b>Total bonds and notes payable</b>	<b>42,123,353</b>	<b>2,430,483</b>	<b>5,103,268</b>	<b>39,450,568</b>	<b>5,090,998</b>
<b>Business-type activity     long-term liabilities</b>	<b>\$ 42,123,353</b>	<b>\$ 2,430,483</b>	<b>\$ 5,103,268</b>	<b>\$ 39,450,568</b>	<b>\$ 5,090,998</b>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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Notes payable

The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2009:

	<u>Outstanding Amount</u>
HUD-Section 108 loan, due in annual installments with an interest rate of 3%.	<u>\$ 1,166,000</u>

General obligation bonds

As of June 30, 2009, the outstanding general obligation bonded indebtedness of the City, payable from its governmental activities, was as follows:

	<u>Outstanding Amount</u>
\$16,350,000 School Additions and Improvements/Public Improvements general obligations bonds issued August 15, 1992 due in annual installments of \$815,000 to \$820,000; final maturity August 15, 2012; interest at 4.13% to 6.13%	\$ 3,260,000
\$2,705,000 Public Improvement general obligation bonds issued February 1, 1994 due in annual installments of \$80,000 to \$220,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	400,000
\$17,740,000 School Additions general obligation bonds issued February 1, 1994 due in annual installments of \$880,000 to \$890,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	4,400,000
\$1,695,000 Public Improvement general obligation bonds issued February 1, 1995 due in annual installments of \$70,000 to \$115,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	445,000
\$1,750,000 Public Improvement general obligation bonds 1999 post refunding; issued March 1, 2004 due in annual installments of \$175,000; final maturity August 1, 2009; interest at 2.0% to 5.0%	175,000

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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	<u>Outstanding Amount</u>
\$11,792,000 Public Improvement general obligation bonds issued May 15, 2002 due in annual installments of \$522,350 to \$652,350; final maturity May 15, 2022; interest at 3.5% to 5.0%	1,957,050
\$1,190,000 General refunding bonds issued May 1, 2003 due in annual installments of \$135,000 to \$195,000, final maturity February 1, 2010; interest at 2.0% to 4.0%	160,000
\$12,925,000 Public Improvement and School Improvement general obligation bonds issued August 1, 2003, due in annual installments of \$535,000 to \$760,000; final maturity August 1, 2023; interest at 3.25% to 4.75%.	9,125,000
\$11,770,000 General Purpose General Obligation Refunding bonds, issued March 1, 2004, due in annual installments of \$15,000 to \$1,180,000; final maturity August 1, 2021; interest at 2.00% to 5.00%.	11,546,000
\$2,278,000 School Program General Obligation Refunding bonds issued March 1, 2004, due in annual installments of \$221,000 to \$233,000; final maturity August 1, 2021; interest at 2.00% to 5.00%	2,278,000
\$3,615,000 Public Improvement and School Program General Obligation bonds issued August 1, 2004, due in annual installments of \$170,000 to \$195,000; final maturity August 1, 2024; interest at 3.25% to 5.0%	2,840,000
\$10,440,000 General Purpose and Schools General Obligation bonds, issued August 1, 2005, due in annual installments of \$365,400 and \$785,000; final maturity date August 2025; interest at 3.0% to 4.5%	8,085,000
\$24,357,500 General Purpose and Schools General Obligation bonds; issued August 1, 2006, due in annual installments of \$1,185,000 to \$1,252,500, final maturity date August 2026; interest at 4.25% to 5.0%	21,855,000
\$23,480,000 General Purpose and School General Obligation bonds; issued August 1, 2007, due in annual installments of \$1,070,000 to \$1,284,000 final maturity date August 2027, interest at 4.0% to 5.0%	22,196,000
\$17,599,450 General Obligation bonds; issued August 1, 2008, due in annual installments of \$879,000 to \$882,450 final maturity date August 2028, interest at 3.5% to 5.0%	17,599,450
	<u>\$ 106,321,500</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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At June 30, 2009, the outstanding general obligation bonded indebtedness of the City, payable from its business-type activities, was as follows:

	<u>Outstanding Amount</u>
\$1,310,000 Lateral Sewer Systems general obligation bonds issued February 1, 1994 due in annual installments of \$65,000 to \$70,000; final maturity February 1, 2014; interest a 3.20% to 5.10%	\$ 325,000
\$3,100,000 Waste Water Treatment general obligation bonds (includes \$1 million for water general obligation bonds) issued February 1, 1994 due in annual installments of \$50,000 to \$105,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	775,000
\$2,000,000 Water general obligation bonds issued February 1, 1994 due in annual installments of \$100,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	500,000
\$2,100,000 Water general obligation bonds issued February 1, 1995 due in annual installments of \$105,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	630,000
\$1,500,000 Lateral Sewer Systems general obligation bonds issued February 1, 1995 due in annual installments of \$75,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	450,000
\$500,000 Water general obligation bonds 1999 post refunding issued March 1, 2004 due in annual installments of \$50,000; final maturity August 1, 2009; interest at 2.0% to 5.0%	50,000
\$800,000 Lateral Sewer Systems general obligation bonds 1999 post refunding issued March 1, 2004 due in annual installments of \$50,000; final maturity August 1, 2009; interest at 2.0% to 5.0%	80,000
\$953,000 Water and Sewer general obligation bonds issued May 15, 2002, due in annual installments of \$19,000 to \$28,650; final maturity May 15, 2012; interest at 3.5% to 5.0%	142,950
\$11,312,000 Water and Sewer general obligation refunding bonds issued March 1, 2004, due in annual installments of \$20,000 to \$1,127,000; final maturity August 1, 2021; interest at 2.00% to 5.00%.	10,936,000
\$1,300,000 Water and Sewer general obligation refunding bonds issued August 1, 2004, due in annual installments of \$65,000; final maturity August 1, 2024; interest at 1.40% to 4.50%.	1,040,000

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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	<u>Outstanding Amount</u>
\$500,000 Water general obligation bond issued August 1, 2005 due in annual installments of \$25,000; final maturity August 2025; interest at 3.0% to 4.5%.	425,000
\$7,262,500 Water and Sewer general obligation bonds; issued August 1, 2006, due in annual installments of \$360,000 to \$370,000; final maturity August 2027; interest at 4.25% to 5.0%.	6,525,000
\$4,835,000 Water and Sewer general obligation bonds; issued August 1, 2007, due in annual installments of \$234, 000 to \$252,000; final maturity August 2027; interest at 4.0% to 5.0%.	4,589,000
\$2,400,550 Water and Sewer general obligation bonds; issued August 1, 2008, due in annual installments of \$117,500 to \$121,000; final maturity August 2028; interest at 4.0% to 5.0%.	<u>2,400,550</u>
<b>Total general obligation bonds</b>	<u>28,868,500</u>
\$47,373,853 Clean Water Fund 103-C note payable signed July 30, 1994 due in annual installments of \$2,482,473 (\$206,873 in 2014); final maturity July 30, 2013; interest at 2.0%.	10,136,763
\$441,322 Clean Water Fund 305-C note payable signed January 31, 1995 due in annual installments of \$22,066 (\$1,840 in 2015); final maturity January 31, 2014; interest at 2.0%.	<u>112,170</u>
<b>Total notes payable</b>	<u>10,248,933</u>
	<u><u>\$ 39,117,433</u></u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

The annual debt service requirements of the City's bonded indebtedness and notes payable are as follows (excluding BANS payable):

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Payments	Principal	Interest	Total Payments
2010	\$ 8,743,800	\$ 4,484,319	\$ 13,228,119	\$ 4,967,739	\$ 1,423,614	\$ 6,391,353
2011	8,581,350	4,097,770	12,679,120	4,965,189	1,260,930	6,226,119
2012	8,374,350	3,718,553	12,092,903	4,957,189	1,098,374	6,055,563
2013	8,251,000	3,325,266	11,576,266	4,945,539	934,979	5,880,518
2014	7,425,000	2,969,066	10,394,066	2,670,937	788,700	3,459,637
2015	6,255,000	2,650,300	8,905,300	2,128,840	671,951	2,800,791
2016	6,167,000	2,387,840	8,554,840	1,940,000	572,183	2,512,183
2017	5,949,000	2,132,919	8,081,919	1,943,000	483,946	2,426,946
2018	5,878,000	1,890,653	7,768,653	1,929,000	403,050	2,332,050
2019	5,498,000	1,663,181	7,161,181	1,601,000	333,977	1,934,977
2020	4,987,000	1,450,573	6,437,573	987,000	281,922	1,268,922
2021	4,811,000	1,248,796	6,059,796	858,000	243,731	1,101,731
2022	4,797,000	1,048,667	5,845,667	857,000	207,857	1,064,857
2023	4,280,000	856,934	5,136,934	809,000	172,568	981,568
2024	4,280,000	673,787	4,953,787	809,000	137,948	946,948
2025	3,745,000	501,372	4,246,372	809,000	103,028	912,028
2026	3,501,000	343,514	3,844,514	744,000	69,270	813,270
2027	3,135,000	198,270	3,333,270	720,000	37,333	757,333
2028	1,950,000	85,508	2,035,508	355,000	13,664	368,664
2029	879,000	20,876	899,876	121,000	2,874	123,874
Total	\$ 107,487,500	\$ 35,748,164	\$ 143,235,664	\$ 39,117,433	\$ 9,241,899	\$ 48,359,332

School Bond Reimbursements

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. The amount of such principal reimbursement for the year ended June 30, 2009 was approximately \$582,547. Additional payments aggregating approximately \$2,569,420 are expected to be received through the bonds' maturity dates.

In-Substance Defeasance - Prior Years

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial

## **CITY OF DANBURY, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009**

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statements. As of June 30, 2009, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements was approximately \$25,045,000.

#### **Landfill postclosure monitoring**

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The landfill's closure project was completed during the year ended June 30, 1999. The estimated total current cost of the landfill postclosure care, aggregating \$12,273,875, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill as of June 30, 2009. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. These costs will be paid from the General Fund.

#### **Other Post Employment Obligation**

Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions," requires the City to accrue a net OPEB obligation. The amount at June 30, 2009 was approximately \$7,976,500. This amount is recorded in the government-side statements, and paid out of the General Fund.

#### **Early Retirement**

In March 2009, the City approved early retirement incentive payout for eligible Board of Education and government employees to retire as of June 30, 2009. The Board of Education obligation represents the early retirement incentive payout for eligible certified teachers who have completed twenty-five or more years of Connecticut public school teaching service and have been a certified employee of the Danbury Board of Education for at least 10 years. Participants electing early retirement receive incentive compensation equal to a percentage of salary rates for the 2008-2009 school year to be paid in five equal installments representing 20% of the total incentive compensation. Payments commencing September 1, 2009 will be made through September 1, 2014. The amount accrued has been calculated at the discounted present value of the expected future benefit. The amount recorded at June 30, 2009 is approximately \$3,870,792 on the government-wide statements, and is paid out of the general fund.

Eligible governmental employees whose age and years of service total 80 and have at least ten years of credit service receive retirement pay multiplier increases from 1.5% to 2.0%. The governmental employee retirement incentive payout represents an increase in pension benefits. The obligation resulted in a change in retirement obligation of the General Employee Pension Fund as of June 30, 2009.

#### **Compensated absences**

Included in the Long-Term Obligations in the government-wide statement of net assets is the estimated obligation for employee compensated absences in the amount of \$2,764,126 as of June 30, 2009. The general fund has typically been used to liquidate the liability for compensated absences.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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**Capital lease obligations**

The City has various capital leases in which they acquire capital assets. Interest rates on these leases range from 2.1% to 6.0%. The capital leases are for various computer equipment and vehicles. The leases are payable in monthly installments through 2018. Original cost of capital assets under such lease agreements are as follows:

Machinery and equipment	\$ 15,341,024
Accumulated depreciation	(10,079,311)
Net book value	<u>\$ 5,261,713</u>

Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u>	
2010	\$ 1,461,258
2011	1,004,265
2012	894,879
2013	670,694
2014	501,033
Thereafter	2,004,130
	<u>6,536,259</u>
Less amount representing interest	(927,831)
	<u>\$ 5,608,428</u>

**Stanley L. Richter Park Authority**

The following is a summary of the component unit's bonds and notes payable transactions for the year ended December 31, 2008:

Beginning balance	\$ 21,666
Additions	410,000
Deductions	(105,813)
Ending balance	<u>\$ 325,853</u>

The Authority issued a long-term bond amounting to \$325,000 in November 1993 to finance the greens construction project. The bond principal is payable in annual installments of \$21,667 on November 15 of each year until 2008 with interest payable semi-annually at 6.25%.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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The Authority issued a long-term bond amounting to \$410,000 in April 2008 to finance the bunker renovation project. The bond principal is payable in semi-annual installments of \$20,500 on June 15 and December 15 of each year until 2017 with interest payable semi-annually at 6.40%.

On October 17, 2008, the Authority entered into an agreement with Union Savings Bank for a credit line in the amount of \$200,000 bearing interest at the Bank's Prime Rate plus .50%. The line of credit is used for working capital needs of the Authority. At December 31, 2008, no advances were outstanding on the credit line.

The future principal amortization is as follows:

Year ending December 31,	
2009	\$ 41,000
2010	41,000
2011	41,000
2012	41,000
2013	41,000
Thereafter	120,853
	<u>\$ 325,853</u>

**Authorized but unissued bonds**

Bonds authorized but unissued by the City at June 30, 2009 are as follows:

General Purpose	\$ 52,386,500
Sewer	5,316,090
Water	2,612,500
	<u>\$ 60,315,090</u>

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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#### Legal Debt Limit

The City's indebtedness (including authorized but not unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

	Debt Limit	Indebtedness	Balance
General purpose	\$ 346,220,236	\$ 162,443,301	\$ 183,776,935
Unfunded Pension Benefit Obligation	461,626,982	-	461,626,982
Schools	692,440,473	31,329,252	661,111,221
Sewers	577,033,727	54,848,291	522,185,436
Urban renewal	500,095,897	1,166,000	498,929,897

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,077,129,624.

#### Note 10. Commitments and Contingencies

##### Lawsuits

There are several personal injury, negligence, personnel and other related lawsuits pending against the City. For certain cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued for in the government-wide statement of approximately \$750,000. Based upon the advice of the legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

In April 1998, Metcalf & Eddy, Inc., the City's construction manager on the landfill closure project, had asserted a possible claim against the City. The case was settled through mediation for \$1,800,000. The City accrued for the settlement in the government-wide statements as the amount was paid in November 2009.

##### **Municipal Solid Waste Service Agreement**

The City has entered into a municipal solid waste agreement, as amended (the "service agreement") with the Housatonic Resources Recovery Authority (the "Authority") pursuant to which it participates with nine other Connecticut municipalities (the five constituting the "Contracting Municipalities"), in the Housatonic Resources Recovery Authority System (the "System").

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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Under the service agreement, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries but in no case less than its guaranteed annual tonnage of 48,600 tons per year and to pay a uniform per ton disposal service payment (the "service payment"). The current fee is \$80.16 per ton. The aggregate guaranteed annual tonnage of the eleven Contracting Municipalities is 115,300 tons per year. The City's service payment commitment is a "put-or-pay" commitment, in that if the aggregate guaranteed annual tonnage of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the service payment for its proportionate share of the shortfall of the aggregate guaranteed annual tonnage (even if it did deliver its full portion).

Service payments shall be payable so long as the System is accepting solid waste delivered by or on behalf of the City, throughout the term of the agreement which terminates on June 30, 2019.

If any Contracting Municipality shall default in the payment of any service payments, the other Contracting Municipalities shall pay their share of the amounts unpaid by the nonpaying Contracting Municipality. If a Contracting Municipality fails to meet its minimum annual tonnage requirement, the effect to the City of Danbury would not be material to the financial statement as a whole.

#### **Waste Water Treatment**

The City has a 20-year agreement through June 2018 (the "Agreement") with Veolia Water to manage its waste water collection and treatment system. As consideration for such Agreement, the City received a \$10 million up-front concession fee. If the Agreement is terminated prior to the end of the 20 year term, the City has to repay the unamortized balance of the concession fee (calculated using the straight-line method over the term of the Agreement). The unamortized balance of the concession fee at June 30, 2009 is \$4,124,953 and is recorded as unearned revenue in the Sewer Enterprise Fund.

Under the Agreement, the City pays an annual base fee of approximately \$3,700,000 plus an annual adjustment equal to the change in the consumer price index. The current annual amount is approximately \$4,703,436.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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**Note 11. Fund Deficits**

The City has the following fund deficits at June 30, 2009 and expects to eliminate the deficits in the future as follows:

Fund	Deficit June 30, 2009	Plan for Eliminating Deficit
Capital Projects:		
City Projects	\$ 1,997,051	Through future debt issuance
Danbury Neighborhood Bond	\$ 1,556,958	Through future debt issuance and grant reimbursement
Public Safety Bond	\$ 17,277,715	Through future debt issuance
Magnet School Projects	\$ 45,861	Through future debt issuance
Open Space	\$ 2,362,720	Through future debt issuance
Century 21 PI	\$ 795,695	Through future debt issuance
Special Revenue:		
LOCIP	\$ 249,292	Through future grant reimbursement/transfers
Airport	\$ 146,101	Through future grant reimbursement/transfers/revenues
Miscellaneous Special Revenue	\$ 1,635,949	Through future grant reimbursement/transfers/revenues

**Note 12. Employee Retirement Plans**

The City maintains six separate single-employer pension plans covering substantially all of its employees (collectively, "the City's plans"), except those public school teachers covered under the State of Connecticut Teachers' Retirement System. The General Employees Plan is a non-contributory defined benefit plan covering all full-time employees not qualified under one of the City's other plans or the State Teachers' Retirement System. The remaining five plans: Pre-1967 Policemen, Pre-1967 Firemen, Post-1967 Policemen, Post-1967 Firemen, and Post-1983 Policemen are contributory defined benefit plans, and cover all paid members of the City Police and Fire Departments. City and employee contributions are made pursuant to City charter and Union contracts. Administrative fees are paid through the plans. The City's pension plans do not, however, issue stand-alone financial reports.

The plans' assets are consolidated and treated as one combined trust ("Master Trust") for the City's retirement plans. Although the assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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Master Trust transactions other than cash and cash equivalents, employer and employee contributions, and payments to separated participants by participating plans are allocated to each plan based upon procedures established by the trustee and the plans' actuary. Earnings from the Master Trust include interest and dividend income, and net appreciation in the fair value of investments. Master Trust earnings are allocated to the City's plans based upon the relative fair values of the assets of each plan.

The City's plans, including the employer and employee obligations to contribute, are established under the authority of Chapter 14 of the City's Code of Ordinances. The City's plans, by policy, (i) require biennial actuarial valuations (as of July 1), with yearly updates, and (ii) require annual City contributions based on actuarial determinations. During the year of actuarial valuation, the City has historically contributed the annual required contribution ("ARC") for each of the pension plans. Any difference between the ARC and the actual contribution made has been settled by the next actuarial valuation date, and thus the City has never actually had, or had need to report, a net pension obligation ("NPO"). The required contributions are calculated to cover normal cost and the amortization of unfunded actuarial accrued liabilities.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983 Police
		Police	Fire	Police	Fire	
Employees covered	All employees not covered by another plan.	All police employed before 1967.	All firefighters employed before 1967.	All police employed after 1967 but before 1983.	All firefighters employed after 1967.	All police hired after 1983.
Number of retirees receiving benefits	452	37	32	80	68	13
Terminated employees Entitled to future benefits	142	-	-	-	2	1
Current employees	612	-	-	24	123	126
Total number of participants	1,206	37	32	104	193	140
Normal Benefit provisions	After attaining age 65, 1.5% of average compensation times years of credited service	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 55 or 25 years of service, 2% of average compensation for each year of service, but not greater than 68%
Definition of "Compensation"	Average of 3 highest years	Final base salary				
Eligibility requirements	50% vested after 5 years and increasing 10% each year thereafter until 10 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years
Disability Benefits: Line of Duty or Social Security Disability	1.5% of average compensation times years of credited service	66.7% of final pay	50% of final pay, 2% increase in benefit after being retired for one year.			
Non-Line of Duty (Years 1-10)	N/A	2% of final pay for each year of service	2% of final pay for each year of service	2% of final pay for each year of service	2% of final pay for each year of service	2% of final pay for each year of service
Non-Line of Duty (10+ Years)	N/A	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983 Police
		Police	Fire	Police	Fire	
Obligation to contribute in accordance with funding policy:						
Employee	None	None	None	4% of earnings	5% of earnings	4.5% of earnings
Employer	\$ -	\$845,000	\$552,000	\$ -	\$ -	\$889,000
Authority under which benefit provisions established	City code of ordinances	City code of ordinances	City code of ordinances	City code of ordinances	City code of ordinances	City code of ordinances
Contribution Rates						
Employee	-%	-%	0%	4.0%	5.0%	4.5%
Employer	100%	100%	100%	100%	100%	100%
Annual Pension Cost	\$ -	\$845,000	\$552,000	\$ -	\$694	\$889,000
Contribution Made	\$ -	\$845,000	\$552,000	\$ -	\$694	\$889,000
<u>Funding Status and Progress</u>						
Date of actuarial valuation	7/1/07	7/1/07	7/1/07	7/1/08	7/1/08	7/1/08
Significant actuarial assumptions						
Investment rate of return	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Projected annual salary increases*	4.0%	N/A	N/A	4.0%	4.0%	4.0%
Post retirement benefit increases*	3.5%, 15% every 5 years	3.5%	3.5%	5.0%	5.0%	2.0% after 5 years retirement or one year service connected disability
* including inflation of	3.0%	-	-	3.0%	3.0%	3.0%
Mortality table	1983 GAM Set back 6 years for females and set forward 9 years for disabled lives	1983 GAM Set back 6 years for females and set forward 9 years for disabled lives	1983 GAM Set back 6 years for females and set forward 9 years for disabled lives	RP2000Blue Collar Combined-generational and RP2000 Disabled Lives.	RP2000Blue Collar Combined-generational and RP2000 Disabled Lives.	RP2000Blue Collar Combined-generational and RP2000 Disabled Lives.
Actuarial asset valuation method	Fair value smoothed	Fair value smoothed	Fair value smoothed	Fair value smoothed	Fair value smoothed	Fair value smoothed
Funding Policy	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial
Actuarial cost method	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost
Amortization method	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open
Remaining amortizing period	10 years	8 years	10 years	10 years	17 years	17 years
Authority under which contributions are established	City Council	City Council	City Council	City Council	City Council	City Council

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
 June 30, 2009

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Three-Year Trend Information

	Trend % Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
General Employees			
2009	-	-	-
2008	-	-	-
2007	-	-	-
Police Pre-1967			
2009	845,000	100.0%	-
2008	857,000	100.0%	-
2007	857,000	100.0%	-
Fire Pre-1967			
2009	552,000	100.0%	-
2008	910,000	100.0%	-
2007	910,000	100.0%	-
Police Post-1967			
2009	-	-	-
2008	-	-	-
2007	713,000	100.0%	-
Fire Post-1967			
2009	-	-	-
2008	-	-	-
2007	342,000	100.0%	-
Police Post-1983			
2009	889,000	100.0%	-
2008	865,000	100.0%	-
2007	611,000	100.0%	-

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

SCHEDULE OF PLAN NET ASSETS  
JUNE 30, 2009

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,902,172	\$ 258,849	\$ 247,446	\$ 2,388,939	\$ 2,883,832	\$ 721,813	\$ 11,403,051
<b>Investments, at fair value</b>							
Common stock	19,848,573	1,048,064	1,001,894	9,672,659	11,676,446	2,922,574	46,170,210
Debt securities	9,447,008	498,830	476,855	4,603,741	5,557,452	1,391,010	21,974,896
Mutual funds	24,682,562	1,303,313	1,245,898	12,028,371	14,520,167	3,634,349	57,414,660
Private hedge fund	22,467,576	1,186,355	1,134,093	10,948,958	13,217,143	3,308,205	52,262,330
<b>Total investments</b>	<b>76,445,719</b>	<b>4,036,562</b>	<b>3,858,740</b>	<b>37,253,729</b>	<b>44,971,208</b>	<b>11,256,138</b>	<b>177,822,096</b>
Accrued interest and dividends	127,853	6,751	6,454	62,306	75,213	18,826	297,403
Pending sales	2,363,123	124,780	119,283	1,151,604	1,390,169	347,955	5,496,914
<b>Total Assets</b>	<b>83,838,867</b>	<b>4,426,942</b>	<b>4,231,923</b>	<b>40,856,578</b>	<b>49,320,422</b>	<b>12,344,732</b>	<b>195,019,464</b>
<b>LIABILITIES</b>							
Pending purchases	933,689	49,302	47,130	455,008	549,267	137,480	2,171,876
<b>Net Assets Held in Trust for Pension Benefits</b>							
	\$ 82,905,178	\$ 4,377,640	\$ 4,184,793	\$ 40,401,570	\$ 48,771,155	\$ 12,207,252	\$ 192,847,588

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

**SCHEDULE OF CHANGES IN  
PLAN NET ASSETS  
YEAR ENDED JUNE 30, 2009**

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Totals
<b>Additions</b>							
Contributions							
Employer	\$ -	\$ 845,000	\$ 552,000	\$ -	\$ 644	\$ 889,000	\$ 2,286,644
Plan members	-	-	-	53,327	358,606	345,421	757,354
<b>Total contributions</b>	<b>-</b>	<b>845,000</b>	<b>552,000</b>	<b>53,327</b>	<b>359,250</b>	<b>1,234,421</b>	<b>3,043,998</b>
Investment Income (Loss)							
Net decline in fair value of investments	(22,096,806)	(1,050,658)	(916,684)	(11,006,486)	(12,941,470)	(2,506,724)	(50,518,828)
Interest and dividends	2,255,096	114,098	107,963	1,114,473	1,329,139	286,983	5,207,752
	(19,841,710)	(936,560)	(808,721)	(9,892,013)	(11,612,331)	(2,219,741)	(45,311,076)
Less Investment Expenses:							
Investment manage- ment fees	404,876	23,071	19,751	202,692	229,772	52,645	932,807
<b>Net investment income (loss)</b>	<b>(20,246,586)</b>	<b>(959,631)</b>	<b>(828,472)</b>	<b>(10,094,705)</b>	<b>(11,842,103)</b>	<b>(2,272,386)</b>	<b>(46,243,883)</b>
<b>Deductions</b>							
Benefits paid	5,231,865	1,541,449	1,136,320	3,336,220	2,982,319	385,722	14,613,895
<b>Total deductions</b>	<b>5,231,865</b>	<b>1,541,449</b>	<b>1,136,320</b>	<b>3,336,220</b>	<b>2,982,319</b>	<b>385,722</b>	<b>14,613,895</b>
<b>Net change in net assets</b>	<b>(25,478,451)</b>	<b>(1,656,080)</b>	<b>(1,412,792)</b>	<b>(13,377,598)</b>	<b>(14,465,172)</b>	<b>(1,423,687)</b>	<b>(57,813,780)</b>
<b>Net Assets Held in Trust for Pension Benefits</b>							
Beginning of year	108,383,629	6,033,720	5,597,585	53,779,168	63,236,327	13,630,939	250,661,368
End of year	\$ 82,905,178	\$ 4,377,640	\$ 4,184,793	\$ 40,401,570	\$ 48,771,155	\$ 12,207,252	\$ 192,847,588

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009**

**SCHEDULE OF FUNDING PROGRESS**

*Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Underfunded AAL (UAAL)*	Funded Ratio	Covered Payroll	(Over) Underfunded AAL as a Percentage of Covered Payroll
General Employees:						
7/1/07	\$ 112,567,220	\$ 93,792,699	\$ (18,774,521)	120.0 %	\$ 25,217,732	(74.4) %
Pre-1967 Police:						
7/1/07	\$ 6,713,395	\$ 11,566,937	\$ 4,853,542	58.0 %	\$ -	N/A %
Pre-1967 Fire:						
7/1/07	\$ 5,748,743	\$ 9,425,747	\$ 3,677,004	61.0 %	\$ -	N/A %
Post-1967 Police:						
7/1/08	\$ 57,259,302	\$ 52,905,479	\$ (4,353,823)	108.2 %	\$ 1,738,046	(250.5) %
Post-1967 Fire:						
7/1/08	\$ 67,128,480	\$ 60,820,930	\$ (6,307,550)	110.4 %	\$ 7,593,132	(83.1) %
Post-1983 Police:						
7/1/08	\$ 14,419,318	\$ 17,264,266	\$ 2,844,948	83.5 %	\$ 8,062,937	35.3 %

\* Subsequent to the most recent valuation date, certain economic events have had a significant adverse impact on investment portfolios. As such, these market downturns may have a significant effect on the funded ratio and on future required contributions.

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The City does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$9,575,000 year ended June 30, 2009.

Post employment retirement benefits

From an accrual accounting perspective, the cost of post employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the City recognizes the cost of post employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

The City provides post employment retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2006. The post-retirement plan does not issue stand-alone financial reports.

The contribution requirements of plan members and the City are established and may be amended by the City. The City determines the required contribution using the Projected Unit Credit Method.

Membership in the plan consisted of the following at July 1, 2006, the date of the last actuarial valuation.

General Government Employees:

Retirees and beneficiaries receiving benefits	368
Active plan members	534
<b>Total</b>	<u>902</u>

Board of Education Employees:

Retirees and beneficiaries receiving benefits	192
Active plan members	823
<b>Total</b>	<u>1,015</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2008 is estimated to be \$79,377,324 and \$22,772,883 for City and Board of Education employees, respectively. The City's contributions represent payments made for premiums for insured individuals.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
General Government Employees:				
6/30/2009	\$ 7,022,700	\$ 4,729,100	67.3%	\$ 5,387,900
6/30/2008	\$ 7,039,100	\$ 3,944,800	56.0%	\$ 3,094,300
Board of Education Employees:				
6/30/2009	\$ 1,763,000	\$ 452,700	25.7%	\$ 2,588,600
6/30/2008	\$ 1,769,800	\$ 491,500	27.8%	\$ 1,278,300

Annual required contribution	\$ 8,808,900
Interest on net OPEB obligation	306,100
Adjustments to ARC	(329,300)
Annual OPEB cost	<u>8,785,700</u>
Contributions made	<u>5,181,800</u>
Increase in net OPEB liability	3,603,900
Net OPEB obligation, beginning of year	4,372,600
Net OPEB obligation, end of year	<u><u>\$ 7,976,500</u></u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

Schedule of Funding Progress 000's						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll
General Government Employees: 7/1/2008	\$ -	\$ 79,377	\$ 79,377	0.00%	\$34,706	228.7%
Board of Education Employees: 7/1/2008	\$ -	\$ 22,773	\$ 22,773	0.00%	\$66,899	34.0%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2006
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Percent of Pay (Open)
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Investment rate of return	7.00%
Inflation rate	None

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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Health cost trend rates

Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:

Year After Valuation Date	Increase
1	10%
2	9%
3	8%
4	7%
5	6%
6	5%
7 or more	5%

**Note 13. Construction Commitments**

The City is currently in the middle of various capital projects, including street repaving, school renovations, park improvements and other various projects. At June 30, 2009, such amounts were approximately \$9,489,000.

**Note 14. Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the last three years. The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. Presently, the City is self-insured for the first \$100,000 per claim for general, auto, property and public liability. The City also maintains a \$750,000 combined aggregate stop loss on these lines of coverage. The Risk Management Department also manages workers' compensation. The City is self-insured for the first \$500,000 per claim and maintains an aggregate stop loss on these worker's compensation claims of \$3 million. Employee medical benefits are fully insured, except for prescription drug and dental coverage which is a self-insured arrangement. The BOE is also self-insured for certain dental and prescription programs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Generally all claims are paid by the Internal Service Funds.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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Changes in the balances of claims liabilities recorded by the City during the past two years are as follows:

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2009	\$ 2,839,204	\$ 11,885,375	\$ 11,568,424	\$ 3,156,155
2008	\$ 2,948,288	\$ 10,376,209	\$ 10,485,293	\$ 2,839,204

**Note 15. Restatement**

Entity-wide financial statements

The City has adopted GASB No. 49, "Accounting for Financial Reporting for Pollution Remediation Obligations." The City has restated for the pollution accrual beginning July 1, 2008.

	Governmental Activities
Beginning Net Assets	\$ 155,434,037
Deduct: Accrual for GASB 49 for pollution remediation	(684,000)
Beginning Net Assets, as restated	<u>\$ 154,750,037</u>

**Note 16. Joint Ventures and Related Organizations**

The Candlewood Lake Authority ("Candlewood") is a joint venture of five municipalities, including the City of Danbury. Candlewood is under joint control, comprised of three delegates from each member municipality selected for three-year terms. The City of Danbury has an ongoing financial responsibility but no equity interest. The City remitted approximately \$61,000 to supplement Candlewood's operating revenues for the year ended June 30, 2009 as Candlewood would experience financial stress without such revenue supplement.

Complete financial statements for Candlewood can be obtained by request from the Candlewood Lake Authority, P.O. Box 37, Sherman, CT 06784-0037.

The Housatonic Area Regional Transit District ("HART") is a joint venture of eight municipalities, including the City of Danbury. HART is under joint control, comprised of at least one director from each member municipality selected for four-year terms. The City of Danbury has an ongoing financial responsibility, but no equity interest. The City remitted approximately \$691,000 to supplement HART's operating revenues

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

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for the year ended June 30, 2009 as HART would experience financial stress without such revenue supplement.

Complete financial statements for HART can be obtained by request from HART, 107 Newtown Road, Suite 2C, Danbury, CT 06810.

The Housatonic Resources Recovery Authority (“HRRRA”) is a joint venture of which the City of Danbury is a member. The HRRRA was established as a separate political subdivision of the State in 1986 with the adoption of a creating ordinance by local municipalities, including Danbury. HRRRA was created for the purpose of providing solid waste management and disposal services for the member municipalities. There are nine participating municipalities in HRRRA with the board being comprised of one member from each municipality. To avoid financial stress, the City has an ongoing financial responsibility to supply a certain level of tonnage to HRRRA in accordance with the agreement between the City and HRRRA, but the City has no equity interest.

Complete financial statements for HRRRA can be obtained by request from HRRRA, Old Town Hall, Routes 25 and 133, Brookfield Center, CT 06804 or at City Hall, 155 Deer Hill Avenue, Danbury, CT 06810.

The City’s officials are responsible for appointing the board members of the Housing Authority. The City’s accountability for the Housing Authority does not extend beyond making the appointments.

**Note 17. Pronouncements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates in the future that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City:

- ◆ GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also provides authoritative guidance that specifically addresses the nature of these intangible assets.
- ◆ GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. The statement is intended to improve how state and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements.
- ◆ GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. This statement establishes accounting and financial reporting standards for all governments

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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that report governmental funds. This statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

- ◆ GASB Statement Number 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations for all state and local governments.

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**Required Supplementary  
Information**



CITY OF DANBURY, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF FUNDING PROGRESS

June 30, 2009

PENSION AND OPEB  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <sup>1</sup>	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Underfunded AAL (UAAL) <sup>1</sup>	Funded Ratio	Covered Payroll	(Over) Underfunded AAL as a Percentage of Covered Payroll
<b>PENSION</b>						
General Employees:						
7/1/07	\$ 112,567,220	\$ 93,792,699	\$ (18,774,521)	120.0 %	\$ 25,217,732	(74.4) %
7/1/05	104,464,850	81,604,546	(22,860,304)	128.0 %	23,777,020	(96.1) %
7/1/03	97,448,725	74,647,619	(22,801,106)	130.5 %	23,576,524	(96.7) %
1/1/02	95,940,971	71,836,054	(24,104,917)	133.6 %	21,547,768	(111.9) %
1/1/00	86,363,384	60,128,299	(26,235,085)	143.6 %	20,334,025	(129.0) %
1/1/98	69,607,623	57,592,398	(12,015,225)	120.9 %	20,024,974	(60.0) %
Pre-1967 Police:						
7/1/07	\$ 6,713,395	\$ 11,566,937	\$ 4,853,542	58.0 %	\$ -	N/A %
7/1/05	7,019,283	13,139,006	6,119,723	53.4 %	-	N/A
7/1/03	6,993,981	14,173,012	7,179,031	49.3 %	-	N/A
1/1/02	7,833,857	15,189,737	7,355,880	51.6 %	-	N/A
1/1/00	7,720,242	15,955,616	8,235,374	48.4 %	48,330	17,039.9 %
1/1/98	6,509,190	17,026,404	10,517,214	38.2 %	102,700	10,240.7 %
Pre-1967 Fire:						
7/1/07	\$ 5,748,743	\$ 9,425,747	\$ 3,677,004	61.0 %	\$ -	N/A %
7/1/05	5,753,625	12,223,443	6,469,818	47.1 %	-	N/A
7/1/03	5,864,207	13,091,400	7,227,193	44.8 %	-	N/A
1/1/02	6,558,299	13,355,820	6,797,521	49.1 %	-	N/A
1/1/00	6,421,763	13,844,291	7,422,528	46.4 %	-	N/A
1/1/98	5,475,666	14,739,221	9,263,555	37.2 %	120,025	7,718.0 %
Post-1967 Police:						
7/1/08	\$ 57,259,302	\$ 52,905,479	\$ (4,353,823)	108.2 %	\$ 1,738,046	(250.5) %
7/1/06	54,386,012	50,028,155	(4,357,857)	108.7 %	1,855,009	(234.9) %
7/1/04	50,324,387	51,774,948	1,450,561	97.2 %	2,146,668	67.6 %
1/1/03	48,161,141	53,371,318	5,210,177	90.2 %	2,541,819	205.0 %
1/1/01	44,924,489	45,301,753	377,264	99.2 %	2,532,599	14.9 %
1/1/99	36,880,541	40,634,158	3,753,617	90.8 %	2,724,359	137.8 %

CITY OF DANBURY, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF FUNDING PROGRESS  
June 30, 2009

PENSION AND OPEB  
SCHEDULE OF FUNDING PROGRESS, Continued

Actuarial Valuation Date <sup>1</sup>	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Underfunded AAL (UAAL) <sup>1</sup>	Funded Ratio	Covered Payroll	(Over) Underfunded AAL as a Percentage of Covered Payroll
Post-1967 Fire:						
7/1/08	\$ 67,128,480	\$ 60,820,930	\$ (6,307,550)	110.4 %	\$ 7,593,132	(83.1) %
7/1/06	61,402,936	52,290,625	(9,112,311)	82.9 %	6,493,522	(140.3) %
7/1/04	54,985,734	48,112,254	(6,873,480)	114.3 %	6,330,894	(108.6) %
1/1/03	50,848,678	47,808,052	(3,040,626)	106.4 %	6,065,277	(50.1) %
1/1/01	45,969,156	41,475,940	(4,493,216)	110.8 %	5,379,669	(83.5) %
1/1/99	37,127,622	35,250,799	(1,876,823)	105.3 %	4,733,503	(39.6) %
Post-1983 Police:						
7/1/08	\$ 14,419,318	\$ 17,264,266	\$ 2,844,948	83.5 %	\$ 8,062,937	35.3 %
7/1/06	11,036,832	13,309,142	2,272,310	82.9 %	7,610,777	29.9 %
7/1/04	8,268,316	9,038,173	769,857	91.5 %	6,496,617	11.9 %
1/1/03	6,979,088	7,629,489	650,401	91.5 %	5,653,461	11.5 %
1/1/01	5,383,342	5,121,615	(261,727)	105.1 %	4,370,060	(6.0) %
1/1/99	3,665,977	3,603,281	(62,696)	101.7 %	4,029,030	(1.6) %
<b>OPEB</b>						
General Government						
Employees:						
7/1/08	\$ -	\$ 79,377,324	\$ 79,377,324	- %	\$ 34,705,894	228.7 %
7/1/07	-	76,382,058	76,382,058	- %	NA	NA
7/1/06	-	73,448,012	73,448,012	- %	NA	NA
Board of Education						
Employees:						
7/1/08	\$ -	\$ 22,772,883	\$ 22,772,883	- %	\$ 66,898,503	34.0 %
7/1/07	-	21,550,455	21,550,455	- %	NA	NA
7/1/06	-	20,366,070	20,366,070	- %	NA	NA

<sup>1</sup> Subsequent to the most recent valuation date, certain economic events have had a significant adverse impact on investment portfolios. As such, these market downturns may have a significant effect on the funded ratio and on future required contributions.

**SUPPLEMENTAL AND COMBINING NONMAJOR  
FUND STATEMENTS AND SCHEDULES**



**General Fund**

## **General Fund**

The General Fund is used to account for resources traditionally associated with a government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF DANBURY, CONNECTICUT

GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
BUDGET AND ACTUAL

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
Common Council	\$ 36,385	\$ 36,385	\$ 21,264	\$ 15,121
Mayor's Office	365,525	380,876	370,649	10,227
City Clerk	53,433	53,433	52,607	826
Ordinances	31,000	31,000	24,131	6,869
Probate Court	20,075	22,175	19,077	3,098
Registrars and Elections	182,741	201,446	166,768	34,678
City Treasurer	20,769	20,769	20,597	172
Director of Finance	822,170	864,469	849,991	14,478
Data Processing/Information Technology	1,320,885	1,260,733	1,072,830	187,903
Independent Audit	52,400	74,900	52,400	22,500
Bureau of Assessments	407,671	426,786	423,402	3,384
Board of Assessments and Appeal	4,350	5,084	5,061	23
Tax Collector	648,366	632,366	628,128	4,238
Purchasing	231,806	242,283	222,608	19,675
Corporation Counsel	812,239	1,549,904	1,442,941	106,963
Town Clerk	386,857	379,857	310,046	69,811
Annual Report	11,000	11,000	10,000	1,000
Permit Coordination	329,795	303,795	291,199	12,596
Planning	463,024	486,716	472,335	14,381
Office of Economic Development	108,942	80,182	74,234	5,948
Danbury Conservation Commission	10,756	15,256	11,900	3,356
Personnel/ Civil Service	343,630	332,202	307,117	25,085
Mayor's Discretionary Fund	18,000	18,000	11,815	6,185
Fair Rent Commission	1,400	1,400	192	1,208
City Memberships	86,698	86,698	84,591	2,107
Lake Authority	61,325	61,325	61,325	-
Retirement Administration	30,000	57,700	10,646	47,054
Labor Negotiations	78,500	97,279	97,278	1
Public Buildings	1,199,015	1,175,569	1,170,908	4,661
City Hall Building	448,424	472,805	421,694	51,111
Library Building	241,296	265,732	246,336	19,396
Police Station Building	255,118	324,212	276,465	47,747
Senior Center Building	100,224	107,224	86,884	20,340
Old Library Building	57,675	57,675	48,489	9,186
Park Buildings	143,160	150,730	149,793	937
Employee Service Benefit	45,025	25	-	25
<b>Total general government</b>	<b>9,429,679</b>	<b>10,287,991</b>	<b>9,515,701</b>	<b>772,290</b>

(Continued)

CITY OF DANBURY, CONNECTICUT

**GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
BUDGET AND ACTUAL, Continued  
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Public Safety</b>				
Police Department	14,802,430	14,802,430	15,248,247	(445,817)
Animal Control	244,048	244,048	244,048	-
Fire Department	11,538,743	11,563,309	10,912,214	651,095
Building Inspector	589,685	627,039	607,457	19,582
Department of Civil Preparedness	91,752	92,186	92,179	7
Department of Consumer Protection	57,048	59,676	51,830	7,846
Employee Service Benefit	11,233	11,233	-	11,233
Unified Neighborhood Inspection Team	307,889	267,907	179,268	88,639
Airport	555,706	555,706	555,706	-
HART	691,085	691,085	691,085	-
<b>Total public safety</b>	<b>28,889,619</b>	<b>28,914,619</b>	<b>28,582,034</b>	<b>332,585</b>
<b>Public Works</b>				
Director of Public Works	261,347	234,394	216,101	18,293
Highways	2,649,510	2,534,581	2,456,546	78,035
State Aid Highway Project	305,989	305,989	294,937	11,052
Snow and Ice Removal	792,500	1,016,156	1,015,806	350
Street Lighting	506,979	496,979	478,825	18,154
Public Building Maintenance Repair	359,200	606,239	711,822	(105,583)
Equipment Maintenance	1,276,740	1,409,413	1,387,440	21,973
Recycling/ Solid Waste	382,824	389,321	288,687	100,634
Engineering Department	1,005,556	958,556	1,070,476	(111,920)
Park Maintenance & Forestry	1,642,643	1,507,063	1,440,441	66,622
Construction Services	272,877	283,439	219,987	63,452
Employee Service Benefit	15,503	15,503	-	15,503
<b>Total public works</b>	<b>9,471,668</b>	<b>9,757,633</b>	<b>9,581,068</b>	<b>176,565</b>
<b>Health and Welfare</b>				
Health, House and Welfare Department	1,134,045	1,140,277	1,137,807	2,470
Employee Service Benefit	6,232	-	-	-
Veterans Advisory Center	61,558	73,079	72,922	157
Commission on Aging	312,027	302,711	282,622	20,089
Elderly Transportation	12,000	12,000	12,000	-
Human and Social Welfare	1,233,027	1,298,027	1,297,718	309
Employee Service Benefit	2,205	-	-	-
<b>Total health and welfare</b>	<b>2,761,094</b>	<b>2,826,094</b>	<b>2,803,069</b>	<b>23,025</b>
<b>Education</b>	<b>112,103,866</b>	<b>112,103,866</b>	<b>111,729,554</b>	<b>374,312</b>

(Continued)

CITY OF DANBURY, CONNECTICUT

**GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
BUDGET AND ACTUAL, Continued  
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Culture and Recreation</b>				
Recreation	437,968	439,468	382,811	56,657
Tarrywile Park Authority	315,000	315,000	315,000	-
Cultural Commission	105,000	105,000	103,083	1,917
Lake Kenosia Commission	22,000	22,000	12,849	9,151
Ives Authority Performing Arts	80,000	80,000	80,000	-
Danbury Public Library	2,111,547	2,111,547	1,938,451	173,096
Long Ridge Library	6,000	6,000	6,000	-
Danbury Museum/Hist Soc Auth	95,000	95,000	95,000	-
Employee Service Benefit	1,190	1,190	-	1,190
<b>Total culture and recreation</b>	<b>3,173,705</b>	<b>3,175,205</b>	<b>2,933,194</b>	<b>242,011</b>
<b>Employee Benefits</b>	<b>22,874,416</b>	<b>22,874,416</b>	<b>18,772,831</b>	<b>4,101,585</b>
<b>Debt Service</b>				
Principal - bonds and notes	8,310,350	8,310,350	7,810,350	500,000
Interest - bonds	4,780,862	4,780,862	4,497,286	283,576
<b>Total debt service</b>	<b>13,091,212</b>	<b>13,091,212</b>	<b>12,307,636</b>	<b>783,576</b>
<b>Contingency</b>	<b>500,000</b>	<b>27,505</b>	<b>-</b>	<b>27,505</b>
<b>Capital Outlay</b>	<b>-</b>	<b>32,508</b>	<b>27,507</b>	<b>5,001</b>
<b>Total</b>	<b>\$ 202,295,259</b>	<b>\$ 203,091,049</b>	<b>\$ 196,252,594</b>	<b>\$ 6,838,454</b>

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**Nonmajor Governmental Funds**

## **Nonmajor Governmental Funds**

### ***Special Revenue Funds***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**School Lunch Program Fund** - to account for the operations of the School Lunch Program. Financing is provided by the students and teachers as well as reimbursement from State and Federal governments.

**Community Development Block Grant Fund** - to account for an entitlement grant received from the Department of Housing and Urban Development for housing and community development activities under the Housing and Community Development Act of 1974.

**WIC Grant Fund** - to account for the operations of the Women, Infant and Children Health Program. Financing is provided by the Federal Government.

**Continuing Education** – to account for evening classes for individuals 16 years and older, offered in the Fall and Spring. Content varies based upon participants' skills and interests. Class fees are used to pay instructors, program staff and operations.

**Railyard Parking Lease Fund** – to account for funds received from the City of Danbury Parking Authority for permits sold at the Danbury Railyard - Union Station.

**Library Board Library Fund** – to account for fines and fees collected by the Library.

**Animal Control Fund** - to account for funds provided by the sale of dog licenses, sale of stray dogs and various fines levied against owners of stray dogs, as well as General Fund appropriations.

**School Based Health Center Grant Fund** - to account for funds received from preventive and mental health services for Danbury students. Funding is provided by the State of Connecticut Department of Public Health and Addiction Services.

**Ambulance Fund** - to account for the operations of the City's ambulance system for the benefit of its residents. Funds are provided on a fee basis and City subsidy.

**LOCIP Fund** – to account for projects funded through the State Local Capital Improvement Program.

**Airport** – to account for projects related to the maintenance and upkeep of the Danbury Municipal Airport. Funds provided by Federal, State and local sources.

**State & Federal School Projects** – to account for education related programs that are funded through State and Federal Grants.

**Miscellaneous Funds** – to account for proceeds from smaller projects related to public health, social services, public safety, open space and culture and recreation.

## ***Capital Projects Funds***

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Vision 21 and Vision 21<sup>2</sup> Bond Fund** - to account for the proceeds of specific general obligation bonds for various projects to further develop the City.

**City Projects Fund** - to account for proceeds of specific general obligation bonds for various projects either authorized by the City or to further develop the City.

**City Works/Library Reconstruction** – to account for proceeds of specific general obligation bonds for various projects to further develop the City.

**Danbury Neighborhood Bond Fund** – to account for proceeds of specific general obligation bonds for various projects either authorized by the City or to further develop the City.

**Head Start Fund** – to account for proceeds of specific general obligation bonds for various projects either authorized by the City or to further develop the City.

**Library Place Parking Garage** - to account for proceeds of specific general obligation bonds for a downtown parking garage project authorized by the City or to further develop the City.

**Open Space Bond Fund** - to account for the proceeds of specific general obligation bonds for various projects to preserve land in the City.

**Magnet School Fund** - to account for the construction of the Western Connecticut Academy of International Studies which will focus on international studies and related cultures.

## ***Permanent Fund***

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Farioly Permanent Fund** – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to improve the City's library.



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CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009

	Special Revenue				
	School Lunch Program	Community Development Block Grant	WIC Grant	Continuing Education	Railyard Parking Lease
<b>ASSETS</b>					
Cash and cash equivalents	\$ 270,530	\$ 713,881	\$ 88,345	\$ 1,947,086	\$ 18,927
Receivables:					
Accounts receivable, net	365,647	-	-	-	-
Federal and State government	346,066	-	-	-	-
Other	-	-	-	-	-
Inventories	30,578	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,012,821</b>	<b>\$ 713,881</b>	<b>\$ 88,345</b>	<b>\$ 1,947,086</b>	<b>\$ 18,927</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 992,626	\$ 34,051	\$ -	\$ -	\$ 4,358
Bond anticipation notes payable	-	-	-	-	-
Deferred revenue	-	-	-	339,329	-
Unearned revenue	-	-	59,932	-	-
Due to other funds	-	151,976	28,413	-	-
<b>Total liabilities</b>	<b>992,626</b>	<b>186,027</b>	<b>88,345</b>	<b>339,329</b>	<b>4,358</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for library	-	-	-	-	-
Reserved for encumbrances	-	-	504	-	-
Reserved for inventories	30,578	-	-	-	-
Reserved for CDBG	-	527,854	-	-	-
Unreserved and undesignated	(10,383)	-	(504)	1,607,757	14,569
<b>Total fund balances (deficits)</b>	<b>20,195</b>	<b>527,854</b>	<b>-</b>	<b>1,607,757</b>	<b>14,569</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 1,012,821</b>	<b>\$ 713,881</b>	<b>\$ 88,345</b>	<b>\$ 1,947,086</b>	<b>\$ 18,927</b>

Special Revenue								
Library Board Library Fund	Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport	State & Fed. School Projects	Miscellaneous Special Revenue	
\$ 281,504	\$ 86,033	\$ 101,919	\$ 2,128,124	\$ 14,140	\$ 27,860	\$ 1,103,459	\$ 1,147,843	
-	-	-	361,573	249,292	146,102	1,228,875	-	
-	-	-	-	-	-	-	1,418,888	
-	-	-	-	-	-	-	372,141	
-	-	-	-	-	-	-	-	
-	-	-	-	-	10,432	-	2,819,738	
<b>\$ 281,504</b>	<b>\$ 86,033</b>	<b>\$ 101,919</b>	<b>\$ 2,489,697</b>	<b>\$ 263,432</b>	<b>\$ 184,394</b>	<b>\$ 2,332,334</b>	<b>\$ 5,758,610</b>	
\$ 95,523	\$ 16,712	\$ 32,383	\$ 183,372	\$ 43,432	\$ 40,647	\$ 564,108	\$ 221,737	
-	-	-	-	-	-	-	-	
-	-	-	-	249,292	146,102	1,259,541	1,418,888	
-	-	-	-	-	-	499,900	1,687,776	
-	3,383	69,536	-	220,000	143,746	-	4,066,158	
95,523	20,095	101,919	183,372	512,724	330,495	2,323,549	7,394,559	
-	-	-	-	-	-	-	-	
-	4,884	-	18,644	165,452	658,752	-	1,757,607	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
185,981	61,054	-	2,287,681	(414,744)	(804,853)	8,785	(3,393,556)	
185,981	65,938	-	2,306,325	(249,292)	(146,101)	8,785	(1,635,949)	
<b>\$ 281,504</b>	<b>\$ 86,033</b>	<b>\$ 101,919</b>	<b>\$ 2,489,697</b>	<b>\$ 263,432</b>	<b>\$ 184,394</b>	<b>\$ 2,332,334</b>	<b>\$ 5,758,610</b>	

(Continued)

CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET, Continued

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009

	Capital Projects				
	Vision 21 and Vision 21 <sup>2</sup>	City Projects	City Works/ Library Reconstruction	Danbury Neighborhood Bond	Head Start
<b>ASSETS</b>					
Cash and cash equivalents	\$ 524,666	\$ 1,038,122	\$ 68,870	\$ 2,090,125	\$ 4,853,316
Receivables:					
Accounts receivable, net	-	-	-	-	-
Federal and State government	-	-	-	-	527,829
Other	-	-	-	-	-
Inventories	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 524,666</b>	<b>\$ 1,038,122</b>	<b>\$ 68,870</b>	<b>\$ 2,090,125</b>	<b>\$ 5,381,145</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 28,919	\$ 68,497	\$ 49,701	\$ 11,272
Bond anticipation notes payable	-	2,997,850	-	2,000,000	4,000,000
Deferred revenue	-	-	-	-	527,829
Unearned revenue	-	-	-	-	-
Due to other funds	3,925	8,404	-	1,597,382	842,044
<b>Total liabilities</b>	<b>3,925</b>	<b>3,035,173</b>	<b>68,497</b>	<b>3,647,083</b>	<b>5,381,145</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for library	-	-	-	-	-
Reserved for encumbrances	-	30,025	-	34,707	140,189
Reserved for inventories	-	-	-	-	-
Reserved for CDBG	-	-	-	-	-
Unreserved and undesignated	520,741	(2,027,076)	373	(1,591,665)	(140,189)
<b>Total fund balances     (deficits)</b>	<b>520,741</b>	<b>(1,997,051)</b>	<b>373</b>	<b>(1,556,958)</b>	<b>-</b>
<b>Total liabilities and fund     balances (deficits)</b>	<b>\$ 524,666</b>	<b>\$ 1,038,122</b>	<b>\$ 68,870</b>	<b>\$ 2,090,125</b>	<b>\$ 5,381,145</b>

Capital Projects			Permanent Fund	
Library Place Parking Garage	Open Space	Magnet School Projects	Farioly Library	Totals
\$ -	\$ 6,070,364	\$ 919	\$ 1,736,891	\$ 24,312,924
-	-	14,248	-	2,365,737
-	-	947,715	-	3,240,498
-	-	-	-	372,141
-	-	-	-	30,578
-	-	64,257	-	2,894,427
<u>\$ -</u>	<u>\$ 6,070,364</u>	<u>\$ 1,027,139</u>	<u>\$ 1,736,891</u>	<u>\$ 33,216,305</u>
\$ -	\$ 112,021	\$ -	\$ -	\$ 2,499,359
-	8,300,000	-	-	17,297,850
-	-	-	-	3,940,981
-	-	-	-	2,247,608
-	21,063	1,073,000	140	8,229,170
-	8,433,084	1,073,000	140	34,214,968
-	-	-	1,483,133	1,483,133
-	2,362,630	-	-	5,173,394
-	-	-	-	30,578
-	-	-	-	527,854
-	(4,725,350)	(45,861)	253,618	(8,213,622)
-	(2,362,720)	(45,861)	1,736,751	(998,663)
<u>\$ -</u>	<u>\$ 6,070,364</u>	<u>\$ 1,027,139</u>	<u>\$ 1,736,891</u>	<u>\$ 33,216,305</u>

CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009

	Special Revenue				
	School Lunch Program	Community Development Block Grant	WIC Grant	Continuing Education	Railyard Parking Lease
<b>REVENUES</b>					
Federal and State governments	\$ 1,849,053	\$ 784,574	\$ 275,362	\$ -	\$ -
Licenses and permits					
Charges for services	2,161,116	-	-	1,416,183	34,519
Investment income	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>4,010,169</b>	<b>784,574</b>	<b>275,362</b>	<b>1,416,183</b>	<b>34,519</b>
<b>EXPENDITURES</b>					
General government	-	-	-	-	31,585
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	697,843	275,362	-	-
Education	3,475,435	-	-	939,108	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>3,475,435</b>	<b>697,843</b>	<b>275,362</b>	<b>939,108</b>	<b>31,585</b>
<b>Revenues over (under) expenditures</b>	<b>534,734</b>	<b>86,731</b>	<b>-</b>	<b>477,075</b>	<b>2,934</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Bond anticipation note proceeds	-	-	-	-	-
Bond anticipation note payments	-	-	-	-	-
Bond proceeds	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<b>534,734</b>	<b>86,731</b>	<b>-</b>	<b>477,075</b>	<b>2,934</b>
<b>FUND BALANCES</b>					
(DEFICITS), beginning	(514,539)	441,123	-	1,130,682	11,635
<b>FUND BALANCES</b>					
(DEFICITS), ending	\$ 20,195	\$ 527,854	\$ -	\$ 1,607,757	\$ 14,569

Special Revenue							
Library Board Library Fund	Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport	State & Fed. School Projects	Miscellaneous Special Revenue
\$ -	\$ -	\$ 486,451	\$ -	\$ 1,071,578	\$ 1,995,869	\$ 17,106,072	\$ 901,669
-	14,430	-	-	-	-	-	-
-	-	-	2,478,864	-	-	-	121,585
-	-	-	3,118	-	-	-	-
103,929	-	-	125	-	-	-	485,679
103,929	14,430	486,451	2,482,107	1,071,578	1,995,869	17,106,072	1,508,933
-	-	-	-	-	-	-	1,176,419
-	253,663	-	2,033,466	-	-	-	437,443
-	-	-	-	616,366	724,901	-	689,359
104,466	-	-	-	-	-	-	228,217
-	-	486,451	-	-	-	-	200,592
-	-	-	-	-	-	17,106,072	41,711
-	-	-	-	-	-	-	-
104,466	253,663	486,451	2,033,466	616,366	724,901	17,106,072	2,773,741
(537)	(239,233)	-	448,641	455,212	1,270,968	-	(1,264,808)
-	244,048	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	244,048	-	-	-	-	-	-
(537)	4,815	-	448,641	455,212	1,270,968	-	(1,264,808)
186,518	61,123	-	1,857,684	(704,504)	(1,417,069)	8,785	(371,141)
\$ 185,981	\$ 65,938	\$ -	\$ 2,306,325	\$ (249,292)	\$ (146,101)	\$ 8,785	\$ (1,635,949)

(Continued)

CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED  
FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	Capital Projects				
	Vision 21 and Vision 21 <sup>2</sup>	City Projects	City Works/ Library Reconstruction	Danbury Neighborhood Bond	Head Start
<b>REVENUES</b>					
Federal and State governments	\$ -	\$ -	\$ -	\$ -	\$ 289,410
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Other	-	-	373	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>373</b>	<b>-</b>	<b>289,410</b>
<b>EXPENDITURES</b>					
General government	10,320	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	137,535	1,294,772	-	396,688	127,467
<b>Total expenditures</b>	<b>147,855</b>	<b>1,294,772</b>	<b>-</b>	<b>396,688</b>	<b>127,467</b>
<b>Revenues over (under) expenditures</b>	<b>(147,855)</b>	<b>(1,294,772)</b>	<b>373</b>	<b>(396,688)</b>	<b>161,943</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	500,000	-	-	-
Bond anticipation note proceeds	-	-	-	-	692,000
Bond anticipation note payments	-	-	-	-	(692,000)
Bond proceeds	277,500	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>277,500</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<b>129,645</b>	<b>(794,772)</b>	<b>373</b>	<b>(396,688)</b>	<b>161,943</b>
<b>FUND BALANCES</b>					
(DEFICITS), beginning	391,096	(1,202,279)	-	(1,160,270)	(161,943)
<b>FUND BALANCES</b>					
(DEFICITS), ending	\$ 520,741	\$ (1,997,051)	\$ 373	\$ (1,556,958)	\$ -

Capital Projects			Permanent Fund	
Library Place Parking Garage	Open Space	Magnet School Projects	Farioly Library	Totals
\$ -	\$ -	\$ 64,621	\$ -	\$ 24,824,659
-	-	-	-	14,430
-	-	-	-	6,212,267
-	-	-	43,714	46,832
-	-	78,504	-	668,610
-	-	143,125	43,714	31,766,798
-	-	-	-	1,218,324
-	-	-	-	2,724,572
-	-	-	-	2,030,626
-	-	-	11,038	343,721
-	-	-	-	1,660,248
-	-	-	-	21,562,326
321,993	4,884,281	-	-	7,162,736
321,993	4,884,281	-	11,038	36,702,553
(321,993)	(4,884,281)	143,125	32,676	(4,935,755)
-	-	-	-	744,048
-	3,700,000	-	-	4,392,000
-	-	-	-	(692,000)
295,000	-	-	-	572,500
295,000	3,700,000	-	-	5,016,548
(26,993)	(1,184,281)	143,125	32,676	80,793
26,993	(1,178,439)	(188,986)	1,704,075	(1,079,456)
\$ -	\$ (2,362,720)	\$ (45,861)	\$ 1,736,751	\$ (998,663)

CITY OF DANBURY, CONNECTICUT

SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL - ANIMAL CONTROL FUND  
 For the Year Ended June 30, 2009

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Town clerk fees	\$ 11,000	\$ 11,000	\$ 11,205	\$ 205
City contribution	244,048	244,048	244,048	-
Other revenue	3,800	3,800	3,226	(574)
<b>Total revenues</b>	<b>258,848</b>	<b>258,848</b>	<b>258,479</b>	<b>(369)</b>
<b>EXPENDITURES</b>				
	258,848	258,848	253,663	5,185
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,816</b>	<b>\$ 4,816</b>

CITY OF DANBURY, CONNECTICUT

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL - AMBULANCE FUND

For the Year Ended June 30, 2009

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 2,017,595	\$ 2,085,595	\$ 2,478,864	\$ 393,269
Other revenue	7,500	33,500	3,243	(30,257)
<b>Total revenues</b>	<b>2,025,095</b>	<b>2,119,095</b>	<b>2,482,107</b>	<b>363,012</b>
<b>EXPENDITURES</b>				
	2,025,095	2,119,095	2,033,467	(85,628)
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 448,640</b>	<b>\$ 448,640</b>

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**Internal Service Funds**

## **Internal Service Funds**

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

**Workers' Compensation Fund** – is used to account for the City's and Board of Education's workers' compensation claims.

**Risk Management Fund** – is used to account for the City's and Board of Education's self-insured dental and pharmaceutical claims and the City's general insurance.

CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

June 30, 2009

	Workers' Compensation	Risk Management	Total
<b>ASSETS</b>			
Current assets:			
Due from general fund	\$ 1,711,998	\$ 1,444,157	\$ 3,156,155
<b>Total assets</b>	<u>1,711,998</u>	<u>1,444,157</u>	<u>3,156,155</u>
<b>LIABILITIES</b>			
Accrued claims and judgments	1,711,998	1,444,157	3,156,155
<b>Total liabilities</b>	<u>1,711,998</u>	<u>1,444,157</u>	<u>3,156,155</u>
<b>NET ASSETS</b>			
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2009

	Workers' Compensation	Risk Management	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,985,354	\$ 13,862,435	\$ 15,847,789
<b>Total operating revenues</b>	<b>1,985,354</b>	<b>13,862,435</b>	<b>15,847,789</b>
<b>OPERATING EXPENSES</b>			
Claims	1,985,354	13,862,435	15,847,789
<b>Total operating expenses</b>	<b>1,985,354</b>	<b>13,862,435</b>	<b>15,847,789</b>
<b>Change in net assets</b>	-	-	-
<b>FUND NET ASSETS, beginning</b>	-	-	-
<b>FUND NET ASSETS, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR INTERNAL SERVICE FUNDS  
 June 30, 2009

	Workers' Compensation	Risk Management	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 1,985,354	\$ 13,862,435	\$ 15,847,789
Payments to suppliers/claims paid	(1,985,354)	(13,862,435)	(15,847,789)
<b>Net cash provided by operating activities</b>	-	-	-
<b>Net increase in cash and cash equivalents</b>	-	-	-
<b>CASH AND CASH EQUIVALENTS, beginning</b>	-	-	-
<b>CASH AND CASH EQUIVALENTS, ending</b>	\$ -	\$ -	\$ -
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Increase in due from other funds	(39,775)	(277,176)	(316,951)
Increase in accrued expenses and accounts payable	39,775	277,176	316,951
<b>Net cash provided by operating activities</b>	\$ -	\$ -	\$ -

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**Pension Trusts, Private Purpose  
Trusts and Agency Funds**

## **Pension Trusts, Private Purpose Trusts and Agency Funds**

Fiduciary Funds are used to account for assets held in a trustee capacity for others, and include Pension Trusts, Private Purpose Trusts and Agency Funds.

- i. **Pension Trust Funds** – utilize the accrual basis of accounting and are used for the accumulation of resources to be used for retirement benefits. The City's Pension Trust Funds are listed below:

General Employees	Post-1967 Police
Pre-1967 Police	Post-1967 Fire
Pre-1967 Fire	Post-1983 Police

- ii. **Private Purpose Trust Fund** – No restrictions have been placed on this fund by the donors. The City's Private Purpose Trust Fund is the Phoebe M. Harrison Fund which is used to account for funds left in trust to the City for scholarships.

- iii. **Agency Funds** - Agency funds are custodial in nature (assets equal liabilities). The City's Agency Funds are listed below:

**Street Openings Fund** - to account for permits issued by the Public Works Department to contractors or individuals for the opening of a city street (i.e., installation of water line or sewer line). Permit fees range according to the size of the project. Funds are refunded upon completion of a project and approval by the Highway Permit Inspector.

**School Activities Fund** - to account for collections and payments related to educational extracurricular activities at the schools. Financing is provided by individual fund raising projects.

**Danbury High School Scholarship Fund** - to account for funds received through donations for yearly scholarships presented to members of the high school graduating class.

**Downtown Special Services District Fund** - to account for funds received to revitalize and improve the physical appearance of downtown Danbury.

**Security Lease Account** – holds security deposits on airport leases, per the lease agreements.

**Danbury Permits Fund** - to account for funds received for performance bonds issued for construction projects that have received sedimentation/erosion control permits.

**Sugar Hollow Fund** - to account for funds received for Flood Plain permit application relating to engineering work.

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CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - PENSION TRUST FUNDS

June 30, 2009

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,902,172	\$ 258,849	\$ 247,446	\$ 2,388,939
Investments, at fair value				
Common stock	19,848,573	1,048,064	1,001,894	9,672,659
Debt securities	9,447,008	498,830	476,855	4,603,741
Mutual funds	24,682,562	1,303,313	1,245,898	12,028,371
Private hedge fund	22,467,576	1,186,355	1,134,093	10,948,958
<b>Total investments</b>	<b>76,445,719</b>	<b>4,036,562</b>	<b>3,858,740</b>	<b>37,253,729</b>
Accrued interest and dividends	127,853	6,751	6,454	62,306
Pending sales	2,363,123	124,780	119,283	1,151,604
<b>Total assets</b>	<b>83,838,867</b>	<b>4,426,942</b>	<b>4,231,923</b>	<b>40,856,578</b>
<b>LIABILITIES</b>				
Pending purchases	933,689	49,302	47,130	455,008
<b>Total liabilities</b>	<b>933,689</b>	<b>49,302</b>	<b>47,130</b>	<b>455,008</b>
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes</b>	<b>\$ 82,905,178</b>	<b>\$ 4,377,640</b>	<b>\$ 4,184,793</b>	<b>\$ 40,401,570</b>

Post-1967 Fire	Post-1983 Police	Total
\$ 2,883,832	\$ 721,813	\$ 11,403,051
11,676,446	2,922,574	46,170,210
5,557,452	1,391,010	21,974,896
14,520,167	3,634,349	57,414,660
13,217,143	3,308,205	52,262,330
44,971,208	11,256,138	177,822,096
75,213	18,826	297,403
1,390,169	347,955	5,496,914
49,320,422	12,344,732	195,019,464
549,267	137,480	2,171,876
549,267	137,480	2,171,876
\$ 48,771,155	\$ 12,207,252	\$ 192,847,588

CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - PRIVATE PURPOSE TRUST FUND

June 30, 2009

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	Phoebe M. Harrison
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,421
<b>Total assets</b>	<u>1,421</u>
<b>LIABILITIES</b>	
Other liabilities	1,421
<b>Total liabilities</b>	<u>1,421</u>
<b>Net Assets Held in Trust</b>	<u><u>\$ -</u></u>

CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - AGENCY FUNDS

June 30, 2009

	Street Openings	School Activities	Danbury High School Scholarship	Downtown Special Services District	Security Lease Account	Danbury Permits	Sugar Hollow	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,076,474	\$ 452,133	\$ 401,018	\$ 60,090	\$ 9,602	\$ 1,308,686	\$ 600	\$ 3,308,603
<b>Total assets</b>	<b>1,076,474</b>	<b>452,133</b>	<b>401,018</b>	<b>60,090</b>	<b>9,602</b>	<b>1,308,686</b>	<b>600</b>	<b>3,308,603</b>
<b>LIABILITIES</b>								
Other liabilities	1,076,474	452,133	401,018	60,090	9,602	1,308,686	600	3,308,603
<b>Total liabilities</b>	<b>1,076,474</b>	<b>452,133</b>	<b>401,018</b>	<b>60,090</b>	<b>9,602</b>	<b>1,308,686</b>	<b>600</b>	<b>3,308,603</b>
<b>Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN NET ASSETS - PENSION TRUST FUNDS

For the Year Ended June 30, 2009

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>Additions</b>				
Contributions				
Employer	\$ -	\$ 845,000	\$ 552,000	\$ -
Plan members		-	-	53,327
<b>Total contributions</b>	<b>-</b>	<b>845,000</b>	<b>552,000</b>	<b>53,327</b>
Investment Income				
Net depreciation in fair value of investments	(22,096,806)	(1,050,658)	(916,684)	(11,006,486)
Interest and dividends	2,255,096	114,098	107,963	1,114,473
	(19,841,710)	(936,560)	(808,721)	(9,892,013)
Less investment expenses:				
Investment management fees	404,876	23,071	19,751	202,692
<b>Net investment income (loss)</b>	<b>(20,246,586)</b>	<b>(959,631)</b>	<b>(828,472)</b>	<b>(10,094,705)</b>
<b>Deductions</b>				
Benefits	5,231,865	1,541,449	1,136,320	3,336,220
<b>Change in net assets</b>	<b>(25,478,451)</b>	<b>(1,656,080)</b>	<b>(1,412,792)</b>	<b>(13,377,598)</b>
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes</b>				
Beginning of year	108,383,629	6,033,720	5,597,585	53,779,168
End of year	\$ 82,905,178	\$ 4,377,640	\$ 4,184,793	\$ 40,401,570

Post-1967 Fire	Post-1983 Police	Total
\$ 644	\$ 889,000	\$ 2,286,644
358,606	345,421	757,354
359,250	1,234,421	3,043,998
(12,941,470)	(2,506,724)	(50,518,828)
1,329,139	286,983	5,207,752
(11,612,331)	(2,219,741)	(45,311,076)
229,772	52,645	932,807
(11,842,103)	(2,272,386)	(46,243,883)
2,982,319	385,722	14,613,895
(14,465,172)	(1,423,687)	(57,813,780)
63,236,327	13,630,939	250,661,368
\$ 48,771,155	\$ 12,207,252	\$ 192,847,588

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN NET ASSETS - PRIVATE PURPOSE TRUST FUND

For the Year Ended June 30, 2009

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	Phoebe M. Harrison
<b>Additions</b>	
Investment Income	
Interest and dividends	\$ 34
<b>Net investment income</b>	<u>34</u>
<b>Change in net assets</b>	34
<b>Net Assets Held in Trust</b>	
Beginning of year	<u>1,387</u>
End of year	<u><u>\$ 1,421</u></u>

**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**AGENCY FUNDS**

**For the Year Ended June 30, 2009**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>STREET OPENINGS</b>				
<b>Assets</b>				
Cash	\$ 846,695	\$ 500,420	\$ 270,641	\$ 1,076,474
<b>Liabilities</b>				
Amounts held for others	\$ 846,695	\$ 500,420	\$ 270,641	\$ 1,076,474
<b>SCHOOL ACTIVITIES</b>				
<b>Assets</b>				
Cash	\$ 536,164	\$ 1,742,167	\$ 1,826,198	\$ 452,133
<b>Liabilities</b>				
Amounts held for others	\$ 536,164	\$ 1,742,167	\$ 1,826,198	\$ 452,133
<b>DANBURY HIGH SCHOOL SCHOLARSHIP</b>				
<b>Assets</b>				
Cash	\$ 409,163	\$ 64,069	\$ 72,214	\$ 401,018
<b>Liabilities</b>				
Amounts held for others	\$ 409,163	\$ 64,069	\$ 72,214	\$ 401,018
<b>DOWNTOWN SPECIAL SERVICES</b>				
<b>Assets</b>				
Cash	\$ 76,879	\$ 191,023	\$ 207,812	\$ 60,090
<b>Liabilities</b>				
Amounts held for others	\$ 76,879	\$ 191,023	\$ 207,812	\$ 60,090
<b>SECURITY LEASE ACCOUNT</b>				
<b>Assets</b>				
Cash	\$ 9,819	\$ 217	\$ 434	\$ 9,602
<b>Liabilities</b>				
Amounts held for others	\$ 9,819	\$ 217	\$ 434	\$ 9,602

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, Continued

AGENCY FUNDS

For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>DANBURY PERMITS</b>				
<b>Assets</b>				
Cash	\$ 1,368,004	\$ 168,053	\$ 227,371	\$ 1,308,686
<b>Liabilities</b>				
Amounts held for others	\$ 1,368,004	\$ 168,053	\$ 227,371	\$ 1,308,686
<b>SUGAR HOLLOW</b>				
<b>Assets</b>				
Cash	\$ 1,700	\$ -	\$ 1,100	\$ 600
<b>Liabilities</b>				
Amounts held for others	\$ 1,700	\$ -	\$ 1,100	\$ 600
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 3,248,424	\$ 2,665,949	\$ 2,605,770	\$ 3,308,603
<b>Liabilities</b>				
Amounts held for others	\$ 3,248,424	\$ 2,665,949	\$ 2,605,770	\$ 3,308,603

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



CITY OF DANBURY, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
SCHEDULE BY CATEGORY

June 30, 2009

---

Governmental funds capital assets:	
Land	\$ 49,153,128
Land improvements	9,470,024
Buildings and improvements	190,105,491
Machinery and equipment	37,295,768
Infrastructure	123,356,817
Construction in progress	44,069,020
<b>Total governmental funds capital assets</b>	<b>\$ 453,450,248</b>

CITY OF DANBURY, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
SCHEDULE BY FUNCTION AND ACTIVITY**

**June 30, 2009**

	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 12,933,600	\$ -	\$ 23,038,208	\$ 4,681,863	\$ -	\$ -	\$ 40,653,671
Public Safety	5,991,631	36,300	42,556,791	12,293,388	783,274	2,201,610	63,862,994
Public Works	19,700	72,283	1,847,976	7,250,117	121,533,138	7,962,196	138,685,410
Health & Welfare	821,100	-	3,625,009	143,862	-	218,839	4,808,810
Education	5,431,900	5,732,392	104,959,151	10,780,376	42,970	30,160,580	157,107,369
Culture and Recreation	23,955,197	3,629,049	14,078,356	2,146,162	997,435	3,525,795	48,331,994
<b>Total</b>	<b>\$ 49,153,128</b>	<b>\$ 9,470,024</b>	<b>\$ 190,105,491</b>	<b>\$ 37,295,768</b>	<b>\$ 123,356,817</b>	<b>\$ 44,069,020</b>	<b>\$ 453,450,248</b>

CITY OF DANBURY, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

**For the Year Ended June 30, 2009**

	Governmental Funds				Governmental Funds
	Capital Assets July 1, 2008	Additions	Deletions	Transfers	Capital Assets June 30, 2009
General Government	\$ 40,483,888	\$ 204,883	\$ (35,100)	\$ -	\$ 40,653,671
Public Safety	46,890,438	19,911,719	(2,939,163)	-	63,862,994
Public Works	133,353,759	5,483,303	(151,652)	-	138,685,410
Health and Welfare	5,475,055	225,087	(891,332)	-	4,808,810
Education	144,323,586	12,783,783	-	-	157,107,369
Culture and Recreation	46,339,809	1,992,185	-	-	48,331,994
<b>Total</b>	<b>\$ 416,866,535</b>	<b>\$ 40,600,960</b>	<b>\$ (4,017,247)</b>	<b>\$ -</b>	<b>\$ 453,450,248</b>

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**Other Schedules**



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CITY OF DANBURY, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

GENERAL FUND

For the Year Ended June 30, 2009

Grand List Year	Taxes Receivable July 1, 2008	Current Levy	Lawful Corrections	Transfers to Suspense	Balance to be Collected
2007	\$ -	\$ 154,245,503	\$ (668,927)	\$ -	\$ 153,576,576
2006	2,138,168	-	52,713	-	2,190,881
2005	707,233	-	(1,470)	-	705,763
2004	657,744	-	(10,603)	-	647,141
2003	595,582	-	(7,866)	-	587,716
2002	467,094	-	(2,027)	-	465,067
2001	399,537	-	(2,114)	-	397,423
2000	345,298	-	(1,540)	-	343,758
1999	329,407	-	(1,423)	-	327,984
1998	39,505	-	-	-	39,505
1997	3,484	-	-	-	3,484
1996	3,362	-	-	-	3,362
1995	52	-	-	-	52
1994	52	-	-	-	52
1993	53	-	-	-	53
	5,686,571	154,245,503	(643,257)	-	159,288,817
Less allowance:	(1,500,000)	-	-	-	(1,500,000)
	\$ 4,186,571	\$ 154,245,503	\$ (643,257)	\$ -	\$ 157,788,817

<hr/>				
Taxes	Interest	Lien Fees	Total	Taxes Receivable June 30, 2009
\$ 150,822,994	\$ 480,400	\$ 13,902	\$ 151,317,296	\$ 2,753,582
1,478,330	268,804	13,104	1,760,238	712,551
111,265	43,555	843	155,663	594,498
49,878	36,486	96	86,460	597,263
34,818	29,357	168	64,343	552,898
13,688	14,922	96	28,706	451,379
8,232	11,526	-	19,758	389,191
6,667	9,669	-	16,336	337,091
7,242	15,784	-	23,026	320,742
108	15,246	-	15,354	39,397
-	12,156	-	12,156	3,484
-	14,222	-	14,222	3,362
-	10,873	-	10,873	52
-	8,204	-	8,204	52
-	6,120	-	6,120	53
152,533,222	977,324	28,209	153,538,755	6,755,595
-	-	-	-	(1,500,000)
<u>\$ 152,533,222</u>	<u>\$ 977,324</u>	<u>\$ 28,209</u>	<u>\$ 153,538,755</u>	<u>\$ 5,255,595</u>

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**Statistical Section**

## **Statistical Section**

This part of the City of Danbury, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **Contents**

#### ***Financial Trends***

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 119

#### ***Revenue Capacity***

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 130

#### ***Debt Capacity***

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 136

#### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 141

#### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 146

CITY OF DANBURY, CONNECTICUT

**Net Assets By Component**

**Last Eight Fiscal Years**

***(accrual basis of accounting)***

	Fiscal Year (\$ in 000's)							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:								
Invested in capital assets,								
net of related debt	\$ 106,099	\$ 103,874	\$ 105,468	\$ 115,002	\$ 136,424	\$ 140,826	\$ 140,361	\$ 139,376
Restricted	1,477	1,477	1,477	1,519	1,394	1,399	1,394	1,514
Unrestricted	7,796	11,463	6,619	17,675	15,317	22,130	13,679	11,198
<b>Total governmental activities</b>								
<b>net assets</b>	<b>\$ 115,372</b>	<b>\$ 116,814</b>	<b>\$ 113,564</b>	<b>\$ 134,196</b>	<b>\$ 153,135</b>	<b>\$ 164,355</b>	<b>\$ 155,434</b>	<b>\$ 152,088</b>
Business-type activities:								
Invested in capital assets,								
net of related debt	\$ 92,199	\$ 95,715	\$ 87,726	\$ 100,416	\$ 101,952	\$ 101,853	\$ 110,836	\$ 115,046
Unrestricted	118	(1,945)	6,477	(123)	7,619	15,525	14,693	13,239
<b>Total business-type activities</b>								
<b>net assets</b>	<b>\$ 92,317</b>	<b>\$ 93,770</b>	<b>\$ 94,203</b>	<b>\$ 100,293</b>	<b>\$ 109,571</b>	<b>\$ 117,378</b>	<b>\$ 125,529</b>	<b>\$ 128,285</b>
Primary government:								
Invested in capital assets,								
net of related debt	\$ 198,298	\$ 199,589	\$ 193,194	\$ 215,418	\$ 238,376	\$ 242,679	\$ 251,197	\$ 254,422
Restricted	1,477	1,477	1,477	1,519	1,394	1,399	1,394	1,514
Unrestricted	7,914	9,518	13,096	17,552	22,936	37,655	28,372	24,437
<b>Total primary government</b>								
<b>net assets</b>	<b>\$ 207,689</b>	<b>\$ 210,584</b>	<b>\$ 207,767</b>	<b>\$ 234,489</b>	<b>\$ 262,706</b>	<b>\$ 281,733</b>	<b>\$ 280,963</b>	<b>\$ 280,373</b>

GASB Statement No. 34 Implemented in Fiscal Year 2002

Source: City CAFR.

CITY OF DANBURY, CONNECTICUT

**Changes in Net Assets**  
**Last Eight Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year			
	2002	2003	2004	2005
Expenses:				
Governmental activities:				
General Government	\$ 13,378,305	\$ 10,942,508	\$ 8,809,222	\$ 12,498,553
Public Safety	32,214,639	33,710,512	36,648,212	37,382,960
Public Works	7,758,508	10,178,026	9,290,186	11,246,585
Health and welfare	3,981,692	5,281,532	4,884,608	5,734,941
Culture and Recreation	3,553,000	5,662,056	5,085,626	4,516,159
Education	101,072,076	104,143,757	109,575,356	114,075,223
Other	1,701,559	746,206	1,117,770	1,632,640
Interest on long-term debt	2,193,884	2,664,230	3,183,369	3,696,603
<b>Total governmental activities expenses</b>	<b>165,853,663</b>	<b>173,328,827</b>	<b>178,594,349</b>	<b>190,783,664</b>
Business-type activities:				
Sewer	6,950,472	7,679,746	7,932,356	8,475,896
Water	5,150,904	5,452,025	5,685,209	5,542,891
<b>Total business-type activities expenses</b>	<b>12,101,376</b>	<b>13,131,771</b>	<b>13,617,565</b>	<b>14,018,787</b>
<b>Total primary government expenses</b>	<b>177,955,039</b>	<b>186,460,598</b>	<b>192,211,914</b>	<b>204,802,451</b>
Program revenue:				
Governmental activities:				
Charges for services:				
General Government	5,948,658	7,347,101	7,331,519	8,679,296
Public safety	2,420,439	96,414	169,473	146,526
Public works	-	-	-	-
Health and welfare	10,925	1,283,469	3,358,228	3,610,813
Culture and Recreation	1,453,299	19,580	-	-
Education	360,183	5,108,799	5,153,043	5,281,664
Other	5,525,321	-	49,525	148,575
Interest on long-term debt	552,047	-	-	-
Operating grants and contributions:				
General Government	2,422,881	1,011,704	1,177,337	1,439,858
Public safety	1,047,103	290,982	761,254	243,419
Public works	572,273	283,586	176,203	398,753
Health and welfare	1,149,550	1,062,837	996,196	894,121
Culture and Recreation	354,328	381,184	192,262	280,916
Education	31,596,512	32,904,861	33,106,479	38,480,093
Capital grants and contributions:				
General government	232,326	512,983	437,775	528,074
Public safety	273,508	21,421	60,564	-
Public works	-	275,908	1,261,190	1,124,567
Culture and recreation	24,301	-	7,563,300	4,440,124
Education	633,153	1,078,385	1,719,813	-
<b>Total governmental activities program revenue</b>	<b>54,576,807</b>	<b>51,679,214</b>	<b>63,514,161</b>	<b>65,696,799</b>

Source: City CAFR.

	Fiscal Year			
	2002	2003	2004	2005
Business-type activities:				
Charges for services:				
Sewer	8,491,215	7,197,995	8,013,875	10,209,355
Water	4,055,753	4,280,950	5,254,670	6,724,942
Operating grants and contributions:				
Sewer	66,884	631,320	-	-
Water	99,000	179,215	-	-
Capital grants and contributions:				
Sewer	1,139,145	756,051	200,952	910,945
Water	2,784,625	1,126,556	184,604	1,768,890
<b>Total business-type activities program revenues</b>	<b>16,636,622</b>	<b>14,172,087</b>	<b>13,654,101</b>	<b>19,614,132</b>
<b>Total primary government program revenues</b>	<b>71,213,429</b>	<b>65,851,301</b>	<b>77,168,262</b>	<b>85,310,931</b>
Net (expense) revenue:				
Governmental activities	(111,276,856)	(121,649,613)	(115,080,188)	(125,086,865)
Business-type activities	4,535,246	1,040,316	36,536	5,595,345
<b>Total primary government net expense</b>	<b>(106,741,610)</b>	<b>(120,609,297)</b>	<b>(115,043,652)</b>	<b>(119,491,520)</b>
General revenues and other changes in net assets:				
Governmental activities:				
Property taxes	109,623,334	115,197,914	119,765,722	127,888,936
Grants and contributions not restricted to specific programs	8,850,406	7,726,595	6,993,752	16,494,489
Investment earnings	445,257	249,626	437,402	1,335,962
Loss on disposal of capital assets	-	(82,470)	(955,327)	-
<b>Total governmental activities</b>	<b>118,918,997</b>	<b>123,091,665</b>	<b>126,241,549</b>	<b>145,719,387</b>
Business-type activities:				
Grants and contributions not restricted to specific programs	732,427	-	-	-
Investment earnings	427,492	411,795	396,771	494,876
<b>Total business-type activities</b>	<b>1,159,919</b>	<b>411,795</b>	<b>396,771</b>	<b>494,876</b>
<b>Total primary government</b>	<b>120,078,916</b>	<b>123,503,460</b>	<b>126,638,320</b>	<b>146,214,263</b>
Changes in net assets:				
Governmental activities	7,642,141	1,442,052	11,161,361	20,632,522
Business-type activities	5,695,165	1,452,111	433,307	6,090,221
<b>Total primary government</b>	<b>\$ 13,337,306</b>	<b>\$ 2,894,163</b>	<b>\$ 11,594,668</b>	<b>\$ 26,722,743</b>

CITY OF DANBURY, CONNECTICUT

Changes In Net Assets, Continued  
Last Eight Fiscal Years  
(accrual basis of accounting)

	2006	2007	2008	2009
Expenses:				
Governmental activities:				
General Government	\$ 12,816,880	\$ 12,302,755	\$ 13,961,569	\$ 18,306,617
Public Safety	39,411,913	41,643,491	48,028,046	44,778,282
Public Works	12,292,573	14,733,747	21,667,733	15,983,893
Health and welfare	6,143,955	4,431,065	6,179,952	5,058,556
Culture and Recreation	4,425,455	4,924,517	5,490,443	5,090,569
Education	123,823,970	122,426,721	139,538,575	150,405,010
Other	1,004,811	39,999	-	-
Interest on long-term debt	3,100,300	3,086,056	5,117,557	4,493,919
<b>Total governmental activities expenses</b>	<b>203,019,857</b>	<b>203,588,351</b>	<b>239,983,875</b>	<b>244,116,846</b>
Business-type activities:				
Sewer	8,408,066	8,651,216	9,792,295	10,133,342
Water	5,832,384	6,424,495	7,158,381	6,936,874
<b>Total business-type activities expenses</b>	<b>14,240,450</b>	<b>15,075,711</b>	<b>16,950,676</b>	<b>17,070,216</b>
<b>Total primary government expenses</b>	<b>217,260,307</b>	<b>218,664,062</b>	<b>256,934,551</b>	<b>261,187,062</b>
Program revenue:				
Governmental activities:				
Charges for services:				
General Government	10,069,734	9,237,329	8,119,461	7,262,312
Public safety	403,675	358,545	387,935	279,337
Public works	-	-	56,745	6,500
Health and welfare	3,619,202	2,295,664	2,355,045	2,499,088
Culture and Recreation	-	-	-	-
Education	8,950,343	9,250,052	3,009,421	5,302,877
Other	148,575	148,575	-	-
Interest on long-term debt	-	-	-	-
Operating grants and contributions:				
General Government	747,267	1,040,448	1,900,287	2,848,423
Public safety	492,472	240,056	589,436	527,560
Public works	4,884,441	3,428,076	4,209,442	5,736,165
Health and welfare	671,172	710,770	2,729,216	2,498,581
Culture and Recreation	388,621	384,633	225,828	320,543
Education	33,844,639	36,347,683	55,236,978	49,357,171
Capital grants and contributions:				
General government	333,950	404,946	450,010	1,100,972
Public safety	-	-	-	-
Public works	-	-	117,199	13,952
Culture and recreation	404,713	397,674	-	557
Education	17,632,102	2,765,187	1,039,640	143,125
<b>Total governmental activities program revenue</b>	<b>82,590,906</b>	<b>67,009,638</b>	<b>80,426,643</b>	<b>77,897,163</b>

Source: City CAFR.

	2006	2007	2008	2009
Business-type activities:				
Charges for services:				
Sewer	10,489,592	11,865,132	9,888,001	10,493,329
Water	9,409,315	8,235,807	8,344,079	8,104,719
Operating grants and contributions:				
Sewer	-	-	-	-
Water	-	-	-	-
Capital grants and contributions:				
Sewer	1,565,618	408,090	1,466,330	296,344
Water	1,336,408	1,676,546	4,689,422	338,795
<b>Total business-type activities</b>				
<b>program revenues</b>	22,800,933	22,185,575	24,387,832	19,233,187
<b>Total primary government</b>				
<b>program revenues</b>	105,391,839	89,195,213	104,814,475	97,130,350
Net (expense) revenue:				
Governmental activities	(120,428,951)	(136,578,713)	(159,557,232)	(166,219,683)
Business-type activities	8,560,483	7,109,864	7,437,156	2,162,971
<b>Total primary government</b>				
<b>net expense</b>	(111,868,468)	(129,468,849)	(152,120,076)	(164,056,712)
General revenues and other changes in net assets:				
Governmental activities:				
Property taxes	129,588,158	136,344,851	140,195,658	153,095,763
Grants and contributions not restricted to specific programs	7,496,197	7,541,729	7,205,184	8,498,315
Investment earnings	2,283,695	3,387,158	3,760,101	1,963,063
Loss on disposal of capital assets	-	-	-	-
<b>Total governmental activities</b>	139,368,050	147,273,738	151,160,943	163,557,141
Business-type activities:				
Grants and contributions not restricted to specific programs	-	-	-	-
Investment earnings	716,765	697,346	714,594	592,627
<b>Total business-type activities</b>	716,765	697,346	714,594	592,627
<b>Total primary government</b>	140,084,815	147,971,084	151,875,537	164,149,768
Changes in net assets:				
Governmental activities	18,939,099	10,695,025	(8,396,289)	(2,662,542)
Business-type activities	9,277,248	7,807,210	8,151,750	2,755,598
<b>Total primary government</b>	\$ 28,216,347	\$ 18,502,235	\$ (244,539)	\$ 93,056

CITY OF DANBURY, CONNECTICUT

Program Revenues by Function/Program

Last Eight Fiscal Years\*

(accrual basis of accounting)

Function / Program	Fiscal Year			
	2002	2003	2004	2005
Governmental activities:				
General Government	\$ 8,603,865	\$ 8,871,788	\$ 8,946,631	\$ 10,647,228
Public safety	3,741,050	408,817	991,291	389,945
Public works	583,198	559,494	1,437,393	1,523,320
Health and welfare	2,602,849	2,346,306	4,354,424	4,504,934
Culture and Recreation	738,812	400,764	7,755,562	4,721,040
Education	37,754,986	39,092,045	39,979,335	43,761,757
Other	552,047	-	49,525	148,575
<b>Total governmental activities</b>	<b>54,576,807</b>	<b>51,679,214</b>	<b>63,514,161</b>	<b>65,696,799</b>
Business-type activities:				
Water	6,939,378	5,586,721	5,439,274	8,493,832
Sewer	9,697,244	8,585,366	8,214,827	11,120,300
<b>Total business-type activities</b>	<b>16,636,622</b>	<b>14,172,087</b>	<b>13,654,101</b>	<b>19,614,132</b>
<b>Total government</b>	<b>\$ 71,213,429</b>	<b>\$ 65,851,301</b>	<b>\$ 77,168,262</b>	<b>\$ 85,310,931</b>

GASB Statement No. 34 implemented in fiscal year 2002.

Source: City CAFR.

	2006	2007	2008	2009
\$	11,150,951	\$ 10,682,723	\$ 10,469,758	\$ 11,211,707
	896,147	598,601	977,371	806,897
	4,884,441	3,428,076	4,383,386	5,756,617
	4,290,374	3,006,434	5,084,261	4,997,669
	793,334	782,307	225,828	321,100
	63,256,965	48,362,922	59,286,039	54,803,173
	148,575	148,575	-	-
	85,420,787	67,009,638	80,426,643	77,897,163
	10,745,723	9,912,353	13,033,501	10,789,673
	12,055,210	12,273,222	11,354,331	8,443,514
	22,800,933	22,185,575	24,387,832	19,233,187
\$	108,221,720	\$ 89,195,213	\$ 104,814,475	\$ 97,130,350

CITY OF DANBURY, CONNECTICUT

**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year			
	2000	2001	2002	2003
General Fund:				
Reserved/designated	\$ 3,129,235	\$ 2,037,841	\$ 788,134	\$ 1,576,475
Unreserved/undesignated	7,135,325	6,064,400	11,406,086	11,216,189
<b>Total General Fund</b>	<b>\$ 10,264,560</b>	<b>\$ 8,102,241</b>	<b>\$ 12,194,220</b>	<b>\$ 12,792,664</b>
All Other Governmental Funds:				
Reserved	\$ 6,782,845	\$ 4,456,449	\$ 1,781,367	\$ 1,546,726
Unreserved, reported in:				
Special revenue funds	703,435	952,243	1,437,016	1,642,245
Capital projects funds	(7,187,845)	(13,419,639)	(1,047,571)	(766,181)
Permanent fund	-	50,760	57,062	54,189
<b>Total all other government funds</b>	<b>\$ 298,435</b>	<b>\$ (7,960,187)</b>	<b>\$ 2,227,874</b>	<b>\$ 2,476,979</b>

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 1,080,103	\$ 1,697,289	\$ 1,348,297	\$ 6,915,844	\$ 5,205,086	\$ <b>5,390,780</b>
11,761,929	18,228,923	22,959,075	21,403,829	21,776,017	<b>20,919,615</b>
\$ 12,842,032	\$ 19,926,212	\$ 24,307,372	\$ 28,319,673	\$ 26,981,103	\$ <b>26,310,395</b>
\$ 1,531,958	\$ 2,521,632	\$ 17,235,283	\$ 50,395,006	\$ 26,264,651	\$ <b>9,520,697</b>
1,364,284	2,229,784	1,174,142	2,981,388	(1,530,426)	<b>(458,213)</b>
(841,881)	(1,011,174)	(19,904,624)	(46,859,686)	(32,563,480)	<b>(28,388,175)</b>
20,050	41,834	210,205	286,374	350,742	<b>253,618</b>
\$ 2,074,411	\$ 3,782,076	\$ (1,284,994)	\$ 6,803,082	\$ (7,478,513)	\$ <b>(19,072,073)</b>

CITY OF DANBURY, CONNECTICUT

**Changes In Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	2000	2001	2002	2003
<b>Revenues:</b>				
Property taxes, interest and liens, net	\$ 96,821,385	\$ 101,866,512	\$ 109,011,992	\$ 114,944,665
Intergovernmental	45,823,871	49,076,212	50,225,184	47,651,256
Licenses and permits	1,998,727	2,247,033	3,782,967	2,563,553
Charges for services	7,431,874	8,981,137	8,932,383	8,767,480
Fines and penalties	692,225	1,135,939	1,194,685	1,004,335
Interest and dividends	818,445	866,908	474,148	274,676
Other	19,176	64,250	533,620	587,040
Installment sale proceeds	-	-	-	-
<b>Total revenues</b>	<b>153,605,703</b>	<b>164,237,991</b>	<b>174,154,979</b>	<b>175,793,005</b>
<b>Expenditures:</b>				
General Government	10,395,415	12,653,610	11,977,569	8,409,966
Public safety	20,191,377	20,854,872	21,893,208	23,346,273
Public works	5,303,773	5,624,435	5,778,129	6,200,904
Health and welfare	1,316,862	1,320,489	1,418,757	1,449,139
Culture and Recreation	3,307,005	3,581,145	3,776,041	3,933,541
State & Federal Programs	15,640,417	15,006,761	18,170,175	19,512,783
Education	76,312,263	78,012,768	81,568,606	83,887,723
Pension and Other Employee Benefits	12,345,950	13,341,314	14,184,620	15,529,121
General and administrative	-	-	-	-
Capital outlay	5,443,392	15,552,856	11,984,109	12,932,783
Other	2,653,518	2,301,176	2,146,876	2,248,533
<b>Debt service:</b>				
Principal	4,677,112	5,307,112	4,472,112	5,124,462
Interest and other charges	2,947,090	2,757,677	2,445,012	2,668,995
<b>Total expenditures</b>	<b>160,534,174</b>	<b>176,314,215</b>	<b>179,815,214</b>	<b>185,244,223</b>
<b>Excess of revenues (under) expenditures</b>	<b>(6,928,471)</b>	<b>(12,076,224)</b>	<b>(5,660,235)</b>	<b>(9,451,218)</b>
<b>Other financing sources (uses):</b>				
Transfers in	744,869	2,505,311	891,291	1,027,836
Transfers out	(744,869)	(1,657,311)	(891,291)	(1,027,836)
Issuance of long-term debt	-	-	11,792,000	-
Issuance of bond anticipation notes	1,500,000	-	-	12,320,000
Repayment of bond anticipation notes	-	-	-	-
Proceeds of refunding bonds	-	-	-	1,190,000
Payment to refunded bond escrow agent	-	-	-	(1,177,816)
Premium (discount) on long-term debt	-	-	-	50,527
Loan Proceeds	-	-	-	-
Lease Financing	663,886	796,523	1,123,620	2,023,824
<b>Total other financing sources (uses)</b>	<b>2,163,886</b>	<b>1,644,523</b>	<b>12,915,620</b>	<b>14,406,535</b>
<b>Net changes in fund balance</b>	<b>\$ (4,764,585)</b>	<b>\$ (10,431,701)</b>	<b>\$ 7,255,385</b>	<b>\$ 4,955,317</b>
Debt service as a percentage of noncapital expenditures	5.2%	5.3%	4.3%	4.7%

		Fiscal Year									
		2004	2005	2006	2007	2008	2009				
\$	119,645,762	\$	128,472,290	\$	128,855,805	\$	133,943,860	\$	139,210,955	\$	152,551,430
	50,623,295		54,169,459		69,473,699		60,140,780		70,240,583		72,956,073
	4,060,155		5,409,824		6,119,885		4,921,896		3,908,131		3,342,587
	7,716,872		8,406,607		9,130,663		9,236,606		11,850,608		10,020,317
	1,210,448		984,552		1,222,113		1,330,121		1,325,037		1,186,314
	467,277		1,368,920		2,357,383		3,483,455		3,838,758		1,963,063
	625,528		497,721		752,385		514,844		842,558		668,610
	-		2,625,000		2,625,000		2,625,000		-		-
	184,349,337		201,934,373		220,536,933		216,196,562		231,216,630		242,688,394
	8,780,297		8,796,865		8,772,110		9,248,019		10,824,635		10,438,371
	23,288,592		23,268,264		26,673,001		27,493,478		30,778,325		31,042,636
	7,411,398		7,698,331		8,139,775		8,383,455		12,704,006		11,085,499
	6,786,471		6,325,270		5,928,717		4,153,905		6,214,422		5,978,317
	4,146,224		3,903,134		3,160,072		3,206,705		3,296,714		3,276,915
	-		-		-		-		-		-
	106,145,585		114,626,317		121,160,848		126,004,516		137,525,529		142,973,626
	17,506,130		19,073,801		18,596,490		16,970,377		19,662,590		19,822,162
	-		-		-		-		-		-
	6,318,802		15,122,696		34,966,659		27,775,383		42,901,902		36,615,116
	1,560,649		896,108		-		-		-		-
	5,074,461		6,322,511		5,600,612		5,672,350		6,599,850		7,810,350
	2,219,285		2,877,558		2,668,668		3,136,734		3,855,922		4,497,286
	189,237,894		208,910,855		235,666,952		232,044,922		274,363,895		273,540,278
	(4,888,557)		(6,976,482)		(15,130,019)		(15,848,360)		(43,147,265)		(30,851,884)
	1,412,879		682,468		713,880		2,237,551		721,184		744,048
	(1,412,879)		(682,468)		(713,880)		(2,237,551)		(721,184)		(744,048)
	-		3,615,000		15,888,000		18,302,000		-		17,599,450
	4,220,000		10,202,000		10,202,000		24,357,500		17,026,950		15,963,762
	-		(3,615,000)		(10,202,000)		(15,650,000)		(18,302,000)		(17,026,950)
	14,048,000		-		-		-		23,480,000		-
	(14,955,050)		-		-		-		-		-
	1,188,599		-		745,035		313,112		288,200		1,120,847
	-		1,500,000		-		-		-		-
	1,913,468		1,156,397		239,398		721,128		5,033,950		930,507
	6,415,017		12,858,397		16,872,433		28,043,740		27,527,100		18,587,616
\$	1,526,460	\$	5,881,915	\$	1,742,414	\$	12,195,380	\$	(15,620,165)	\$	(12,264,268)
	4.2%		5.0%		4.3%		4.5%		4.7%		5.5%

CITY OF DANBURY, CONNECTICUT

Tax Revenues by Source, Governmental Funds

Last Nine Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

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Fiscal Year	Real Estate	Motor Vehicle	Personal Property	Total
2002	91,467,114	10,263,055	7,861,247	109,591,416
2003	95,831,867	10,742,408	8,551,789	115,126,064
2004	100,768,923	10,993,511	8,931,597	120,694,031
2005	109,455,785	11,064,635	8,230,210	128,750,630
2006	110,475,760	11,038,162	8,120,338	129,634,260
2007	114,768,625	11,040,846	7,918,381	133,727,852
2008	118,834,061	10,472,507	8,186,224	137,492,792
<b>2009</b>	<b>133,553,703</b>	<b>10,877,428</b>	<b>8,101,765</b>	<b>152,532,896</b>
Change 2002-2009	<u>46%</u>	<u>6%</u>	<u>3%</u>	<u>39%</u>

Source: City records.

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CITY OF DANBURY, CONNECTICUT

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Real Property				Miscellaneous Land	Personal Property	Motor Vehicle
	Residential	Commercial	Industrial				
2000	\$ 2,579,573,190	\$ 1,172,959,500	\$ 231,406,000	\$ 58,092,600	\$ 312,155,480	\$ 312,862,540	
2001	2,333,980,800	1,061,299,700	264,548,900	50,114,450	338,053,100	346,765,170	
2002	2,354,721,650	1,146,247,200	266,237,800	221,800	327,611,540	373,272,300	
2003	2,409,642,150	1,158,498,600	267,362,000	243,900	334,632,140	391,644,580	
2004	2,583,763,610	1,247,507,800	322,041,800	515,900	330,035,330	408,352,010	
2005	2,915,705,960	1,233,618,100	319,303,100	376,300	329,968,950	401,484,930	
2006	3,279,814,730	1,246,110,000	325,550,600	792,400	342,432,340	441,104,225	
2007	3,688,875,780	1,280,991,100	321,574,700	793,800	357,497,870	453,490,220	
2008	3,789,927,800	1,331,341,420	333,599,810	1,061,600	373,994,650	449,235,730	
<b>2009</b>	<b>4,329,018,390</b>	<b>1,564,017,220</b>	<b>413,563,900</b>	<b>314,700</b>	<b>379,979,570</b>	<b>459,535,728</b>	

Source: City Records

Note: The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year. There are no overlapping governments that collect property taxes from City residents.

(1) The General Statutes of Connecticut §12-62a establishes as uniform assessment percentage of 70% of the actual assessed value.

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Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (1)
\$ 4,667,049,310	4.71%	20.78	\$ 6,667,213,300	70.00%
4,394,762,120	-5.83%	23.19	6,278,231,600	70.00%
4,468,312,290	1.67%	24.30	6,383,303,271	70.00%
4,562,023,370	2.10%	25.24	6,517,176,243	70.00%
4,892,216,450	7.24%	24.59	6,988,880,643	70.00%
5,200,457,340	6.30%	24.86	7,429,224,771	70.00%
5,635,804,295	8.37%	23.03	8,051,148,993	70.00%
6,103,223,470	8.29%	22.20	8,718,890,671	70.00%
6,279,161,010	11.42%	22.20	8,970,230,014	70.00%
<b>7,146,429,508</b>	<b>13.81%</b>	<b>21.35</b>	<b>10,209,185,011</b>	<b>70.00%</b>

CITY OF DANBURY, CONNECTICUT

Principal Property Taxpayers  
 Current Year and Nine Years Ago  
 (Unaudited)

Taxpayer	2009			2000		
	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Danbury Mall Associates	\$ 252,024,000	1	3.49%	\$ 71,261,090	2	1.53%
Danbury Buildings, Inc.	67,765,700	2	0.94	-	N/A	N/A
Boehringer-Ingelheim	59,846,000	3	0.83	220,150,380	1	4.72
Avolonbay Communities, Inc.	58,787,910	4	0.81	52,235,220	3	1.12
Connecticut Light & Power	50,140,000	5	0.69		N/A	N/A
Melvyn, Mary & Seymour Powers						
Danbury Industrial Corp & MMP Realty	48,189,180	6	0.67	33,184,140	5	1.29
WCI Communities, Inc.	41,875,200	7	0.58		N/A	N/A
BF Goodrich Aerospace	41,497,920	8	0.57	21,797,650	8	0.47
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center	34,208,700	9	0.57		N/A	N/A
Ethan Allen Inn/Lake Avenue Associates	33,519,990	10	0.45	19,751,060	10	0.42
<b>Total</b>	<u>\$ 687,854,600</u>		<u>8.12%</u>	<u>\$ 418,379,540</u>		<u>11.28%</u>

Source: City Records

CITY OF DANBURY, CONNECTICUT

Property Tax Levies And Collections  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year Ended June 30:	Grand List Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2000	1998	\$ 96,977,466	\$ 95,619,781	98.60	\$ 1,101,559	\$ 96,721,340	99.74%
2001	1999	101,895,249	99,857,344	98.00	1,690,496	101,547,840	99.66%
2002	2000	108,588,084	107,176,438	98.70	1,050,388	108,226,826	99.67%
2003	2001	115,150,456	113,192,898	98.30	1,540,817	114,733,715	99.64%
2004	2002	118,824,972	117,993,198	99.30	313,507	118,306,705	99.56%
2005	2003	128,446,048	126,519,357	98.50	191,570	126,710,927	98.65%
2006	2004	128,951,428	127,017,517	98.50	724,587	127,742,104	99.06%
2007	2005	134,112,457	132,134,830	98.53	597,263	132,732,093	98.97%
2008	2006	138,522,443	137,492,791	99.23	217,106	137,670,100	99.38%
<b>2009</b>	<b>2007</b>	<b>152,748,437</b>	<b>150,822,781</b>	<b>98.73%</b>	-	<b>150,822,781</b>	<b>98.73%</b>

Source: City of Danbury Tax Records

CITY OF DANBURY, CONNECTICUT

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Total Debt Per Capita <sup>(3)</sup>
	Net Bonded Debt	Capital <sup>(1)</sup> Leases	Ratio of Net Bonded Debt to Est. Taxable Value	Debt Per Capita	CWF <sup>(2)</sup> Notes Payable	General Obligation Bonds			
2000	52,320,000	4,936,413	0.78%	765	33,823,369	27,075,000	\$ 118,154,782	6.44%	1,579
2001	47,600,000	3,966,015	0.76%	686	31,203,987	25,520,000	\$ 108,290,002	5.88%	1,441
2002	55,007,000	3,417,069	0.86%	767	28,584,605	24,918,000	\$ 111,926,674	5.99%	1,467
2003	50,009,500	3,624,928	0.77%	701	25,965,223	23,315,000	\$ 102,914,651	5.48%	1,341
2004	58,126,800	3,496,381	0.83%	796	23,345,842	21,873,200	\$ 106,842,223	5.61%	1,374
2005	56,009,450	3,451,078	0.75%	768	20,726,460	21,595,400	\$ 101,782,388	5.34%	1,307
2006	60,967,100	2,574,247	0.76%	815	18,107,078	20,452,900	\$ 102,101,325	4.26%	1,300
2007	79,652,250	2,097,605	0.91%	1,038	15,487,697	26,027,750	\$ 123,265,302	4.60%	1,555
2008	96,532,400	6,063,439	1.08%	1,295	12,868,315	28,807,600	\$ 144,271,754	5.38%	1,821
<b>2009</b>	<b>106,321,500</b>	<b>5,608,428</b>	<b>1.04%</b>	<b>1,412</b>	<b>10,248,933</b>	<b>28,868,500</b>	<b>\$ 145,438,933</b>	<b>5.67%</b>	<b>1,835</b>

**Note:** The City has no revenue bonds.

**Note:** Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

<sup>1</sup> Capital leases for the City and BOE were not added prior to June 30, 2007

<sup>2</sup> Notes Payable issued under the Clean Water Program thru the State of Connecticut, final maturity date January 31, 2014

<sup>3</sup> See the schedule of Demographic and Economic Statistic on page 141 for personal income and population data.

CITY OF DANBURY, CONNECTICUT

**Direct Governmental Activities Debt  
For the Year Ended June 30, 2009  
(Unaudited)**

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Governmental Unit	Debt Outstanding
General obligation debt	\$ 106,321,500
Less school construction grants receivable - principal portion only	<u>1,918,864</u>
<b>Total direct debt</b>	<b><u><u>\$ 104,402,636</u></u></b>

\*No overlapping debt.

**Sources:** City Records.

**Note:** The City is not subject to the debt of overlapping governments.

**Note:** School construction grants are receivable in substantially equal installments over the life of outstanding school bonds, obtained from Office of Policy and Management, State of Connecticut.

**CITY OF DANBURY, CONNECTICUT**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

*(dollars in thousands)*

**(Unaudited)**

	2000	2001	2002	2003
Debt limit	\$ 686,107	\$ 725,421	\$ 773,947	\$ 813,688
Total net debt applicable to limit	50,542	55,199	59,411	61,598
Legal debt margin	635,565	670,222	714,536	752,090
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>7.95%</b>	<b>8.24%</b>	<b>8.31%</b>	<b>8.19%</b>

	2004	2005	2006	2007	2008	2009
\$	852,713	\$ 900,490	\$ 902,119	\$ 947,064	\$ 984,120	\$ 1,077,930
	91,110	86,554	77,042	71,737	73,858	86,346
	761,603	813,936	825,077	875,327	910,262	991,584
	11.96%	10.63%	9.34%	8.20%	8.11%	8.71%

CITY OF DANBURY, CONNECTICUT

COMPUTATION OF LEGAL DEBT LIMITATION

June 30, 2009

Total tax collections (including interest and lien fees) for the year ended June 30, 2008	\$ 153,458,408
Reimbursement for revenue loss:	
Tax relief for elderly	<u>417,253</u>
Base	<u>\$ 153,875,661</u>
Debt limit	<u><u>\$ 1,077,129,627</u></u>

Debt Limitation	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 346,220,236	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	692,440,473	-	-	-
3-3/4 times base	-	-	577,033,727	-	-
3-1/4 times base	-	-	-	500,095,897	-
3 times base	-	-	-	-	461,626,982
<b>Total debt limitation</b>	<u>346,220,236</u>	<u>692,440,473</u>	<u>577,033,727</u>	<u>500,095,897</u>	<u>461,626,982</u>
<b>Debt as defined by statute:</b>					
Bonds payable	86,345,500	19,976,000	39,117,433	1,166,000	-
Bond anticipation notes payable	57,050,150	4,997,850	12,297,000	-	-
Capital leases	820,370	4,788,058	-	-	-
Bonds authorized but not issued, issue dates not yet established	18,227,281	1,567,344	3,433,858	-	-
<b>Total indebtedness</b>	<u>162,443,301</u>	<u>31,329,252</u>	<u>54,848,291</u>	<u>1,166,000</u>	<u>-</u>
Debt Limitation in excess of indebtedness	<u><u>\$ 183,776,935</u></u>	<u><u>\$ 661,111,221</u></u>	<u><u>\$ 522,185,436</u></u>	<u><u>\$ 498,929,897</u></u>	<u><u>\$ 461,626,982</u></u>

**Note:** Total overall statutory debt limit for the City is equal to seven times annual receipts from taxation.

**CITY OF DANBURY, CONNECTICUT**

**Demographic and Economic Statistics**

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year Ended June 30	Population **	Personal Income (000s)	Personal (1) Income Per Capita	Median Age	School Enrollment	Unemployment(*) Rate
2000	74,848	1,833,776	24,500	33	9,151	1.8%
2001	75,139	1,840,906	24,500	33	9,370	3.0%
2002	76,185	1,866,533	24,500	33	9,567	3.9%
2003	76,499	1,874,226	24,500	35	9,561	4.4%
2004	77,431	1,897,060	24,500	35.2	9,587	3.6%
2005	77,449	1,897,501	24,500	35.2	9,668	4.1%
2006	78,008	2,384,080	30,562	35.2	9,721	4.0%
2007	78,760	2,664,766	33,834	35.2	9,983	3.6%
2008	79,226	2,680,532	33,834	39	10,119	4.5%
<b>2009</b>	<b>79,256</b>	<b>2,566,468</b>	<b>32,382</b>	<b>37.4</b>	<b>10,279</b>	<b>7.0%</b>

**Sources:** City Records

(\*) **Source:** Connecticut Department of Labor, By Town, Not Seasonally Adjusted.

(\*\*) **Source:** U.S Census Bureau estimates

(1) 2006 - 2008 U.S. Census Bureau adjusted for inflation

**CITY OF DANBURY, CONNECTICUT**

**Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Boehringer-Ingelheim Pharmaceuticals	2,310	1	5.27%	2,900	1	8.35%
Danbury Hospital (excluding affiliates)	1,587	2	3.62%	1,215	3	3.50%
Cartus (formerly Cendant Mobility)	1,349	3	3.08%	-	N/A	N/A
Danbury School Systems	1,318	4	3.01%	1,638	2	4.72%
G.E. Capital	1,003	5	2.29%	1,000	4	2.88%
Western CT State University	620	6	1.41%	-	N/A	N/A
City of Danbury General Government	576	7	1.31%	545	8	1.57%
B. F. Goodrich	501	8	1.14%	-	N/A	N/A
Pitney Bowes, Inc.	480	9	1.10%	495	9	1.42%
Barden Corporation	388	10	0.89%	430	10	1.24%

**Sources:** Greater Danbury Chamber of Commerce

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**CITY OF DANBURY, CONNECTICUT**

**Full-Time Equivalent City Government Employees By Functions/Programs  
Last Ten Fiscal Years  
(Unaudited)**

Functions/Program	Full-Time Equivalent Employees as of June 30				
	2009	2008	2007	2006	2005
<b>Governmental Services:</b>					
Legislative	-	-	-	1	1
Mayor's Office	6	6	6	6	6
City Clerk	1	1	1	1	1
Registrars/Jury Committee	2	2	2	2	2
Finance/Insurance	15	14	15	15	15
Info Technology	5	4	4	4	4
Assessments	8	8	11	11	11
Tax Collector	10	11	11	11	11
Purchasing	3	3	3	3	3
Corporation Counsel (Legal)	3	3	4	4	4
Town Clerk	6	7	7	7	7
Permit Coordination	5	6	6	6	6
Building/ Civil Prep	9	9	9	9	8
Planning	6	6	6	7	7
Public Bldgs (Facilities Management)	15	16	14	14	14
Economic Development	-	1	1	1	1
Personnel	2	2	2	2	2
<b>Recreation:</b>					
General & Administrative	2	2	2	2	2
Parks	-	-	-	-	-
<b>Police:</b>					
Officers	156	158	155	155	155
Civilians	10	8	8	6	6
<b>Fire:</b>					
Firefighters and Officers	127	127	108	109	109
Civilians	2	2	2	2	2
<b>Public Works:</b>					
Administration	3	6	7	6	6
Equipment Maintenance	7	7	7	7	7
Park Maintenance	18	18	19	19	19
Forestry	4	6	4	4	4
Street Sweeping, Snow Removal	21	22	23	23	23
Street Maintenance & Lighting	21	21	16	15	15
Recycling/Solid Waste	-	-	-	-	-
Traffic Control (Engineering)	3	3	3	3	3
Construction services	3	-	-	-	-
<b>Water:</b>					
Administration	7	7	6	5	5
Transmission	20	21	16	16	15
Purification	11	12	11	11	11
Sewer Maintenance	-	-	-	-	-
Stormwater	-	-	-	-	-
<b>Other Programs/Functions:</b>					
Consumer Protection	1	1	1	-	-
UNIT	4	5	4	1	-
Engineering	9	10	11	12	11
Library	25	27	27	28	28
Health & Housing	17	11	11	13	13
Social Services	4	11	11	10	10
Airport	5	5	5	4	4
<b>Total</b>	<b>576</b>	<b>589</b>	<b>559</b>	<b>555</b>	<b>551</b>

Source: City Records

Full-Time Equivalent Employees as of June 30

2004	2003	2002	2001	2000
1	-	-	-	-
6	6	6	5	4
1	2	2	1	1
2	2	2	2	2
14	18	18	18	18
4	5	5	6	7
10	10	10	10	10
11	11	11	11	11
3	4	5	5	5
4	4	3	3	3
7	8	6	6	6
4	-	-	-	4
10	12	11	10	8
7	10	9	9	8
14	16	16	16	15
-	-	-	-	-
3	4	4	4	4
4	4	4	4	4
22	22	22	21	21
154	155	159	159	159
6	6	6	6	6
108	109	109	109	109
2	2	2	2	2
5	5	5	5	5
7	7	7	7	7
-	-	-	-	-
-	-	-	-	-
23	25	25	25	25
15	15	15	15	15
-	-	-	-	-
3	3	3	3	3
-	-	-	-	-
5	5	5	5	5
16	15	15	14	13
12	12	12	12	12
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
11	12	12	12	12
28	30	30	30	29
13	14	14	14	14
10	10	10	10	10
4	4	4	4	4
<b>549</b>	<b>567</b>	<b>567</b>	<b>563</b>	<b>561</b>

**CITY OF DANBURY, CONNECTICUT**

**Operating Indicators By Function/Program  
Last Ten Fiscal Years  
(Unaudited)**

Function/Program	Calendar Year				
	2000	2001	2002	2003	2004
Police:					
Calls for service	78,120	79,147	78,982	81,354	81,374
Adult arrest	2,644	2,470	2,311	2,292	2,299
Juvenile arrest	643	412	345	375	397
Traffic citations	4,863	5,027	2,543	1,771	2,023
Fire:					
Total fire runs	3,143	2,826	2,861	2,851	2,792
Total rescue runs	2,876	3,077	2,742	2,781	3,068
Building safety:					
Total building permits**	2,272	2,755	1,331	1,317	1,620
Total value all permits**	\$ 101,976,231	\$ 103,622,809	\$ 96,171,210	\$ 67,853,574	\$ 132,045,142
Library, volumes in collection	95,234	117,995	117,995	113,483	111,950

**Source:** City Records

\*Through September 30, 2009. Building permits through October 31, 2009.

\*\*Building permits for 2000 and 2001 include electrical and mechanical permits.

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Calendar Year				
2005	2006	2007	2008*	2009*
77,500	60,970	66,418	58,248	<b>43,865</b>
2,133	2,097	1,631	1,389	<b>1,550</b>
405	426	287	320	<b>383</b>
1,687	3,201	6,290	2,725	<b>3,324</b>
2,753	2,111	2,339	1,309	<b>2,219</b>
3,183	2,414	2,730	2,740	<b>3,037</b>
1,622	1,583	1,332	912	<b>984</b>
\$ 166,334,991	\$ 155,415,832	\$ 186,779,314	\$ 76,756,396	\$ <b>78,192,769</b>
112,812	114,415	111,828	120,150	<b>121,342</b>

CITY OF DANBURY, CONNECTICUT

Capital Asset Statistics By Function/Program  
Last Ten Fiscal Years  
(Unaudited)

Function/Program	Calendar Year			
	2000	2001	2002	2003
Police:				
Stations	1	1	1	1
Fire, Fire Stations (Career)	4	4	4	4
Fire Stations (Volunteer)	12	12	12	12
Public Works:				
Buildings	4	4	4	4
Streets (Miles)	228	235	235	235
Street Lights	2,806	2,818	2,818	2,768
Parks & Recreation:				
Acreage	1,326	1,326	1,326	1,326
Parks	16	15	15	15
Golf Course	1	1	1	1
Baseball/Softball Diamonds	11	11	11	11
Ice Skating Pond	1	1	1	1
Soccer/Football/Lacrosse Fields	1	1	1	1
Basketball Courts	3	3	3	3
Tennis Courts	10	10	10	10
Spray Park	-	-	-	-
Swimming pools	3	3	2	2
Volleyball Courts	-	-	-	-
Handball Courts	-	-	-	-
Parks with Playground Equipment	6	6	5	5
Picnic Shelters	2	2	1	1
Recreation Building	1	1	1	1
Banquet Hall	1	1	1	1
Band Shell	-	-	-	1
Public Buildings:				
City Buildings	10	10	10	11
Schools	17	17	17	17
Library:				
Facilities	1	1	1	1
Volumes	95,234	117,995	117,995	113,483
Water:*				
Lakes	-	-	-	-
Storage Capacity (MGPD)	2,933	2,933	2,933	2,933
Average Daily Consumption (MGPD)	7.78	8.24	8.06	7.61
Peak Consumption (MGPD)	9.00	9.60	10.32	9,378.00
Wastewater:				
Sanitary Sewers (miles)	117.90	119.70	120.30	123.00

Source: City Records

Calendar Year						
2004	2005	2006	2007	2008	2009	
1	1	1	1	1	1	1
4	4	4	4	5	5	5
12	12	12	12	12	12	12
4	4	4	6	6	5	
238	238	238	241	241	241	241
2,768	2,768	2,768	2,807	2,868	2,869	2,869
1,326	1,326	1,326	1,326	1,381	1,381	1,381
15	15	15	15	15	17	17
1	1	1	1	1	1	1
13	14	13	13	17	15	15
1	1	-	-	-	-	-
4	4	6	8	11	8	8
3	3	2	2	4	2	2
10	10	10	10	16	10	10
-	-	-	2	2	2	2
2	-	-	-	-	-	-
-	-	-	6	6	6	6
-	-	-	-	-	2	2
5	4	5	7	8	9	9
1	1	1	1	1	1	1
1	-	-	-	-	-	-
1	1	1	1	1	1	1
1	1	1	1	1	1	1
12	12	12	13	14	14	14
17	17	18	18	18	22	22
1	1	1	1	1	1	1
111,950	112,812	114,415	111,828	120,150	121,342	121,342
-	-	-	-	-	-	-
2,933	2,933	2,933	2,933	2,705	2,792.00	2,792.00
7.52	7.48	7.40	7.20	6.55	6.52	6.52
9.57	9.71	9.70	9.50	8.70	8	8
124.00	128.80	132.30	140.00	133.95	135.36	135.36

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