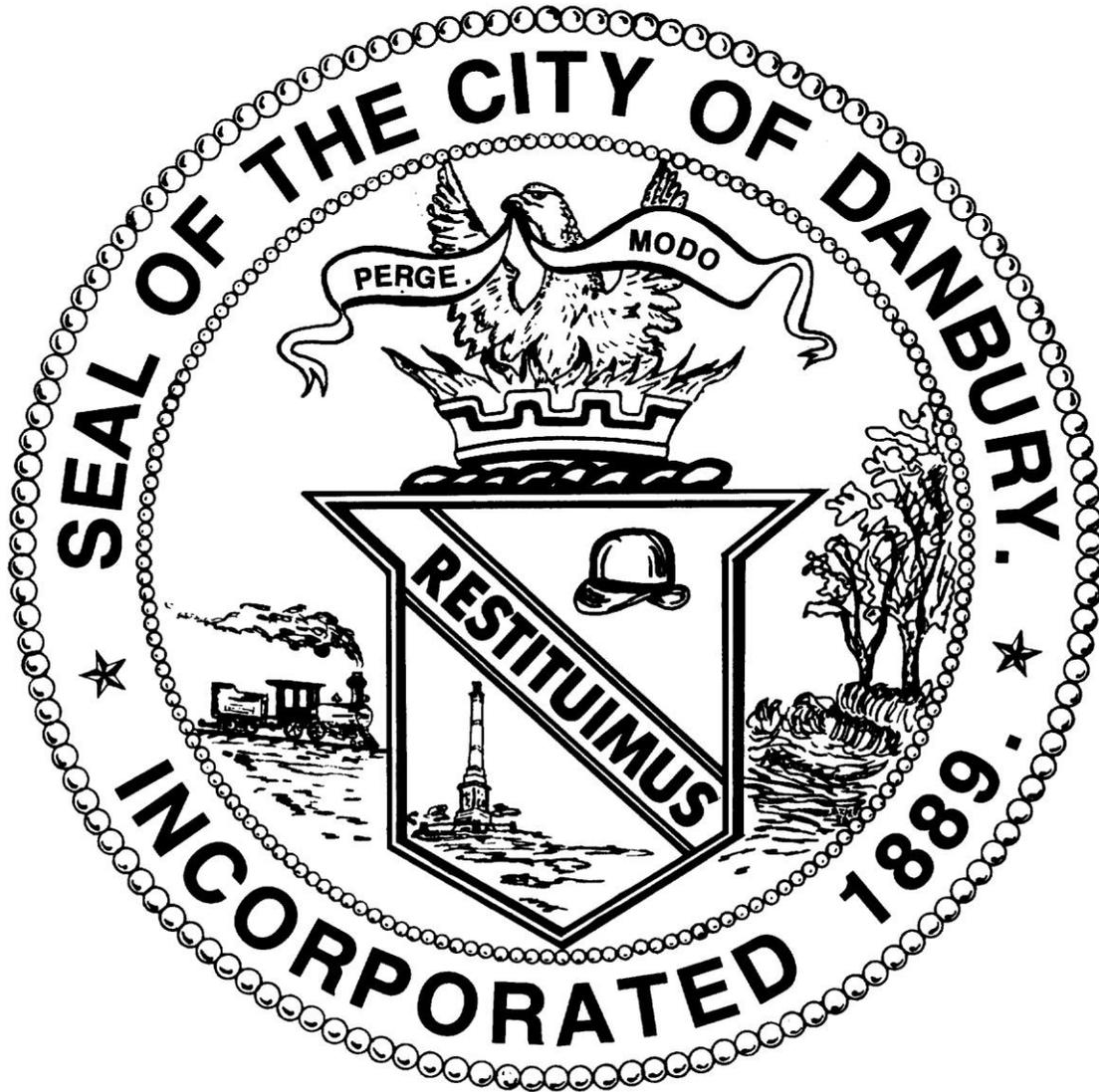


**CITY OF DANBURY, CONNECTICUT  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2011  
DEPARTMENT OF FINANCE  
DANBURY, CONNECTICUT**



**CITY OF DANBURY,  
CONNECTICUT**

**Comprehensive  
Annual Financial Report**

**for**

**The Fiscal Year Ended  
June 30, 2011**

**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**  
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## **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 29, 2011

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, 2011.

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 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, 2011, 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, 2011 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 80,893 (in 2010) and a median household income of approximately \$62,582 in 2010 (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 2,050 employees with approximately 518 full-time municipal employees who provide services to the Danbury community and 1,532 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 five discretely presented component units: the Danbury Parking Authority, Richter Park Authority, Tarrywile Park Authority, , Charles Ives 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 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 78 as part of the Required Supplementary Section 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 fourth consecutive year, Danbury has been ranked the safest city in Connecticut and the fourth safest large city in all of New England among the 393 U.S. cities included in the ranking, conducted by CQ Press, as part of its Crime in Metropolitan America series.

The strength of Danbury Labor Market Area economic base builds upon the diversity of its talented workforce of approximately 65,310 among several large sustainable leading industries such as: Education and Health Services (employing 18,460 - 28.2% of the workforce), Trade, Transportation and Utilities (employing 15,350 - 23.5%), Manufacturing (employing 8,060 - 12.3%), and Professional and Business Services (employing 7,480 - 11.4%). 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. Although some health care, food service and public sector jobs were added; construction, manufacturing and trade sector jobs were lost at a greater amount. The most important economic indicator supporting the City's decade long effort to promote a diversified industrial base is the Danbury Labor Market Area (LMA) unemployment rate of 6.5% for October 2011 which remains the lowest in the State of Connecticut as compared to 8.2% for the State of Connecticut and 8.6% for the United States.

Danbury has been fortunate that most previously planned private construction projects have continued during this economic recession, although smaller in size and scope. Previously approved municipal projects, especially those with state and/or federal funding continue to move ahead. By focusing on the City's core mission and reprioritizing projects, the City has been able to continue to make the necessary investments in the community to ensure the foundation is in place for a more robust economy in the future. In the last few years, the newly constructed Ellsworth Avenue Elementary School was opened; the City completed dozens of drainage, road improvement and intersection projects; added more recreational open space and a new multi-purpose sports field in Rogers Park for use by our athletic leagues; and most significantly, opened a \$39 million "state of the art" police station on Main Street.

The City created the Danbury Solid Waste Authority (DSWA) with the intention of providing some community oversight of the solid waste flow which passes through our community at the White Street Transfer Station. The DSWA intends to work cooperatively with new owner/operator, Winter Brothers, for the mutual benefit of the Danbury community.

Danbury Hospital, which has recently merged with New Milford Hospital is the City's largest employer with approximately 2,350 employees located in the Danbury area. With its services continuously expanding, Danbury Hospital is nationally recognized as a leader in the healthcare industry. It has been the recipient of several accreditations/designations and continues to be ranked in the top 5% of hospitals for their health care services and facilities. The Hospital has consistently been given special recognition by Health Grade every year for the last several years. The Hospital has continued its' plan for future growth even after completing its 60,000 square foot out-patient diagnostic center expansion project in 2007. In September 2010, Danbury Hospital opened a "state of the art" cancer research facility in the site formerly occupied by the Watson Laboratories. Most significant is the \$150 million expansion project which includes: a new 40,000 square foot Emergency Department; three new 35 bed medical floors (two shelled for future growth); 30 bed ICU and CCU; and a expansion of its parking garage. This is the largest expansion in the Hospital's history and is expected to be completed in 2014.

The Steiner family's Prindle Lane complex which will begin construction on their 20 acre property in January 2012, 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.

The Shops at Marcus Dairy which began construction in June 2011 is a 10-acre site with five buildings and 81,000 square feet approved for a shopping center with Whole Foods Grocery Store and other retail stores, restaurants and a bank, is expected to be completed next year.

Biodell Pharmaceuticals has plans to occupy 90,788 square feet of space for offices, R&D, and manufacturing and to hire between 350-500 employees within the next five years. Plans and permits have been approved but not yet retrieved by Biodell.

The Army Reserve plans on building a facility for weekend training/drilling for 600-700 soldiers. The \$30 million project on 18 acres will not provide housing on site and is anticipated that a minimum of \$2 million will be generated annually for the local economy.

The former Union Carbide Site offices which are 75% occupied was sold a few years ago to The Matrix Group. They have quickly become visible within our community and have three new tenants: Guideposts, STP, and GM. 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 \$200 million expansion project was completed in September 2008 added 300,000 square feet to an existing building that will be used for the production of a powder insulin drug and dispenser. MannKind has recently received FDA approval for more clinical testing of their powder insulin (AFRESA) drug/dispenser and does expect to receive final approval. Upon such approval, MannKind anticipates hiring additional employees to handle the increase production at their facility. Additionally, MannKind completed its acquisition from Pfizer Inc. of a quantity of bulk insulin and a license to manufacture bulk insulin for use in pulmonary delivery pursuant to an insulin sale and purchase agreement.

The BRT/Croby Street - Brookview Apartments - which is a newly renovated building with 115 apartments has subsequently attracted Papa John's Pizza, Bruegger's Bagels and a Dance Studio in the adjacent building at 33 Crosby Street.

DRS Technologies, a company that develops, manufactures and supports a broad range of systems for military requirements, has plans to invest \$5 million in a 40,000 square feet addition to their facility which will likely result in the hiring of 80 new employees.

Toll Brothers, recognized the incredible value of the Reserve/Sawmill Complex (Rivington) which it purchased from WCI Communities. They have begun working to build out the three phase residential portion of the 244 acre project which originally consisted of 1,400 townhouses

Boehringer-Ingelheim recently completed a \$140 million expansion of its 30 year expansion project in their Danbury facility. Over the last couple of years, BI also added 860 employees. It has most recently invested \$3 million matching a \$3 million DOT contribution to improve the entry and sight line into its corporate headquarters on Ridgebury Road.

Several new businesses have opened over the last couple of years: PC Richards (electronics), Sierra Grill, Chuck E. Cheese's, Buffalo Wild Wings, Mezon, Next 40, DSW, Pepe's Pizza, Blue Chip Restaurant, Ehrbar, and Houlihan's Restaurant, Aldi's Grocery, Sonic's, LA Fitness, and Whole Foods will be opening soon.

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, completed \$180 million of renovations and improvements a few years ago which included new stone and porcelain flooring, new lighting fixtures, and stained-wood accents. Additionally, the Danbury Fair Mall has been very successful

in recruiting new tenants to fill the vacated space which they purchased from Macy's Department Stores. Dick's Sporting Goods, Fashion 21 Brio's, and The Cheesecake Factory have already opened with another major national restaurant chain expected to sign soon for the remaining space at the former Filene's space.

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 Aa1, AA+, and AAA 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 2011-2012 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 \$3.3 million to purchase over 400 acres of undeveloped land and the development rights to a 28 acre working farm.
  - Danbury High School Improvements - The \$2.9 million of improvements to Danbury High School included a new sprinkler system in the "D" building to enhance student safety and for renovations to bring the building into compliance with fire safety codes and ADA requirements. Funds have also been used for the reorganization of building space to create 3 additional classrooms, to expand a parking lot to provide additional parking spaces and for courtyard improvements between the various school buildings. Approximately \$1.2 of improvements for the Danbury High School have been expended and are eligible for approximately 50% state aid school construction grant reimbursement.
  - Recreation Improvements - \$4.9 million of the recent bond initiative is allocated to recreation improvement projects as part of the City's on-going commitment to enhancing the residents' quality of life for the entire family. Prior to this initiative, significant improvements to parks and playgrounds were made throughout the City costing approximately \$3.5 million. \$2.3 million of projects recently completed under the new bond initiative include the construction of a multipurpose artificial turf field with appurtenances in Rogers Park (August 2009), the design/rebuild/recondition of baseball fields, purchase of equipment for use in recreation projects and the creation of a vegetative buffer to protect the water quality of the Lake Kenosia. The remaining funds from this bond authorization will be used for various recreation improvements, planning and development that include drainage and improvements to Rogers Park fields, feasibility study for Kenosia Swamp Boardwalk and bird viewing area, and the planning/development of the Marjorie Trail system.
  - Paving, Drainage and Related Improvements - \$3.34 million of the bond authorization is being used for the repair, rebuilding, paving, reconstruction work of City streets and to purchase public works equipment and vehicles. Improvements to date totaling approximately \$2.8 million include: drainage installation, cross culvert repair and replacement throughout the city, citywide street paving, and curbing/guardrail/lighting installation. The beautification of the Main Street thoroughfare which included the installation of sprinklers in medians and islands and the design for the renovation to Kennedy Park was also completed. Beautification measures along Plumtrees Road will be made with some of the remaining bond funds. The remaining \$1.1 million of the bond authorization has been used to replace and/or add to the equipment used by the various divisions of the Public Works Department for the City of Danbury. Purchased equipment included trucks, sanders, plows, graders, sweepers, rollers, tractors, mowers and Public Works vehicles.

- **Bridge Replacements/improvements and Public Building Improvements** - To date approximately \$3.5 million has been expended to reconstruct several bridges: Padanaram Bridges (2) (2009)), Rose Hill Avenue and Backus Avenue Bridge. Public building improvements include the replacement of Park Ave School roof, renovation of Veterans Hall, and installation of new HVAC system in the Library.
- **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 \$21.2 million.
- **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.
- **CRM/ERP** - The City Council has also approved CRM/ERP (Constituent Relationship Management/ Enterprise Resource Planning System) Project plan which will replace hardware/software and infrastructure while integrating most city software systems/departments and automating many processes for a "paperless" workplace thus improving reporting/communication, efficiency, and effectiveness.
- **QAlert311** - 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. Danbury was one of first cities in the country that offer 311 dialing for citizen interaction.
- **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 has been bid out is expected to be completed in 2012. In November 2009, the nitrogen removal facilities went on-line. 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 completely 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 \$153.2 million in general obligation bonds, \$8.6 million outstanding in notes, \$20.0 million in Bond Anticipation Notes (BANS) and had \$25.9 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. Such strategy has helped keep our debt ratio manageable while maintaining only the necessary cash funding for the City's capital program without having too much idle cash on hand (from borrowed monies) to avoid the risk of losing some of the benefit derived from the low borrowing rates.

### **AWARDS AND ACKNOWLEDGEMENTS**

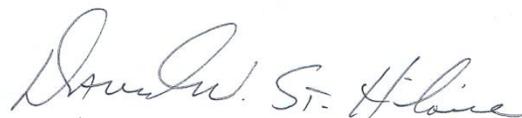
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Danbury, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. The Certificate 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 24 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 and the City's Audit Committee. 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, 2010

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.



*Linda C. Davison*

President

*Jeffrey R. Emmer*

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

Benjamin Chianese  
Philip D. Colla  
Philip D. Curran  
Michael J. Haddad, Sr.  
Michael J. Halas  
Jack Knapp  
Warren M. Levy  
Shailesh Nagarsheth  
Peter P. Nero  
Duane E. Perkins

Paul T. Rotello  
Thomas J. Saadi  
Joseph Scozzafava  
Gregg W. Seabury  
Colleen A. Stanley  
Donald A. Taylor, Jr.  
Mary E. Teicholz  
Charles J. Trombetta  
Frederick L. Visconti, Jr.  
Andrew R. Wetmore

David W. St. Hilaire  
Director of Finance

Daniel G. Garrick  
Assistant Director of Finance

Scott Ferguson  
Tax Collector

Colleen LaHood  
Tax Assessor

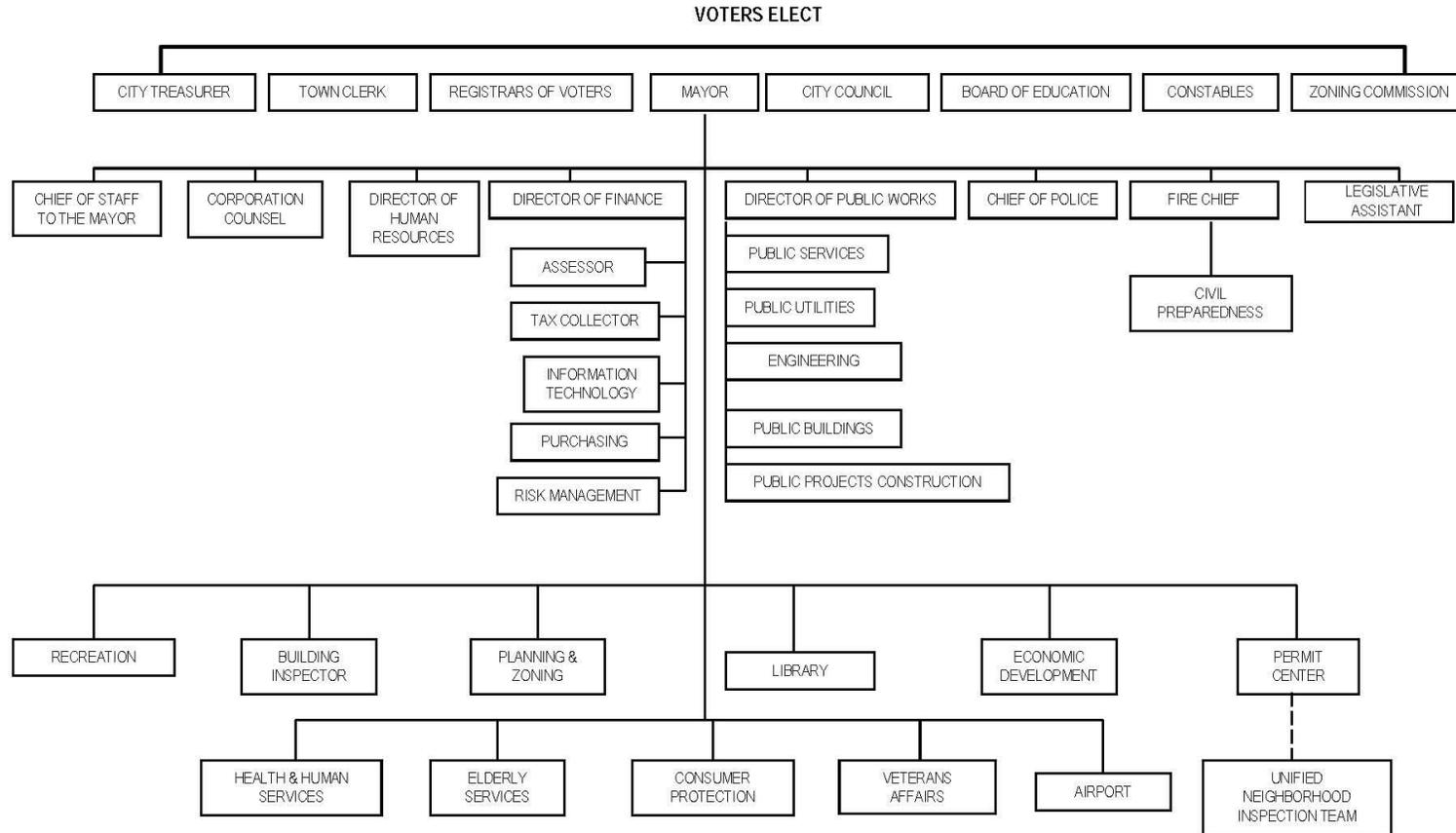
Charles Volpe  
Purchasing Agent

Shane Petrollese  
Acting Manager, Information Technology

**Independent Auditors**

McGladrey & Pullen, LLP  
New Haven, Connecticut

**CITY OF DANBURY  
ORGANIZATION CHART**



**Financial Section**



## 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, 2011, 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, the Charles Ives Authority for the Performing Arts 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, the Charles Ives Authority for the Performing Arts, 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, the Charles Ives Authority for the Performing Arts 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Notes 14 and 15 to the basic financial statements, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting of governmental funds' fund balance classifications and restated the General Fund and Nonmajor Governmental Funds' beginning fund balances.

In accordance with "Government Auditing Standards," we have also issued our report dated December 29, 2011 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, the schedules of funding progress and employer contributions for pensions and other post-employment benefits and the general fund budgetary comparison analysis 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 29, 2011

**City of Danbury, Connecticut  
Management's Discussion and Analysis  
June 30, 2011**

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, 2011. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

**Financial Highlights**

- Unassigned fund balance increased by \$0.2 million to \$21.5 million for the general fund while the total fund balance amounted to \$28.2 million, an increase of \$2.8 million (included in this increase is \$1.8 million due to the implementation of GASB No. 54.) At the end of the current fiscal year, revenues slightly exceeded expenditures on an actual budgetary basis by approximately \$10,000. Unassigned general fund balance at year-end represents 10.0% of the ensuing year's total general fund expenditures of \$215.9 million.
- On a government-wide basis for the year-ended, the City's net assets totaled \$283.8 million, an increase from last year's total of \$279.0 million. Government-wide expenses totaled \$267.2 million and revenues totaled \$272.0 million. Total net assets for Governmental Activities and Business-Type Activities at fiscal year-end were \$144.1 million and \$139.7 million, respectively. Net assets for Governmental Activities decreased by \$2.3 million or 1.6% while net assets increased for Business-Type Activities by \$7.1 million or 5.1%. Of the City's total net assets at June 30, 2011, \$15.2 million or 5.4% 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 \$39.2 million, an increase of \$17.6 million from the prior fiscal year. The increase in governmental funds fund-balance was due to the timing of the receipt of long-term debt proceeds and the related capital outlay in which those proceeds will be used for.

**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 the construction of capital assets and new accounting standards issued by GASB (Governmental Accounting Standards Board). For an example, the implementation of GASB 45 in 2008 requiring the City to account for the unfunded portion of "Other Post Employment Benefits" (OPEB), have resulted in a reduction of the

City's net assets by a total of \$20.8 million, \$6.3 million of which impacted the FY ending June 30, 2011. 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, Ambulance, and Internal Service funds. The Water, Sewer and Ambulance Funds are reported here as the City charges fees to customers to help cover the cost of the operations. The Internal Service Fund is used to report the activity of providing employee benefits.
- The government-wide financial statements include not only the City of Danbury itself, but also five legally separate component units, the Danbury Parking Authority, the Richter Park Authority, the Tarrywile Park Authority, Charles Ives 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 14-17 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 25 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, Ambulance and Internal Service. 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 Animal Control Fund, the School-Based Health Center Grant Fund, the LOCIP Fund, Airport Projects Fund, State and Federal School Projects Fund, the Library Fund, the Railyard Parking Lease Fund, Open Space Bond, Magnet School Fund, the Vision 21 and Vision 21 - 2 Bond Issues Fund, BIIP, NSP Grant, ARRA, Public Safety Bond, SECP, Century 21 PI 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 61 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 18-19 of this report.

The City of Danbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement on page 78 has been provided for the general fund to demonstrate compliance with the authorized budget.

**Proprietary funds.** The City of Danbury maintains four 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, Ambulance 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, Ambulance 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 21-23 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 seven 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 24-25 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 26-73 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-retirement benefits to its employees.

The City of Danbury adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

Required supplementary information can be found on pages 75-81.

## 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 \$283.8 million at June 30, 2011, an increase of \$4.7 million in Net Assets, as restated from the previous fiscal year.

	June 30, 2011			June 30, 2010		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 70,150	\$ 23,099	\$ 93,249	\$ 67,154	\$ 26,969	\$ 94,123
Non-current	3,194	387	3,581	4,285	579	4,864
Capital assets	299,520	158,905	458,425	297,659	158,643	456,302
<b>Total Assets</b>	<b>372,864</b>	<b>182,391</b>	<b>555,255</b>	<b>369,098</b>	<b>186,191</b>	<b>555,289</b>
Current liabilities	26,625	8,538	35,163	42,055	15,495	57,550
Long-term liabilities outstanding	202,123	34,202	236,325	180,594	38,122	218,716
<b>Total Liabilities</b>	<b>228,748</b>	<b>42,740</b>	<b>271,488</b>	<b>222,649</b>	<b>53,617</b>	<b>276,266</b>
Net assets:						
Invested in capital assets, net of related debt	145,411	121,771	267,182	144,512	116,105	260,617
Restricted	1,346	-	1,346	1,531	-	1,531
Unrestricted	(2,641)	17,880	15,239	406	16,469	16,875
<b>Total Net Assets</b>	<b>\$ 144,116</b>	<b>\$ 139,651</b>	<b>\$ 283,767</b>	<b>\$ 146,449</b>	<b>\$ 132,574</b>	<b>\$ 279,023</b>

At the end of the current fiscal year, the City of Danbury is able to report positive growth of \$4.7 million in total net assets over last year. In comparison to last year: net assets invested in capital assets (net of related debt) increased for both Governmental and Business-type activities by \$0.9 million and \$5.6 million, respectively; restricted net assets declined for governmental activities by \$0.2 million but remained unchanged for business-type activities; unrestricted net assets increased by \$1.4 million for business-type activities but decreased for governmental activities by \$3.0 million - mostly due to GASB 45 - (OPEB) Other Post Employment Benefits, which increased current fiscal year liabilities by \$6.3 million.

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 \$283.8 million. This is slightly up from last year's net assets of \$279.0 million. Total net assets for Governmental Activities at fiscal year-end were \$144.1 million (down from \$146.4 million in the previous year) and total net assets for Business-type activities were \$139.6 million (up from \$132.6 million in the previous year). Of the City's total net assets at June 30, 2011, \$15.2 million or 5.4% 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 \$16.9 million or 6.0% unrestricted.

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.

	<u>Year Ended June 30, 2011</u>			<u>Year Ended June 30, 2010</u>		
	<u>Primary Government</u>			<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>		<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 12,560	\$ 23,035	\$ 35,595	\$ 15,652	\$ 19,871	\$ 35,523
Operating Grants and Contributions	62,500	-	62,500	58,911	-	58,911
Capital Grants and Contributions	1,283	1,186	2,469	4,181	880	5,061
General Revenues:						
Property Taxes	162,129	-	162,129	154,691	-	154,691
Grants and contributions not restricted to specific programs	7,426	-	7,426	7,598	-	7,598
Unrestricted investment earnings	199	497	696	-	-	-
Other non-operating revenues (transfers)	(813)	1,964	1,151	400	599	999
<b>Total Revenues</b>	<b>245,284</b>	<b>26,682</b>	<b>271,966</b>	<b>241,433</b>	<b>21,350</b>	<b>262,783</b>
<b>Expenses:</b>						
General Government	15,561	-	15,561	16,732	-	16,732
Public Safety	51,278	2,160	53,438	50,989	-	50,989
Public Works	12,543	17,445	29,988	15,467	17,061	32,528
Health and Welfare	6,674	-	6,674	6,135	-	6,135
Culture and Recreation	5,266	-	5,266	4,543	-	4,543
Education	152,260	-	152,260	148,223	-	148,223
Interest on long-term debt	4,035	-	4,035	4,982	-	4,982
<b>Total Expenses</b>	<b>247,617</b>	<b>19,605</b>	<b>267,222</b>	<b>247,071</b>	<b>17,061</b>	<b>264,132</b>
<b>Change in net assets</b>	<b>(2,333)</b>	<b>7,077</b>	<b>4,744</b>	<b>(5,638)</b>	<b>4,289</b>	<b>(1,349)</b>
<b>Net assets – beginning</b>	<b>146,449</b>	<b>132,574</b>	<b>279,023</b>	<b>152,087</b>	<b>128,285</b>	<b>280,372</b>
<b>Net assets - ending</b>	<b>\$ 144,116</b>	<b>\$ 139,651</b>	<b>\$ 283,767</b>	<b>\$ 146,449</b>	<b>\$ 132,574</b>	<b>\$ 279,023</b>

## Government Activities

For Governmental activities, approximately 66.1% of the revenues were derived from property taxes followed by 31.1% from program revenues, then 2.8% from grants and investment earnings.

Total revenues in Governmental Activities increased by \$3.8 million as compared to last year. However, the \$7.4 million increase in property tax revenues was offset by a decrease in operating/capital grants of \$0.7 million and by establishing a new enterprise fund for the Ambulance activities which removed approximately \$2.8 million of service revenue from Governmental Activities.

For Governmental Activities, about 61.5% of the City's expenditures relate to education, 20.7% relate to public safety, 6.2% for public works, 6.3% for general government, 2.1% for cultural and recreation, 2.7% for health and welfare, 1.6% for interest on long-term debt. GASB 45 required the City to record an additional \$6.3 million liability for Other Post Employment Benefits (OPEB) cost for all functions, and

\$400,100 liability for easement obligations directly reducing the Net Assets. Major expenditure factors included:

- Education expenditures had increased by \$4.0 million from the prior fiscal year. However, there was a one-time expenditure reduction in the previous year of approximately \$4.7 million for retiree benefits. Without such one-time adjustment in the previous year, education expenses would appear to be about level from year to year.

All other categories were impacted with rising cost associated with employee benefits, which include Other Post Employment Benefit (OPEB) and pension costs.

### **Business-Type Activities**

Business-Type activities increased the City's net assets by \$7.1 million. However, the new addition of the Ambulance Fund accounted for \$2.6 million of the increase in net assets or approximately 2.0%. Total net assets grew by about 5.3%. Factors impacting the growth include:

Charges for services increased \$3.2 million (\$2.8 million for Ambulance fund) to total \$23.0 million, investment earnings amounted to nearly \$0.5 million, contributed capital increased by \$.3 million to total approximately \$1.2 million and other revenues increased by \$1.4 million to \$2.0 million for the year. However, expenditures increased by \$2.6 million (\$2.2 million for Ambulance fund) to \$19.6 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 \$39.2 million. The General Fund and Other Governmental Funds reported fund balances of \$28.2 million and \$11.0 million, respectively. Collectively, the fund balances for capital projects increased by \$19.0 million from negative \$9.2 million last year to a positive \$9.8 million at June 30, 2011. The increase in capital projects fund balance is primarily due to the completion of projects and converting the financing from short term (BANs) to long term (Bonds).

The general fund is the chief operating fund of the City of Danbury. At the end of the current fiscal year, unassigned fund balance of the general fund increased \$0.2 million to \$21.5 million while total fund balance equals \$28.2 million. Approximately \$21.5 million of the general fund's total fund balance constitutes unassigned fund balance which is available for spending at the government's discretion. The remaining \$6.7 million of the General Fund balance is not available for new spending and has been assigned to liquidate contracts/purchase orders of the prior period (\$1.9 million), prepaid expenditures (\$78,000), future budget appropriations (\$2.4 million), continuing education (\$1.8 million) and capital projects (\$516,000). As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures for the ensuing year's budget. Unassigned fund balance represents 10.0% of total general fund expenditures while total fund balance represents 13.1% of that same amount.

The City of Danbury's General Fund unassigned Budgetary Fund Balance increased by \$262,000 during the current fiscal year. On an actual budgetary basis, revenues slightly exceeded expenditures this year by \$10,000.

Total general fund balance increased from \$25.4 million to \$28.2 million, an increase of \$2.8 million. Significant factors in this increase are as follows:

- \$1.8 million of the increase was due to the inclusion of the "Continuing Ed" program within the general fund as required by GASB Statement No. 54.
- An additional \$0.5 million of the increase is due to unexpended funds to be carried over into subsequent fiscal years for capital outlay.
- Also, the City did not utilize any of the \$2.5 million budgeted use of fund balance for FY 10/11 however \$2.4 million of fund balance has been appropriated for the FY 11/12 Budget, a net decrease of \$0.1 million from the previous year.

**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 \$71.5 million. During the year, the fund generated operating income of \$2.2 million, an increase of approximately \$1.0 million from the prior year. Capital contributions totaled \$0.8 million and non-operating expenses totaled \$0.4 million which resulted in the fund increasing its net assets by \$2.6 million. Unrestricted net assets totaled \$13.4 million at year-end.

Net assets of the Sewer Fund at the end of the year were \$65.5 million. The fund generated operating income of nearly \$1.6 million and capital contributions of about \$0.4 million helped to increase the fund's overall net assets by \$1.8 million. Unrestricted net assets totaled \$1.9 million at year-end.

The Ambulance Fund has been reclassified this year as a proprietary fund which required an initial transfer of assets totaling \$2.3 million. Net assets of the Ambulance Fund at the end of the year were \$2.6 million. The fund generated operating income of nearly \$0.7 million however \$0.4 million was transferred to the general fund to reimburse for expenses. Unrestricted net assets totaled \$2.5 million at year-end

### **General Fund Budgetary Highlights**

As provided by Public Act 09-1, approximately \$3.2 million as originally budgeted for in the General fund both in the Federal and State revenue and for Educational expenditures were paid directly to the Board of Education and accounted for in a separate special revenue funds. The funds were part of the Federal ARRA State Fiscal Stabilization Funds passed through the State of Connecticut Board of Education. The original budget was not revised for the Public Act.

The difference between the original budgeted expenditures and the final amended budget was \$0.2 million. The major additional appropriations approved during the year are summarized below:

- \$19,464 from the Historic Document Reserve Account for the conversion of historical land record books. Requested and authorized by Council Resolution.
- \$137,000 from Carry Over of Encumbrances and Continued Appropriations.

During the year, actual revenues on a budgetary basis were \$202.3 million, \$4.6 million under budgetary estimates, however when taking into account the revenue shortfall of \$3.2 million due to the impact of the ARRA funding, actual revenues were under the budget estimates by approximately \$1.4 million, due primarily to the impact of current and prior year tax appeal settlements.

Actual expenditures on a budgetary basis totaled \$202.2 million, which were \$7.2 million less than the adjusted budget. However, when taking into account the approximately \$3.2 million in ARRA funds the budget was \$4.0 million better than originally planned. The primary reason for this favorable result is due to unspent capital outlay and the savings realized from the budgeted but unfilled positions which favorably impacted payroll, pension, and employee benefits.

The City had anticipated a planned use of general fund balance of \$2.5 million, however actual results did not require the use of any of the budgeted use of fund balance.

### Capital Asset and Debt Administration

**Capital assets.** As of June 30, 2011, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to \$458.4 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 \$2.1 million.

	June 30, 2011			June 30, 2010		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 52,295,226	\$ 1,031,946	\$ 53,327,172	\$ 50,757,726	\$ 1,031,946	\$ 51,789,672
Easements	908,500	-	908,500	901,000	-	901,000
Land Improvements	9,639,390	-	9,639,390	10,178,933	-	10,178,933
Buildings and Improvements	162,084,282	58,062,501	220,146,783	166,331,010	60,549,726	226,880,736
Machinery and Equipment	14,037,906	16,090,494	30,128,400	14,239,927	6,000	14,245,927
Infrastructure	49,334,837	60,383,923	109,718,760	48,358,851	76,648,489	125,007,340
Other	-	138,741	138,741	-	145,851	145,851
Construction in Progress	11,220,093	23,196,916	34,417,009	6,891,612	20,261,279	27,152,891
<b>Total</b>	<b>\$ 299,520,234</b>	<b>\$ 158,904,521</b>	<b>\$ 458,424,755</b>	<b>\$ 297,659,059</b>	<b>\$ 158,643,291</b>	<b>\$ 456,302,350</b>

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

- Completed reconstruction of Backus Avenue bridge for a total project expenditure of \$1.1 million. The bridge was opened in October 2010.
- Purchased the Farrington property, nearly 200 acres as part of the City's Open Space initiative.
- Purchased replacement vehicles for police department for \$366,000 and four new motorcycles for \$104,000.
- Replaced Public Works vehicles for \$723,000.
- Purchased snow removal equipment for the Airport using Federal and State grants for \$402,000.
- Repairs and renovations to various city and school buildings for \$313,000.
- Road reconstruction, repaving, and drainage to various city streets for \$1 million.
- Purchased Air Packs for the Fire Department for \$96,000.

Additional information on the City of Danbury's capital assets can be found in Note 6 of this report.

**Debt.** At the end of the current fiscal year the City of Danbury had total bonded debt outstanding of \$153.2 million. One-hundred percent of this debt is backed by the full faith and credit of the city government.

	June 30, 2011			June 30, 2010		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 127,439,350	\$ 25,790,650	\$ 153,230,000	\$ 114,147,700	\$ 26,772,300	\$ 140,920,000
Bond anticipation notes	16,550,000	3,450,000	20,000,000	37,673,133	10,326,867	48,000,000
Notes payable	1,022,000	7,583,140	8,605,140	1,094,000	10,294,388	11,388,388
<b>Total</b>	<b>\$ 145,011,350</b>	<b>\$ 36,823,790</b>	<b>\$ 181,835,140</b>	<b>\$ 152,914,833</b>	<b>\$ 47,393,555</b>	<b>\$ 200,308,388</b>

The City of Danbury's total debt decreased by \$18.5 million during the current fiscal year, due to an increase of approximately \$12.3 million in long term debt and a \$28.0 million decrease in short-term debt.

The City of Danbury maintains the following ratings from Wall Street's credit agencies for general obligation debt: an Aa1 rating from Moody's Investors Service, AA+ from Standard and Poor's Corporation (upgraded last year), and AAA from Fitch Ratings.

The overall statutory debt limit for the City of Danbury is equal to seven times annual receipts from taxation or \$1,144.9 million. As of June 30, 2011 the City recorded long-term debt of \$127.4 million related to Governmental Activities and \$25.8 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 Note 8 of this report.

**Cash Management Policies and Practices.** At June 30, 2011, the City had \$81.7 million in cash and cash equivalents. The City also had \$218.1 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, 2011 were \$5.3 million.

The City prepares valuations of its pension plans every other year. At the latest actuarial valuation dates July 1, 2010 and July 1 2009, the City's six pension trust funds had assets, in the aggregate on an actuarial basis, of \$257.7 million, while the actuarial accrued liability was \$276.8 million. On an actuarial accrued basis, the City's liability was in the aggregate, 93.1% funded. As of June 30, 2011, the six plans had aggregate assets of \$234.2 million, up \$28.0 million (13.6%) from \$206.2 million over the past 12

months. Nevertheless, the cyclical market especially the one experienced in 2008 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 2011, the unemployment rate for the Danbury Labor Market Area was 6.3%, 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 have declined over the past few years but have since stabilized. 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, 2011

	Primary Government		
	Governmental	Business-Type	Total*
	Activities	Activities	
<b>Assets</b>			
Cash and cash equivalents	\$ 50,622,608	\$ 15,853,733	\$ 66,476,341
Receivables (net of allowances for collection losses):			
Property taxes	5,877,667	-	5,877,667
Special assessments	-	4,357,472	4,357,472
Accounts receivable	1,382,838	-	1,382,838
Federal and state governments	7,548,312	-	7,548,312
User charges	-	2,975,795	2,975,795
Other receivable	-	844,039	844,039
Unbilled services	-	3,271,178	3,271,178
Inventories	63,436	453,018	516,454
Internal balances	4,655,616	(4,655,616)	-
Other assets	80,348	-	80,348
Deferred charges, net of accumulated amortization	1,709,272	387,103	2,096,375
Federal and state government receivables	1,404,325	-	1,404,325
Capital assets, not being depreciated	64,423,819	24,228,862	88,652,681
Capital assets, net of accumulated depreciation	235,096,415	134,675,659	369,772,074
<b>Total assets</b>	<b>372,864,656</b>	<b>182,391,243</b>	<b>555,255,899</b>
<b>Liabilities</b>			
Accounts payable	17,276,923	1,111,285	18,388,208
Accrued liabilities	1,411,765	646,122	2,057,887
Advance tax collections	1,626,156	-	1,626,156
Unearned revenues	2,166,810	3,329,945	5,496,755
Bond anticipation notes payable	4,142,445	3,450,000	7,592,445
Noncurrent liabilities:			
Due within one year	15,660,949	5,135,415	20,796,364
Due in more than one year	186,463,261	29,067,648	215,530,909
<b>Total liabilities</b>	<b>228,748,309</b>	<b>42,740,415</b>	<b>271,488,724</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	145,411,396	121,770,458	267,181,854
Restricted	1,346,288	-	1,346,288
Unrestricted	(2,641,337)	17,880,370	15,239,033
<b>Total net assets</b>	<b>\$ 144,116,347</b>	<b>\$ 139,650,828</b>	<b>\$ 283,767,175</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	Charles Ives Authority for the Performing Arts	
\$ 132,930	\$ 147,441	\$ 107,173	\$ 109,403	\$ 148,576	
-	-	-	-	-	-
-	-	-	-	-	-
43,317	-	13,069	925	4,700	
-	-	-	-	48,600	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	14,408	-	-
-	-	-	-	-	-
7,550	47,412	15,279	4,841	3,399	
-	-	-	-	-	-
-	-	-	-	-	-
-	842,385	-	128,790	-	-
135,845	2,543,758	124,193	745,136	30,493	
319,642	3,580,996	259,714	1,003,503	235,768	
44,625	428,156	8,708	1,587	107,089	
10,431	-	9,682	418	5,324	
-	-	-	-	-	-
-	10,719	-	-	-	-
-	-	-	-	-	-
-	304,895	-	-	-	-
-	399,242	14,962	802	-	-
55,056	1,143,012	33,352	2,807	112,413	
135,845	2,851,153	124,193	873,926	30,493	
128,741	534,990	-	2,628	-	
-	(948,159)	102,169	124,142	92,862	
\$ 264,586	\$ 2,437,984	\$ 226,362	\$ 1,000,696	\$ 123,355	

CITY OF DANBURY, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ (15,560,719)	\$ 6,305,828	\$ 337,432	\$ 298,393
Public safety	(51,277,982)	2,155,953	24,417	119,968
Public works	(12,542,786)	-	2,000,690	204,477
Health and welfare	(6,673,789)	306,655	2,218,365	659,717
Culture and recreation	(5,265,959)	587,821	25,880	-
Education	(152,260,059)	3,203,327	57,893,469	-
Interest on long-term debt	(4,034,874)	-	-	-
<b>Total governmental activities</b>	<b>(247,616,168)</b>	<b>12,559,584</b>	<b>62,500,253</b>	<b>1,282,555</b>
Business-type activities:				
Water	(7,227,801)	8,842,620	-	826,885
Sewer	(10,217,270)	11,352,842	-	359,239
Ambulance	(2,160,183)	2,839,726	-	-
<b>Total business-type activities</b>	<b>(19,605,254)</b>	<b>23,035,188</b>	<b>-</b>	<b>1,186,124</b>
<b>Total primary government</b>	<b>(267,221,422)</b>	<b>35,594,772</b>	<b>62,500,253</b>	<b>2,468,679</b>
<b>Component Units:</b>				
Danbury Parking Authority	(1,057,243)	1,016,282	-	-
Richter Park Authority	(2,490,301)	2,153,155	-	-
Tarrywile Park Authority	(424,737)	222,508	500	-
Danbury Museum and Historical Society Authority	(303,833)	243,895	-	-
Charles Ives Authority for the Performing Arts	(686,784)	673,797	64,800	-
<b>Total component units</b>	<b>\$ (4,962,898)</b>	<b>\$ 4,309,637</b>	<b>\$ 65,300</b>	<b>\$ -</b>

General revenues:  
 Property taxes  
 Grants and contributions not restricted to specific programs  
 Special item (Note 16)  
 Gain on sale of capital assets  
 Unrestricted investment earnings  
 Transfers  
 Total general revenues and transfers

Change in net assets

Net assets - beginning  
 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	Charles Ives Authority for the Performing Arts	
\$ (8,619,066)	\$ -	\$ (8,619,066)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(48,977,644)	-	(48,977,644)	-	-	-	-	-	-
(10,337,619)	-	(10,337,619)	-	-	-	-	-	-
(3,489,052)	-	(3,489,052)	-	-	-	-	-	-
(4,652,258)	-	(4,652,258)	-	-	-	-	-	-
(91,163,263)	-	(91,163,263)	-	-	-	-	-	-
(4,034,874)	-	(4,034,874)	-	-	-	-	-	-
(171,273,776)	-	(171,273,776)	-	-	-	-	-	-
-	2,441,704	2,441,704	-	-	-	-	-	-
-	1,494,811	1,494,811	-	-	-	-	-	-
-	679,543	679,543	-	-	-	-	-	-
-	4,616,058	4,616,058	-	-	-	-	-	-
(171,273,776)	4,616,058	(166,657,718)	-	-	-	-	-	-
-	-	-	(40,961)	-	-	-	-	-
-	-	-	-	(337,146)	-	-	-	-
-	-	-	-	-	(201,729)	-	-	-
-	-	-	-	-	-	(59,938)	-	-
-	-	-	-	-	-	-	-	51,813
-	-	-	(40,961)	(337,146)	(201,729)	(59,938)	-	51,813
162,128,659	-	162,128,659	-	-	-	-	-	-
7,425,633	-	7,425,633	-	-	255,150	4,100	-	-
(105,887)	105,887	-	-	-	-	58,060	-	-
1,151,408	-	1,151,408	-	-	-	-	-	-
199,345	496,851	696,196	849	8,716	605	-	-	-
(1,858,452)	1,858,452	-	-	-	-	-	-	-
168,940,706	2,461,190	171,401,896	849	8,716	255,755	62,160	-	-
(2,333,070)	7,077,248	4,744,178	(40,112)	(328,430)	54,026	2,222	-	51,813
146,449,417	132,573,580	279,022,997	304,698	2,766,414	172,336	998,474	-	71,542
\$ 144,116,347	\$ 139,650,828	\$ 283,767,175	\$ 264,586	\$ 2,437,984	\$ 226,362	\$ 1,000,696	\$ -	\$ 123,355

CITY OF DANBURY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 21,385,016	\$ 29,237,592	\$ 50,622,608
Receivables (net of allowances for collection losses):			
Property taxes	5,877,667	-	5,877,667
Contract receivable	-	381,723	381,723
State and federal governments	6,290,370	2,662,267	8,952,637
Accounts receivable	987,176	13,939	1,001,115
Inventories	-	63,436	63,436
Other assets	80,348	-	80,348
Due from other funds	13,507,646	1,553,694	15,061,340
<b>Total assets</b>	<b>\$ 48,128,223</b>	<b>\$ 33,912,651</b>	<b>\$ 82,040,874</b>
<b>Liabilities</b>			
Accounts payable	\$ 4,021,603	\$ 5,083,717	\$ 9,105,320
Accrued wages	1,411,765	-	1,411,765
Due to other funds	5,522,926	10,403,076	15,926,002
Deferred revenues	7,351,579	1,078,465	8,430,044
Unearned revenue	649	2,166,161	2,166,810
Bond anticipation notes payable	-	4,142,445	4,142,445
Advance tax collections	1,626,156	-	1,626,156
<b>Total liabilities</b>	<b>19,934,678</b>	<b>22,873,864</b>	<b>42,808,542</b>
<b>Fund Balances</b>			
Nonspendable	77,934	1,546,569	1,624,503
Restricted	-	1,346,288	1,346,288
Committed	515,990	13,750,780	14,266,770
Assigned	6,136,974	90,380	6,227,354
Unassigned	21,462,647	(5,695,230)	15,767,417
<b>Total fund balances</b>	<b>28,193,545</b>	<b>11,038,787</b>	<b>39,232,332</b>
<b>Total liabilities and fund balances</b>	<b>\$ 48,128,223</b>	<b>\$ 33,912,651</b>	

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

Capital assets, net of accumulated depreciation of \$175,124,359, 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.	299,520,234
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(202,124,210)
Deferred charges, net of accumulated amortization	1,709,272
Deferred revenue	8,430,044
Accrued interest	(2,651,325)

Net assets of governmental activities	<u>\$ 144,116,347</u>
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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  
For the Year Ended June 30, 2011

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 162,068,724	\$ -	\$ 162,068,724
State and federal governments	41,012,958	30,669,515	71,682,473
Licenses and permits	3,260,421	15,873	3,276,294
Charges for services	5,298,084	1,868,456	7,166,540
Fines and penalties	1,433,856	-	1,433,856
Investment income	191,553	7,792	199,345
Contributions	-	682,894	682,894
<b>Total revenues</b>	<b>213,265,596</b>	<b>33,244,530</b>	<b>246,510,126</b>
<b>EXPENDITURES</b>			
Current:			
General government	9,127,425	662,553	9,789,978
Public safety	29,601,760	347,009	29,948,769
Public works	9,043,532	-	9,043,532
Health and welfare	3,473,010	1,701,294	5,174,304
Culture and recreation	2,776,198	155,556	2,931,754
Education	121,036,352	26,123,250	147,159,602
Pension and other employee benefits	25,755,047	-	25,755,047
Debt service:			
Principal retirements	8,413,350	-	8,413,350
Interest and other charges	5,011,122	-	5,011,122
Capital outlay	1,316,837	13,330,334	14,647,171
<b>Total expenditures</b>	<b>215,554,633</b>	<b>42,319,996</b>	<b>257,874,629</b>
<b>Revenues over (under) expenditures</b>	<b>(2,289,037)</b>	<b>(9,075,466)</b>	<b>(11,364,503)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	450,000	758,452	1,208,452
Transfers out	(758,452)	(2,308,452)	(3,066,904)
Proceeds from sale of property	2,073,700	-	2,073,700
Issuance of bond anticipation notes	-	12,407,555	12,407,555
Issuance of general obligation bonds	-	21,705,000	21,705,000
Payments-bond anticipation notes	-	(18,370,983)	(18,370,983)
Lease proceeds	657,717	11,500,000	12,157,717
Premium on bonds	831,290	-	831,290
<b>Total other financing sources (uses)</b>	<b>3,254,255</b>	<b>25,691,572</b>	<b>28,945,827</b>
<b>Net change in fund balances (deficits)</b>	<b>965,218</b>	<b>16,616,106</b>	<b>17,581,324</b>
<b>FUND BALANCES (DEFICITS), beginning, as restated (Note 15)</b>	<b>27,228,327</b>	<b>(5,577,319)</b>	<b>21,651,008</b>
<b>FUND BALANCES, ending</b>	<b>\$ 28,193,545</b>	<b>\$ 11,038,787</b>	<b>\$ 39,232,332</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, 2011**

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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	\$ 17,581,324
<p>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.</p>	1,861,175
<p>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.</p>	
Taxes and related interest	59,935
Miscellaneous revenue	425,831
School construction	(582,547)
Intergovernmental revenue and other	(317,316)
<p>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.</p>	(18,469,303)
<p>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.</p>	<u>(2,892,169)</u>
Change in net assets of governmental activities	<u><u>\$ (2,333,070)</u></u>

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, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Ambulance	Totals	Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 10,468,473	\$ 3,524,898	\$ 1,860,362	\$ 15,853,733	\$ -
Receivables (net of allowances for collection losses):					
Unbilled services	1,917,928	1,353,250	-	3,271,178	-
Special assessments receivable	79,060	338,979	-	418,039	-
User Charges	1,096,849	1,146,802	732,144	2,975,795	-
Due from other funds	-	-	-	-	5,520,278
Other	-	844,039	-	844,039	-
Inventories	453,018	-	-	453,018	-
<b>Total current assets</b>	<b>14,015,328</b>	<b>7,207,968</b>	<b>2,592,506</b>	<b>23,815,802</b>	<b>5,520,278</b>
Noncurrent assets:					
Capital assets (net of accumulated depreciation)	74,022,291	84,741,853	140,377	158,904,521	-
Special assessments receivable, net	595,980	3,343,453	-	3,939,433	-
Other assets (net of accumulated amortization)	194,119	192,984	-	387,103	-
<b>Total noncurrent assets</b>	<b>74,812,390</b>	<b>88,278,290</b>	<b>140,377</b>	<b>163,231,057</b>	<b>-</b>
<b>Total assets</b>	<b>88,827,718</b>	<b>95,486,258</b>	<b>2,732,883</b>	<b>187,046,859</b>	<b>5,520,278</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accrued liabilities	397,749	248,373	-	646,122	-
Accounts payable	126,265	896,465	88,555	1,111,285	5,520,278
Due to other funds	114,092	4,541,524	-	4,655,616	-
Unearned revenues	205,000	3,124,945	-	3,329,945	-
Bonds and notes payable	1,624,400	3,511,015	-	5,135,415	-
Bond anticipation notes payable	1,325,000	2,125,000	-	3,450,000	-
<b>Total current liabilities</b>	<b>3,792,506</b>	<b>14,447,322</b>	<b>88,555</b>	<b>18,328,383</b>	<b>5,520,278</b>
Noncurrent liabilities:					
Notes payable (net of unamortized discount)	-	4,971,125	-	4,971,125	-
Bonds payable (net of unamortized premium)	13,206,250	10,061,000	-	23,267,250	-
Other liabilities (net of accumulated amortization)	360,095	469,178	-	829,273	-
<b>Total noncurrent liabilities</b>	<b>13,566,345</b>	<b>15,501,303</b>	<b>-</b>	<b>29,067,648</b>	<b>-</b>
<b>Total liabilities</b>	<b>17,358,851</b>	<b>29,948,625</b>	<b>88,555</b>	<b>47,396,031</b>	<b>5,520,278</b>
<b>NET ASSETS</b>					
Invested in capital assets (net of related debt)	58,025,546	63,604,535	140,377	121,770,458	-
Unrestricted	13,443,321	1,933,098	2,503,951	17,880,370	-
<b>Total net assets</b>	<b>\$ 71,468,867</b>	<b>\$ 65,537,633</b>	<b>\$ 2,644,328</b>	<b>\$ 139,650,828</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, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Ambulance	Totals	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 8,842,620	\$ 10,359,416	\$ 2,839,726	\$ 22,041,762	\$ 19,192,362
Septic and connection fees	-	993,426	-	993,426	-
<b>Total operating revenues</b>	<b>8,842,620</b>	<b>11,352,842</b>	<b>2,839,726</b>	<b>23,035,188</b>	<b>19,192,362</b>
<b>OPERATING EXPENSES</b>					
Salaries, benefits and claims	3,142,858	-	1,534,439	4,677,297	19,192,362
Materials and supplies	634,454	-	79,243	713,697	-
Depreciation	1,360,094	2,779,823	16,233	4,156,150	-
Utilities	614,567	-	-	614,567	-
Administrative and operating	885,349	6,997,240	530,268	8,412,857	-
<b>Total operating expenses</b>	<b>6,637,322</b>	<b>9,777,063</b>	<b>2,160,183</b>	<b>18,574,568</b>	<b>19,192,362</b>
<b>Operating income</b>	<b>2,205,298</b>	<b>1,575,779</b>	<b>679,543</b>	<b>4,460,620</b>	<b>-</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Transfers in	-	-	2,308,452	2,308,452	-
Transfers out	-	-	(450,000)	(450,000)	-
Interest income	187,045	309,360	446	496,851	-
Interest expense	(590,479)	(440,207)	-	(1,030,686)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(403,434)</b>	<b>(130,847)</b>	<b>1,858,898</b>	<b>1,324,617</b>	<b>-</b>
<b>Net income before capital contributions and special item</b>	<b>1,801,864</b>	<b>1,444,932</b>	<b>2,538,441</b>	<b>5,785,237</b>	<b>-</b>
Capital Contributions	826,885	359,239	-	1,186,124	-
Special Item (Note 16)	-	-	105,887	105,887	-
<b>Change in net assets</b>	<b>2,628,749</b>	<b>1,804,171</b>	<b>2,644,328</b>	<b>7,077,248</b>	<b>-</b>
<b>NET ASSETS, beginning</b>	<b>68,840,118</b>	<b>63,733,462</b>	<b>-</b>	<b>132,573,580</b>	<b>-</b>
<b>NET ASSETS, ending</b>	<b>\$ 71,468,867</b>	<b>\$ 65,537,633</b>	<b>\$ 2,644,328</b>	<b>\$ 139,650,828</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, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Ambulance	Totals	Internal Service Funds
<b>Cash Flows From Operating Activities</b>					
Receipts from customers and users	\$ 8,176,165	\$ 12,021,205	\$ 2,605,352	\$ 22,802,722	\$ 19,192,362
Payments to suppliers/claims paid	(2,315,474)	(5,685,739)	(599,766)	(8,600,979)	(19,192,362)
Payments to employees	(3,133,079)	-	(1,534,439)	(4,667,518)	-
<b>Net cash provided by operating activities</b>	<b>2,727,612</b>	<b>6,335,466</b>	<b>471,147</b>	<b>9,534,225</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Principal payments on debt	(2,837,650)	(8,770,119)	-	(11,607,769)	-
Interest paid on debt	(665,078)	(565,966)	-	(1,231,044)	-
Transfer from other funds	-	-	1,891,692	1,891,692	-
Transfers to other funds	-	-	(450,000)	(450,000)	-
Capital contributions	826,885	359,239	-	1,186,124	-
Purchase of capital assets	(1,047,747)	(3,213,024)	(56,423)	(4,317,194)	-
Proceeds of notes	1,038,000	-	-	1,038,000	-
Proceeds from sale of capital assets	-	-	3,500	3,500	-
<b>Net cash (used in) provided by capital and related financing activities</b>	<b>(2,685,590)</b>	<b>(12,189,870)</b>	<b>1,388,769</b>	<b>(13,486,691)</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>					
Interest received on investments	187,045	309,360	446	496,851	-
<b>Net cash provided by investing activities</b>	<b>187,045</b>	<b>309,360</b>	<b>446</b>	<b>496,851</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>229,067</b>	<b>(5,545,044)</b>	<b>1,860,362</b>	<b>(3,455,615)</b>	<b>-</b>
<b>Cash and Cash Equivalents</b>					
Beginning	10,239,406	9,069,942	-	19,309,348	-
Ending	<b>\$ 10,468,473</b>	<b>\$ 3,524,898</b>	<b>\$ 1,860,362</b>	<b>\$ 15,853,733</b>	<b>\$ -</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income	\$ 2,205,298	\$ 1,575,779	\$ 679,543	\$ 4,460,620	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,360,094	2,779,823	16,233	4,156,150	-
Loss on disposal of capital assets	-	-	2,200	2,200	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(774,683)	389,202	(236,574)	(622,055)	-
Decrease in other receivables	108,229	779,165	-	887,394	-
Decrease in inventories	3,117	-	-	3,117	-
(Decrease) increase in accrued expenses	(170,681)	667,071	9,745	506,135	-
(Decrease) increase in due to/from other funds	(3,762)	644,430	-	640,668	-
Decrease in unearned revenue	-	(500,004)	-	(500,004)	-
<b>Net cash provided by operating activities</b>	<b>\$ 2,727,612</b>	<b>\$ 6,335,466</b>	<b>\$ 471,147</b>	<b>\$ 9,534,225</b>	<b>\$ -</b>
<b>Supplemental Schedule of Noncash Financing Activities</b>					
BANS converted to bonds	\$ 395,000	\$ 900,000	\$ -	\$ 1,295,000	\$ -
Special item - transfer of fixed assets	\$ -	\$ -	\$ 105,887	\$ 105,887	\$ -

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, 2011

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,992,062	\$ 1,454	\$ 3,266,115
Investments, at fair value			
Common stock	37,764,839	-	-
Debt securities	13,216,439	-	-
Mutual funds	110,852,546	-	-
Private hedge fund	56,234,468	-	-
<b>Total investments</b>	<b>218,068,292</b>	<b>-</b>	<b>-</b>
Accrued interest and dividends	125,969	-	-
Pending sales	4,900,485	-	-
<b>Total assets</b>	<b>235,086,808</b>	<b>1,454</b>	<b>3,266,115</b>
<b>LIABILITIES</b>			
Pending purchases	911,913	-	-
Other liabilities	-	-	3,266,115
	911,913	-	3,266,115
<b>Net Assets Held in Trust for Pension</b>			
<b>Benefits and Other Purposes</b>	<b>\$ 234,174,895</b>	<b>\$ 1,454</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, 2011

	Pension Trust Funds	Private Purpose Trust Fund
<b>Additions</b>		
Contributions		
Employer	\$ 5,279,055	\$ -
Plan members	957,300	-
<b>Total contributions</b>	<b>6,236,355</b>	<b>-</b>
Investment Income		
Net appreciation in fair value of investments	34,350,373	-
Interest and dividends	4,686,120	12
	<b>39,036,493</b>	<b>12</b>
Less investment expenses:		
Investment management fees	1,122,154	-
<b>Net investment income</b>	<b>37,914,339</b>	<b>12</b>
<b>Deductions</b>		
Benefits Paid	16,184,247	-
<b>Change in net assets</b>	<b>27,966,447</b>	<b>12</b>
<b>Net Assets</b>		
Beginning of year	206,208,448	1,442
End of year	<b>\$ 234,174,895</b>	<b>\$ 1,454</b>

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

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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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, 2011.

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, 2011.

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

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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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, 2010.

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, 2011.

The Charles Ives Authority for the Performing Arts (“Charles Ives”) is responsible, in affiliation with Western Connecticut States University, for administering, operating and maintaining the Ives Concert Park. The board members are appointed by the Mayor with the approval of the majority of the City Council. Three of the nine appointees selected by the Mayor shall be persons nominated by the President of Western Connecticut State University. The City is potentially liable for any operating deficits and provides budgeted allocation and capital grants to fund operations, capital acquisitions and long-term improvements. The information presented for Charles Ives is for the year ended September 30, 2010.

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

Charles Ives Authority for the Performing Arts  
University Boulevard  
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 13 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.

#### **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.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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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, pollution remediation 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, 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 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.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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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.

The *Ambulance Fund* accounts for the operations of the City's ambulance system for the benefit of its residents. Its operations are financed from fees charged to the users of its services.

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, airport security deposits, Flood Plain permit applications, and city street opening permits. Agency funds have no measurement focus and are reported on the accrual basis of accounting.

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.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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#### **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.

#### **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 \$2,360,000. 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.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

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**Capital assets**

Capital assets, which include property easements, 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 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,

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable 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 assigned fund balance.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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#### Net Assets

In the government-wide and proprietary fund financial 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 reduce this category.

***Restricted Net Assets*** – This category represents the net assets of the City, which are restricted by external parties (creditors, grantors, contributors or laws and regulations).

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

#### Fund Balance

In the government fund financial statements, the City classified fund balances as follows:

- **Nonspendable Fund Balance** – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- **Committed Fund Balance** – This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (City of Danbury, City Council).
- **Assigned Fund Balance** – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.
- **Unassigned Fund Balance** – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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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.”

Bonds and notes payable	\$ (139,846,905)
Add: Issuance premium (to be amortized over life of debt)	(6,618,065)
Capital leases payable	(16,682,857)
Compensated absences	(3,435,575)
Pollution remediation obligation	(1,083,700)
Landfill closure	(8,971,903)
HUD-Section 108 loans	(1,022,000)
Legal claims and other	(750,000)
OPEB obligations	(20,814,800)
Easement obligations	(400,000)
Early retirement accrual	(2,498,405)
	<hr/>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	\$ (202,124,210)

**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.”

Capital outlay	\$ 12,369,631
Depreciation expense	(9,480,277)
Transfer of capital assets to enterprise fund	(105,887)
Net effect of property sale	(922,292)
	<hr/>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 1,861,175

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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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.”

Debt issued or incurred:	
Issuance of bonds (including bond anticipation notes)	\$ 34,112,555
Premiums	95,967
Bond issuance costs	(91,882)
Capital leases	12,157,717
Principal repayments:	
General obligation debt	(26,856,333)
Capital leases	(948,721)
	<hr/>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 18,469,303
	<hr/> <hr/>

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.”

Compensated absences	\$ 598,571
Early retirement	(712,586)
Other post employment benefits	6,317,300
Amortization of deferred charges	603,547
Accrued interest	(680,590)
Landfill closure	(3,184,073)
Other liabilities	(50,000)
	<hr/>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ 2,892,169
	<hr/> <hr/>

**Note 3. 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.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

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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%

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, 2011, \$82,129,736 of the City's bank balance of \$83,681,302 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, 2011**

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Cash and investments of the City consist of the following at June 30, 2011:

<b>Cash and Cash Equivalents</b>	
Deposits With Financial Institutions	\$ 80,755,013
Cutwater Asset Management - Connecticut Class Plus	980,959
<b>Total cash and cash equivalents</b>	<u>81,735,972</u>
 <b>Investments</b>	
Pension Trust Funds:	
U.S. Government securities	2,361,593 *
U.S. Government agencies	1,512,609 *
Asset backed securities	2,007,821 *
Corporate bonds	3,834,416 *
Common stocks	37,764,839 *
Fixed income funds	31,264,360
Equity funds	83,088,186
Private hedge funds	56,234,468
<b>Total pension investments</b>	<u>218,068,292</u>
 <b>Total cash and investments</b>	 <u>\$ 299,804,264</u>

\* These investments are uninsured and unregistered, with securities held by its agent, but 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	\$ 66,476,341
	<u>66,476,341</u>
 <b>Fiduciary Funds:</b>	
Cash and cash equivalents	15,259,631
Investments	218,068,292
	<u>233,327,923</u>
 <b>Total cash and investments</b>	 <u>\$ 299,804,264</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

*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 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	\$ 2,361,593	\$ -	\$ 1,399,050	\$ 962,543	\$ -
U.S. Government Agencies	1,512,609	-	1,263,948	248,661	-
Asset Backed Securities	2,007,821	-	764,298	104,711	1,138,812
Fixed Income Funds	31,264,360	1,551,008	14,262,893	10,076,362	5,374,097
Corporate Bonds	3,834,416	128,467	1,735,411	1,970,538	-
<b>TOTAL</b>	<b>\$ 40,980,799</b>	<b>\$ 1,679,475</b>	<b>\$ 19,425,600</b>	<b>\$ 13,362,815</b>	<b>\$ 6,512,909</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. The City has no formalized policy establishing a minimum rating for investments. Cash equivalents of \$980,959 are invested in Cutwater Asset Management-Connecticut Class Plus, which maintains a Standard and Poor's investment rating of AAAM. Presented below is the minimum rating as required for each debt type investment:

Average Rating	U.S. Government				
	U.S. Government Securities	Agency Obligation	Asset Backed Securities	Fixed Income Funds	Corporate Bonds
AAA	\$ -	\$ 1,512,609	\$ 1,468,515	\$ 10,390,899	\$ -
AA+	2,361,593	-	-	-	187,914
AA	-	-	-	1,675,053	103,723
AA-	-	-	-	-	166,126
A+	-	-	-	-	261,315
A	-	-	-	6,643,210	889,712
A-	-	-	-	-	785,018
BBB+	-	-	17,088	-	342,601
BBB	-	-	-	5,069,773	601,122
BBB-	-	-	-	-	446,799
BB	-	-	-	2,429,505	-
B	-	-	-	3,128,387	-
CCC	-	-	-	264,799	-
Unrated	-	-	522,218	1,662,734	50,086
	<b>\$ 2,361,593</b>	<b>\$ 1,512,609</b>	<b>\$ 2,007,821</b>	<b>\$ 31,264,360</b>	<b>\$ 3,834,416</b>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**Note 4. 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
	<u>                    </u>	<u>                    </u>
<b>General Fund:</b>		
Taxes and accrued interest on delinquent property taxes	\$ 5,297,395	\$ -
School construction receivable	1,404,325	-
Other	649,859	649
<b>Nonmajor Funds:</b>		
Grants and other	1,078,465	2,166,161
	<u>                    </u>	<u>                    </u>
	<u>\$ 8,430,044</u>	<u>\$ 2,166,810</u>

**Note 5. Interfund Receivables, Payables and Transfers**

As of June 30, 2011, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
	<u>                    </u>	<u>                    </u>
General Fund	\$ 13,507,646	\$ 5,522,926
Water	-	114,092
Sewer	-	4,541,524
Internal Service Fund	5,520,278	-
Nonmajor and Other Funds	1,553,694	10,403,076
	<u>                    </u>	<u>                    </u>
<b>Totals</b>	<u>\$ 20,581,618</u>	<u>\$ 20,581,618</u>

Interfund balances represent routine short-term advances.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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Interfund transfers during the year ended June 30, 2011 were as follows:

	Transfers in:	
	Transfers In	Transfers Out
General Fund	\$ 450,000	\$ (758,452)
Nonmajor Governmental Funds	758,452	(2,308,452)
Enterprise Funds	2,308,452	(450,000)
<b>Total</b>	<b>\$ 3,516,904</b>	<b>\$ (3,516,904)</b>

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.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**Note 6. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases/ Transfers	Transfers/ Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 50,757,726	\$ 1,650,000	\$ (112,500)	\$ 52,295,226
Easements	901,000	7,500	-	908,500
Construction in progress	6,891,612	7,467,511	(3,139,030)	11,220,093
Total capital assets, not being depreciated	58,550,338	9,125,011	(3,251,530)	64,423,819
Capital assets, being depreciated:				
Land improvements	13,354,256	40,569	-	13,394,825
Buildings and improvements	223,327,658	313,002	(1,916,707)	221,723,953
Machinery and equipment	39,841,807	2,633,732	(632,680)	41,842,859
Infrastructure	129,862,790	3,396,347	-	133,259,137
Total capital assets being depreciated	406,386,511	6,383,650	(2,549,387)	410,220,774
Less accumulated depreciation for:				
Land improvements	3,175,323	580,112	-	3,755,435
Buildings and improvements	56,996,648	3,773,038	(1,130,015)	59,639,671
Machinery and equipment	25,601,880	2,706,766	(503,693)	27,804,953
Infrastructure	81,503,939	2,420,361	-	83,924,300
Total accumulated depreciation	167,277,790	9,480,277	(1,633,708)	175,124,359
Total capital assets, being depreciated, net	239,108,721	(3,096,627)	(915,679)	235,096,415
Governmental activities capital assets, net	<u>\$ 297,659,059</u>	<u>\$ 6,028,384</u>	<u>\$ (4,167,209)</u>	<u>\$ 299,520,234</u>

On July 1, 2010, the City transferred \$105,887 in equipment to the Ambulance Enterprise Fund (see Note 16).

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,031,946	\$ -	\$ -	\$ 1,031,946
Construction in progress	20,261,279	2,940,617	(4,980)	23,196,916
Total capital assets, not being depreciated	21,293,225	2,940,617	(4,980)	24,228,862
Capital assets, being depreciated:				
Buildings and improvements	103,351,990	-	-	103,351,990
Machinery and equipment	23,320,904	675,052	(57,000)	23,938,956
Distribution and collection systems	79,683,455	1,082,569	-	80,766,024
Vehicles	1,007,853	25,615	-	1,033,468
Other	907,217	-	-	907,217
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	208,559,123	1,783,236	(57,000)	210,285,359
Less accumulated depreciation for:				
Buildings and improvements	42,802,264	2,487,225	-	45,289,489
Machinery and equipment	7,113,517	786,245	(51,300)	7,848,462
Distribution and collection systems	19,236,152	1,145,949	-	20,382,101
Vehicles	904,874	10,515	-	915,389
Other	864,844	21,711	-	886,555
Furniture and fixtures	287,406	298	-	287,704
Total accumulated depreciation	71,209,057	4,451,943	(51,300)	75,609,700
Total capital assets, being depreciated, net	137,350,066	(2,668,707)	(5,700)	134,675,659
Business-type capital assets, net	\$ 158,643,291	\$ 271,910	\$ (10,680)	\$ 158,904,521

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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

<b>Governmental activities:</b>	
General government	\$ 610,293
Public safety	1,980,565
Public works, including depreciation of general infrastructure assets	2,751,541
Health and welfare	72,331
Culture and recreation	812,619
Education	<u>3,252,928</u>
Total depreciation expense – governmental activities	<u><u>\$ 9,480,277</u></u>
<b>Business-type activities:</b>	
Sewer	\$ 2,779,823
Water	1,360,094
Ambulance	<u>16,233</u>
Total depreciation expense – business-type activities	<u><u>\$ 4,156,150</u></u>

**Discretely presented component units**

Activity for the Danbury Parking Authority for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 192,956	\$ -	\$ -	\$ 192,956
Machinery and equipment	474,578	-	-	474,578
Computer equipment	22,506	-	-	22,506
Total capital assets, being depreciated	<u>690,040</u>	<u>-</u>	<u>-</u>	<u>690,040</u>
Less accumulated depreciation for:				
Buildings and improvements	87,148	8,870	-	96,018
Machinery and equipment	427,904	9,037	-	436,941
Computer equipment	18,017	3,219	-	21,236
Total accumulated depreciation	<u>533,069</u>	<u>21,126</u>	<u>-</u>	<u>554,195</u>
Total capital assets, being depreciated, net	<u><u>\$ 156,971</u></u>	<u><u>\$ (21,126)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 135,845</u></u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

Activity for the Richter Park Authority for the year ended December 31, 2010 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	\$ 2,030,963	\$ 9,000	\$ -	\$ 2,039,963
Improvements	3,314,748	210,496	-	3,525,244
Machinery and equipment	1,286,163	193,259	(147,352)	1,332,070
Totals, capital assets being depreciated	6,631,874	412,755	(147,352)	6,897,277
Less accumulated depreciation for:				
Buildings	1,416,912	66,540	-	1,483,452
Improvements	1,805,296	166,160	-	1,971,456
Machinery and equipment	905,217	134,851	(141,457)	898,611
Total accumulated depreciation	4,127,425	367,551	(141,457)	4,353,519
Total capital assets, being depreciated, net	2,504,449	45,204	(5,895)	2,543,758
Total capital assets, net	\$ 3,346,834	\$ 45,204	\$ (5,895)	\$ 3,386,143

Activity for the Tarrywile Park Authority for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 129,298	\$ 44,656	\$ -	\$ 173,954
Ground maintenance equipment	37,226	3,081	-	40,307
Administrative equipment	92,311	-	-	92,311
Construction-in-progress	-	28,499	-	28,499
Totals, capital assets being depreciated	258,835	76,236	-	335,071
Less accumulated depreciation for:				
Buildings and improvements	90,014	7,524	-	97,538
Ground maintenance equipment	19,363	6,010	-	25,373
Administrative equipment	86,803	1,164	-	87,967
Total accumulated depreciation	196,180	14,698	-	210,878
Total capital assets, being depreciated, net	\$ 62,655	\$ 61,538	\$ -	\$ 124,193

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

Activity for the Danbury Museum and Historical Society Authority for the year ended June 30, 2011 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	1,182,958	-	(64,026)	1,118,932
Machinery and equipment	26,016	-	-	26,016
Furniture and fixtures	23,427	-	-	23,427
Totals, capital assets being depreciated	1,232,401	-	(64,026)	1,168,375
Less accumulated depreciation for:				
Buildings and improvements	369,052	51,447	(23,474)	397,025
Machinery and equipment	10,348	3,252	-	13,600
Furniture and fixtures	9,907	2,707	-	12,614
Total accumulated depreciation	389,307	57,406	(23,474)	423,239
Total capital assets, being depreciated, net	843,094	(57,406)	(40,552)	745,136
Total capital assets, net	\$ 971,884	\$ (57,406)	\$ (40,552)	\$ 873,926

Activity for the Charles Ives Authority for the Performing Arts for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 84,499	\$ 3,888	\$ -	\$ 88,387
Totals, capital assets being depreciated	84,499	3,888	-	88,387
Less accumulated depreciation for:				
Machinery and equipment	(40,605)	(17,289)	-	(57,894)
Total accumulated depreciation	(40,605)	(17,289)	-	(57,894)
Total capital assets, net	\$ 43,894	\$ (13,401)	\$ -	\$ 30,493

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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**Note 7. Bond Anticipation Notes Payable and Subsequent Event**

The City has \$20,000,000 of bond anticipation notes outstanding as of June 30, 2011. 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, 2011 were as follows:

Outstanding, July 1, 2010	\$ 48,000,000
Borrowings	20,000,000
Repayments	<u>(48,000,000)</u>
Outstanding, June 30, 2011	<u>\$ 20,000,000</u>
Reported as:	
Bond anticipation notes	<u>\$ 7,592,445</u>
Long-term debt	<u>\$ 12,407,555</u>

Subsequent event

In July 2011, the City issued \$18,000,000 in general obligation bonds. The bonds bear interest of 3.00% - 5.00% and mature serially from July 15, 2012 to July 15, 2030. Of the \$20,000,000 bond anticipation notes outstanding, \$12,855,235 was financed with the July 2011 issue and is considered long-term debt in the government-wide financial statements, and other financing sources in the Governmental Fund financial statements.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**Note 8. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 114,147,700	\$ 21,705,000	\$ 8,413,350	\$ 127,439,350	\$ 10,181,600
Notes payable	1,094,000	-	72,000	1,022,000	72,000
Bond anticipation notes	18,370,983	12,407,555	18,370,983	12,407,555	-
Plus deferred amounts:					
Unamortized premiums	6,522,098	831,290	735,323	6,618,065	566,438
<b>Total bonds and notes payable</b>	<b>140,134,781</b>	<b>34,943,845</b>	<b>27,591,656</b>	<b>147,486,970</b>	<b>10,820,038</b>
Capital leases	5,473,861	12,157,717	948,721	16,682,857	1,696,576
Landfill post-closure monitoring	12,155,976	-	3,184,073	8,971,903	170,000
Pollution remediation obligation	1,083,700	-	-	1,083,700	212,000
Early retirement accrual	3,210,991	256,879	969,465	2,498,405	969,465
Compensated absences	2,837,004	2,091,476	1,492,905	3,435,575	1,742,870
Legal claims and other	750,000	-	-	750,000	-
Easement obligation	450,000	-	50,000	400,000	50,000
OPEB obligations	14,497,500	6,317,300	-	20,814,800	-
<b>Governmental activity     long-term liabilities</b>	<b>\$ 180,593,813</b>	<b>\$ 55,767,217</b>	<b>\$ 34,236,820</b>	<b>\$ 202,124,210</b>	<b>\$ 15,660,949</b>
<b>Business-type activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 26,772,300	\$ 1,295,000	\$ 2,276,650	\$ 25,790,650	\$ 2,523,401
Notes payable	10,294,392	-	2,711,252	7,583,140	2,612,014
Plus deferred amounts:					
Unamortized premiums	1,055,227	-	225,954	829,273	-
<b>Total bonds and notes payable</b>	<b>38,121,919</b>	<b>1,295,000</b>	<b>5,213,856</b>	<b>34,203,063</b>	<b>5,135,415</b>
<b>Business-type activity     long-term liabilities</b>	<b>\$ 38,121,919</b>	<b>\$ 1,295,000</b>	<b>\$ 5,213,856</b>	<b>\$ 34,203,063</b>	<b>\$ 5,135,415</b>

Notes payable

The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2011:

	Outstanding Amount
HUD-Section 108 loan, due in annual installments with an interest rate of 3%.	\$ 1,022,000

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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General obligation bonds

As of June 30, 2011, 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%	\$ 1,630,000
\$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%	240,000
\$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%	2,640,000
\$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%	295,000
\$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%	652,350
\$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%	2,045,000
\$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%	9,973,000
\$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%	190,000

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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	<u>Outstanding Amount</u>
\$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%	2,975,000
\$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%	10,700,000
\$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%	13,685,000
\$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%	11,437,000
\$15,269,000 General Obligation Bonds; issued July 15, 2009 - 2010 post refunding due in annual installments of \$763,000 to \$766,762; final maturity July 15, 2029; interest at 3.00% - 5.00%	14,310,000
\$5,525,000 General Obligation Bonds issued; March 18, 2010 -2010 post refunding-Series A post refunding-Series A due in annual installments of \$292,000	5,525,000
\$27,159,000 General Obligation Bonds issued; March 18, 2010 -2010 post refunding-Series B due in annual installments of \$22,000 to \$4,096,000; final maturity July 1, 2024; interest at 2.00% - 5.00%	27,159,000
\$21,705,000 General Purpose and School Obligation Bonds issued July 15, 2010 due in annual installments of \$1,085,250; final maturity July 15, 2030; interest at 2.00% - 4.00%	<u>21,705,000</u>
	<u>\$ 127,439,350</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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At June 30, 2011, 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%	\$ 195,000
\$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%	465,000
\$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%	300,000
\$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%	420,000
\$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%	300,000
\$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%	47,650
\$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%	8,894,000
\$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%	65,000
\$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%	175,000
\$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%	3,215,000

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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	<u>Outstanding Amount</u>
\$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%	2,880,000
\$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%	1,563,000
\$915,000 Water general obligation bonds; issued July 15, 2009, due in annual installments of \$41,000 to \$46,000; final maturity July 15, 2029; interest at 3.00% to 5.00%	690,000
\$5,286,000 Water and Sewer general obligation refunding bonds; issued March 18, 2010; due in annual installments of \$179,000 to \$428,000; final maturity July 1, 2020; interest at 2.00% to 5.00%	5,286,000
\$1,295,000 Water and Sewer General Obligation Bonds issued July 15, 2010; due in annual installments of \$64,750; final maturity July 15, 2030; interest at 2.00 - 4.00%	<u>1,295,000</u>
<b>Total general obligation bonds</b>	<u>25,790,650</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%	5,171,817
\$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%	68,038
\$2,549,994 Clean Water Fund 5155-C note payable signed March 31, 2010 due in annual installments of \$107,476 (\$206,709 in 2011); final maturity September 30, 2029, interest at 2.0%	<u>2,343,285</u>
<b>Total notes payable</b>	<u>7,583,140</u>
	<u><u>\$ 33,373,790</u></u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

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
2012	\$ 10,253,600	\$ 5,292,704	\$ 15,546,304	\$ 5,135,415	\$ 1,248,806	\$ 6,384,221
2013	10,126,250	4,848,568	14,974,818	5,109,934	1,082,221	6,192,155
2014	9,263,250	4,443,623	13,706,873	2,869,547	932,532	3,802,079
2015	8,102,250	4,065,677	12,167,927	2,310,706	810,101	3,120,807
2016	8,023,250	3,714,564	11,737,814	2,130,170	700,924	2,831,094
2017	7,830,250	3,358,533	11,188,783	2,140,520	601,183	2,741,703
2018	7,780,250	3,014,198	10,794,448	2,132,917	508,298	2,641,215
2019	7,434,250	2,672,966	10,107,216	1,813,363	426,536	2,239,899
2020	6,949,250	2,343,168	9,292,418	1,210,858	361,519	1,572,377
2021	6,799,250	2,039,977	8,839,227	1,088,403	311,576	1,399,979
2022	6,794,250	1,750,957	8,545,207	1,096,000	266,697	1,362,697
2023	6,291,250	1,475,112	7,766,362	1,051,649	224,316	1,275,965
2024	6,301,250	1,213,428	7,514,678	1,049,352	183,130	1,232,482
2025	5,766,250	967,722	6,733,972	1,052,109	142,154	1,194,263
2026	5,540,250	736,540	6,276,790	996,922	101,901	1,098,823
2027	5,174,250	515,830	5,690,080	975,791	63,029	1,038,820
2028	3,989,250	326,924	4,316,174	613,719	32,327	646,046
2029	2,918,250	184,875	3,103,125	382,706	14,374	397,080
2030	2,039,250	84,031	2,123,281	148,959	4,910	153,869
2031	1,085,250	21,705	1,106,955	64,750	1,295	66,045
Total	\$ 128,461,350	\$ 43,071,102	\$ 171,532,452	\$ 33,373,790	\$ 8,017,829	\$ 41,391,619

**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, 2011 was approximately \$582,548. Additional payments aggregating approximately \$1,404,325 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 statements. As of June 30, 2011, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements was approximately \$41,000,000.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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#### **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 \$8,971,903, 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, 2011 was \$20,814,800. 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, 2011 is approximately \$2,498,405 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 represented an increase in pension benefits which resulted in a change in retirement obligation of the General Employee Pension Fund effective 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 \$3,435,575 as of June 30, 2011. The General Fund has typically been used to liquidate the liability for compensated absences.

#### **Capital lease obligations**

The City has entered into multi-year capital leases for the purchase of various capital items including energy conservation construction, public works equipment, vehicles and computer hardware and software. Interest rates on these leases range from 2.69% to 5.51%. The leases are payable in monthly installments through 2026.

On June 28, 2011, the City entered into a \$4,248,835 equipment tax-exempt lease/purchase agreement and a \$7,251,165 equipment taxable direct pay qualified energy conservation bond (QECB) lease/purchase agreement for building improvements. The \$4,248,835 lease has an interest rate of 3.60% and matures on June 28, 2026. The \$7,251,165 lease has an interest rate of 5.27%, a tax credit

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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rate of 5.04% (70% of tax credit rate of 3.53%), and a net effective rate of 1.74% and matures on June 28, 2026. Principal and interest payments are made biannually on both leases and vary throughout the life of the lease. The City received \$11,500,000 in funding on June 28, 2011 and had associated construction in progress of \$3,024,136 as of June 30, 2011.

Construction in progress	\$ 3,024,136
Machinery and equipment	17,180,882
Accumulated depreciation	<u>(12,316,998)</u>
Net book value	<u>\$ 7,888,020</u>

Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u>	
2012	\$ 1,696,576
2013	2,344,724
2014	2,045,209
2015	1,990,734
2016	1,973,801
Thereafter	<u>11,965,796</u>
	22,016,840
Less amount representing interest	<u>(5,333,983)</u>
	<u>\$ 16,682,857</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, 2010:

Beginning balance	\$ 284,853
Additions	-
Deductions	<u>(41,000)</u>
Ending balance	<u>\$ 243,853</u>

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, 2010, approximately \$169,000 in advances was outstanding on the credit line.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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The future principal amortization is as follows:

Year ending December 31,		
2011	\$	41,000
2012		41,000
2013		41,000
2014		41,000
2015		41,000
Thereafter		38,853
	\$	<u>243,853</u>

**Authorized but unissued bonds**

Bonds authorized but unissued by the City at June 30, 2011 are as follows:

General Purpose	\$	20,622,758
Sewer		4,203,185
Water		1,123,313
	\$	<u>25,949,256</u>

**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	\$ 367,770,314	\$ 138,525,972	\$ 229,244,342
Unfunded Pension Benefit Obligation	490,360,419	-	490,360,419
Schools	735,540,629	42,768,995	692,771,634
Sewers	612,950,524	36,967,816	575,982,708
Urban renewal	531,223,787	1,022,000	530,201,787

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,144,854,179.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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#### **Note 9. 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.

##### **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").

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 \$82.29 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, 2011 is \$3,124,945 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 \$4,954,448.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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**Note 10. Fund Deficits**

The City has the following fund deficits at June 30, 2011 and expects to eliminate the deficits in the future as follows:

Fund	Deficit June 30, 2011	Plan for Eliminating Debt
Capital Projects:		
Open Space	\$ 545,357	Through future debt issuance
Century 21 Pl.	\$ 251,535	Through future debt issuance
Special Revenue:		
School Lunch Program	\$ 155,693	Through future grant reimbursement/transfers
LOCIP	\$ 139,625	Through future grant reimbursement/transfers
Airport	\$ 388,511	Through future grant reimbursement/transfers/revenues
BIIP	\$ 36,619	Through future grant reimbursement/transfers
ARRA	\$ 207,350	Through future grant reimbursement/transfers
Miscellaneous Special Revenue	\$ 30,034	Through future grant reimbursement/transfers/revenues

**Note 11. 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. Beginning January 1, 2011, all non-union employees who are hired or become eligible for benefits subsequent to January 1, 2011 and are members of the General Employees Pension Plan shall contribute 5% of their base salary. 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.

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.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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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, 2011

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	505	36	27	83	70	17
Vested in employee contributions only	-	-	-	-	-	12
Terminated employees Entitled to future benefits	149	-	-	-	2	2
Current employees	<u>572</u>	<u>-</u>	<u>-</u>	<u>19</u>	<u>120</u>	<u>132</u>
Total number of participants	<u>1,226</u>	<u>36</u>	<u>27</u>	<u>102</u>	<u>192</u>	<u>163</u>
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, 2011

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	\$2,529,000	\$904,000	\$488,000	\$ -	\$311,000	\$1,047,000
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	-**	-	-	4.0%	5.0%	4.5%
Employer	100%	100%	100%	100%	100%	100%
Annual Pension Cost	\$2,529,000	\$904,000	\$488,000	\$ -	\$311,000	\$1,047,000
Contribution Made	\$2,529,000	\$904,000	\$488,000	\$ -	\$311,000	\$1,047,000
<u>Funding Status and Progress</u>						
Date of actuarial valuation	7/1/09	7/1/09	7/1/09	7/1/10	7/1/10	7/1/10
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%	-	-	3.5%	3.5%	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

\* An adjustment to the asset method was made with the July 1, 2009 and July 1, 2010 valuations. Previously, the actuarial value of assets was required to be within 80% to 120% of the market value. The new range is 65% to 135% of market value for all plans except Post 1983 Police, which is 70% to 130% of market value.

\*\* Beginning January 1, 2011, all non-union employees who are hired or become eligible for benefits subsequent to January 1, 2011 and are members of the General Employees Pension Plan shall constitute 5% of their base salary.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983
		Police	Fire	Police	Fire	Police
Actuarial asset valuation method*	Expected Actuarial Value					
Funding Policy	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial
Actuarial cost method	Projected unit credit cost					
Amortization method	Level Dollar Amount Open					
Remaining amortizing period	10 years	8 years	10 years	10 years	16 years	16 years
Authority under which contributions are established	City Council					

\* An adjustment to the asset method was made with the July 1, 2009 valuation. Previously, the actuarial value of assets was required to be within 80% to 120% of the market value. The new range is 65% to 135% of market value for all plans except Post 1983 Police, which is 70% to 130% of market value.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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Three-Year Trend Information

	Trend % Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
General Employees			
2011	2,529,000	100.0%	-
2010	-	-	-
2009	-	-	-
Police Pre-1967			
2011	904,000	100.0%	-
2010	845,000	100.0%	-
2009	845,000	100.0%	-
Fire Pre-1967			
2011	488,000	100.0%	-
2010	552,000	100.0%	-
2009	552,000	100.0%	-
Police Post-1967			
2011	-	-	-
2010	-	-	-
2009	-	-	-
Fire Post-1967			
2011	311,000	100.0%	-
2010	272,631	99.8%	(28,672)
2009	-	-	-
Police Post-1983			
2011	1,047,000	100.0%	-
2010	1,018,000	100.0%	-
2009	889,000	100.0%	-

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**SCHEDULE OF PLAN NET ASSETS  
JUNE 30, 2011**

	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	\$ 5,160,002	\$ 215,750	\$ 205,140	\$ 2,399,678	\$ 3,098,020	\$ 913,472	\$ 11,992,062
<b>Investments, at fair value</b>							
Common stock	16,249,638	679,429	646,017	7,556,955	9,756,138	2,876,662	37,764,839
Debt securities	5,686,834	237,777	226,084	2,644,683	3,414,325	1,006,736	13,216,439
Mutual funds	47,698,172	1,994,352	1,896,277	22,182,212	28,637,558	8,443,975	110,852,546
Private hedge fund	24,196,840	1,011,717	961,964	11,252,830	14,527,567	4,283,550	56,234,468
<b>Total investments</b>	<b>93,831,484</b>	<b>3,923,275</b>	<b>3,730,342</b>	<b>43,636,680</b>	<b>56,335,588</b>	<b>16,610,923</b>	<b>218,068,292</b>
Accrued interest and dividends	54,203	2,266	2,153	25,207	32,543	9,597	125,969
Pending sales	2,108,604	88,165	83,829	980,615	1,265,987	373,285	4,900,485
<b>Total Assets</b>	<b>101,154,293</b>	<b>4,229,456</b>	<b>4,021,464</b>	<b>47,042,180</b>	<b>60,732,138</b>	<b>17,907,277</b>	<b>235,086,808</b>
<b>LIABILITIES</b>							
Pending purchases	392,383	16,406	15,599	182,479	235,583	69,463	911,913
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 100,761,910</b>	<b>\$ 4,213,050</b>	<b>\$ 4,005,865</b>	<b>\$ 46,859,701</b>	<b>\$ 60,496,555</b>	<b>\$ 17,837,814</b>	<b>\$ 234,174,895</b>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**SCHEDULE OF CHANGES IN  
PLAN NET ASSETS  
YEAR ENDED JUNE 30, 2011**

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Totals
<b>Additions</b>							
Contributions							
Employer	\$ 2,529,000	\$ 904,000	\$ 488,000	\$ -	\$ 311,000	\$ 1,047,000	\$ 5,279,000
Plan members	-	-	-	47,579	467,269	442,507	957,355
<b>Total contributions</b>	<b>2,529,000</b>	<b>904,000</b>	<b>488,000</b>	<b>47,579</b>	<b>778,269</b>	<b>1,489,507</b>	<b>6,236,355</b>
Investment Income							
Net appreciation in fair value of investments	14,984,619	583,751	491,064	7,196,360	9,098,777	1,995,802	34,350,373
Interest and dividends	2,037,672	83,978	68,995	976,342	1,238,515	280,618	4,686,120
	17,022,291	667,729	560,059	8,172,702	10,337,292	2,276,420	39,036,493
Less Investment Expenses:							
Investment manage- ment fees	496,060	30,335	25,139	238,946	276,331	55,343	1,122,154
<b>Net investment income</b>	<b>16,526,231</b>	<b>637,394</b>	<b>534,920</b>	<b>7,933,756</b>	<b>10,060,961</b>	<b>2,221,077</b>	<b>37,914,339</b>
<b>Deductions</b>							
Benefits paid	6,219,267	1,455,107	1,085,194	3,587,627	3,362,267	474,785	16,184,247
<b>Total deductions</b>	<b>6,219,267</b>	<b>1,455,107</b>	<b>1,085,194</b>	<b>3,587,627</b>	<b>3,362,267</b>	<b>474,785</b>	<b>16,184,247</b>
<b>Net change in net assets</b>	<b>12,835,964</b>	<b>86,287</b>	<b>(62,274)</b>	<b>4,393,708</b>	<b>7,476,963</b>	<b>3,235,799</b>	<b>27,966,447</b>
<b>Net Assets Held in Trust for Pension Benefits</b>							
Beginning of year	87,925,946	4,126,763	4,068,139	42,465,993	53,019,592	14,602,015	206,208,448
End of year	\$ 100,761,910	\$ 4,213,050	\$ 4,005,865	\$ 46,859,701	\$ 60,496,555	\$ 17,837,814	\$ 234,174,895

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011**

**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:						
7/1/09	\$ 111,314,774	\$ 110,074,859	\$ (1,239,915)	101.1%	\$ 25,822,179	(4.8)%
Pre-1967 Police:						
7/1/09	\$ 5,826,153	\$ 11,020,751	\$ 5,194,598	52.9%	\$ -	NA
Pre-1967 Fire:						
7/1/09	\$ 5,375,994	\$ 8,618,850	\$ 3,242,856	62.4%	\$ -	NA
Post-1967 Police:						
7/1/10	\$ 52,769,298	\$ 56,466,195	\$ 3,696,897	93.5%	\$ 1,528,555	241.9%
Post-1967 Fire:						
7/1/10	\$ 65,257,292	\$ 68,330,153	\$ 3,072,861	95.5%	\$ 8,446,958	36.4%
Post-1983 Police:						
7/1/10	\$ 17,189,830	\$ 22,301,675	\$ 5,111,845	77.1%	\$ 9,025,333	56.6%

\* 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 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.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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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 \$9,835,000 year ended June 30, 2011.

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. The City maintains one plan to cover all employees. 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, 2010. 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, 2010, the date of the last actuarial valuation.

General Government Employees:

Retirees and beneficiaries receiving benefits	341
Active plan members	<u>536</u>
<b>Total</b>	<u><u>877</u></u>

Board of Education Employees:

Retirees and beneficiaries receiving benefits	166
Active plan members	<u>1,272</u>
<b>Total</b>	<u><u>1,438</u></u>

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, 2010 is estimated to be \$124,038,200 and \$19,730,300 for City and Board of Education employees, respectively. The City's contributions represent payments made for premiums for insured individuals.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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:				
6/30/2011	\$ 11,174,200	\$ 5,595,600	50.1%	\$ 16,389,800
6/30/2010	\$ 11,017,400	\$ 5,594,100	50.8%	\$ 10,811,200
6/30/2009	\$ 7,022,700	\$ 4,729,100	67.3%	\$ 5,387,900
Board of Education Employees:				
6/30/2011	\$ 2,088,900	\$ 150,200	7.2%	\$ 5,625,000
6/30/2010	\$ 2,065,000	\$ 967,300	46.8%	\$ 3,686,300
6/30/2009	\$ 1,763,000	\$ 452,700	25.7%	\$ 2,588,600

Annual required contribution	\$ 13,340,000
Interest on net OPEB obligation	1,014,800
Adjustments to ARC	(1,091,700)
Annual OPEB cost	13,263,100
Contributions made	6,945,800
Increase in net OPEB liability	6,317,300
Net OPEB obligation, beginning of year	14,497,500
Net OPEB obligation, end of year	<u>\$ 20,814,800</u>

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:						
7/1/2010	\$ -	\$ 124,038,200	\$ 124,038,200	0.00%	\$33,256,200	373.0%
Board of Education Employees:						
7/1/2010	\$ -	\$ 19,730,300	\$ 19,730,300	0.00%	\$72,319,700	27.3%

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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

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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, 2010
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
Health cost trend rates	Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:

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

**Note 12. 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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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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.

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
2011	\$ 4,530,564	\$ 16,672,998	\$ 16,883,284	\$ 4,320,278
2010	\$ 3,156,155	\$ 18,261,502	\$ 16,887,093	\$ 4,530,564

**Note 13. 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 \$60,514 to supplement Candlewood’s operating revenues for the year ended June 30, 2011 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 \$733,080 to supplement HART’s operating revenues for the year ended June 30, 2011 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 (“HRRA”) is a joint venture of which the City of Danbury is a member. The HRRA was established as a separate political subdivision of the State in 1986 with the adoption of a creating ordinance by local municipalities, including Danbury. HRRA was created for the purpose of providing solid waste management and disposal services for the member municipalities. There are nine participating municipalities in HRRA 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 HRRA in accordance with the agreement between the City and HRRA, but the City has no equity interest.

Complete financial statements for HRRA can be obtained by request from HRRA, 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.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**Note 14. Fund Balance**

Below is a table of fund balance categories and classifications at June 30, 2011 for the City governmental Funds:

	General Fund	Nonmajor Governmental Funds
<b>Fund balances:</b>		
<b>Non-spendable:</b>		
Inventory	\$ -	\$ 63,436
Permanent fund principal	-	1,483,133
Prepaid	77,934	-
<b>Total nonspendable</b>	<b>77,934</b>	<b>1,546,569</b>
<b>Restricted:</b>		
General government	-	413,150
Education	-	8,785
Health and welfare	-	317,295
Raillyard parking lease	-	14,569
Library	-	131,926
Capital projects	-	460,563
<b>Total restricted</b>	<b>-</b>	<b>1,346,288</b>
<b>Committed:</b>		
General government	-	13,423
Public safety	-	309,305
Public works	-	103,651
Health and welfare	-	5,200
Culture and recreation	-	2,004,229
Education	-	1,505,464
Farioly Library	-	163,047
Capital projects	515,990	9,646,461
<b>Total committed</b>	<b>515,990</b>	<b>13,750,780</b>
<b>Assigned:</b>		
General government	181,114	-
Public safety	12,550	90,380
Public works	37,866	-
Culture and recreation	1,079	-
Education	3,504,365	-
Future Appropriation	2,400,000	-
<b>Total assigned</b>	<b>6,136,974</b>	<b>90,380</b>
<b>Unassigned</b>	<b>21,462,647</b>	<b>(5,695,230)</b>
<b>Total fund balance</b>	<b>\$ 28,193,545</b>	<b>\$ 11,038,787</b>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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**Note 15. Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented as of July 1, 2010. The effect of fund type reclassification is as follows:

	General	Nonmajor Governmental Funds
Fund balance, June 30, 2010, as previously reported	\$ 25,404,384	\$ (3,753,376)
Change in fund type classification per implementation of GASB Statement No. 54:		
Continuing Education Fund	1,823,943	(1,823,943)
Fund balance, July 1, 2010, as restated	<u>\$ 27,228,327</u>	<u>\$ (5,577,319)</u>

**Note 16. Special Item**

As of July 2011, the Ambulance Fund was created as an enterprise fund and will follow the accrual basis of accounting. Operations were previously formally reported in a special revenue fund under the same name on the modified accrual basis of accounting and therefore resulted in a special item in the Ambulance Fund of approximately \$106,000, which primarily represents the transfer of capital assets and accounts receivable.

**Note 17. Governmental Accounting Standards Board (GASB) Statements**

The Town adopted the following statements during the year ended June 30, 2011:

- **GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.** This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. As explained in Notes 14 and 15 to the basic financial statements, the Town reclassified the fund balances for governmental funds and restated the General Fund and Nonmajor Governmental Funds fund balance by \$1,823,943 as a result of the implementation of this Statement.
- **GASB Statement No. 59, *Financial Instruments Omnibus*.** This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, Accounting and Financial Reporting for Derivative Instruments, and applying the reporting provisions for interest-earning investment contracts of GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates 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:

- **GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans***, was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2012.
- **GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements***, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34***, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, issued January 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- **GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*** (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the City beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectability of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

#### **Note 18. Subsequent Event**

##### General Obligation and Refunding Bond

On December 15, 2011, the City issued \$16,225,000 of General Obligation Refunding Bonds to advance refund all or any portion of the aggregate principal amounts outstanding of certain of the City's outstanding general obligation bonds totaling \$17,005,000. The bonds mature through 2025, with interest from 3.00% to 5.00%. The transaction produced a present value gain of \$771,462 and a cash savings of \$818,875.

##### Emergency Appropriation for Storm Debris Removal

On October 30, 2011, an unprecedented snowstorm caused extensive damage to trees and power lines in Danbury and resulted in widespread power outages for up to 11 days. On November 15, 2011, the City Council appropriated up to \$2,000,000 for storm debris removal. As a disaster declaration has been issued by the President for this storm, the City expects reimbursement from the Federal Emergency Management Agency (FEMA) for 75% of related eligible costs.

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**Required Supplementary  
Information**



**CITY OF DANBURY, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF FUNDING PROGRESS -  
PENSIONS AND OPEB  
June 30, 2011**

**SCHEDULE OF FUNDING PROGRESS – PENSIONS AND OPEB**

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
<b>PENSIONS</b>						
General Employees:						
7/1/09	\$ 111,314,774	\$ 110,074,859	\$ (1,239,915)	101.1 %	\$ 25,822,179	(4.8) %
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) %
Pre-1967 Police:						
7/1/09	\$ 5,826,153	\$ 11,020,751	\$ 5,194,598	52.9 %	-	N/A
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 %
Pre-1967 Fire:						
7/1/09	\$ 5,375,994	\$ 8,618,850	\$ 3,242,856	62.4 %	-	N/A
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
Post-1967 Police:						
7/1/10	\$ 52,769,298	\$ 56,466,195	\$ 3,696,897	93.5 %	\$ 1,528,555	241.9 %
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 %

**CITY OF DANBURY, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF FUNDING PROGRESS -  
PENSIONS AND OPEB  
June 30, 2011**

**PENSIONS AND OPEB  
SCHEDULE OF FUNDING PROGRESS, Continued**

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
<b>Post-1967 Fire:</b>						
7/1/10	\$ 65,257,292	\$ 68,330,153	\$ 3,072,861	95.5 %	\$ 8,446,958	36.4 %
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)	117.4 %	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) %
<b>Post-1983 Police:</b>						
7/1/10	\$ 17,189,830	\$ 22,301,675	\$ 5,111,845	77.1 %	\$ 9,025,333	56.6 %
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) %
<b>OPEB</b>						
<b>General Government</b>						
<b>Employees:</b>						
7/1/10	\$ -	\$ 124,038,200	\$ 124,038,200	- %	\$ 33,256,200	373.0 %
7/1/08	-	102,450,000	102,450,000	- %	34,705,900	295.0 %
7/1/07	-	76,382,058	76,382,058	- %	NA	NA
7/1/06	-	73,448,012	73,448,012	- %	NA	NA
<b>Board of Education</b>						
<b>Employees:</b>						
7/1/10	\$ -	\$ 19,730,300	\$ 19,730,300	- %	\$ 72,319,700	27.3 %
7/1/08	-	20,134,000	20,134,000	- %	66,898,500	30.0 %
7/1/07	-	21,550,455	21,550,455	- %	NA	NA
7/1/06	-	20,366,070	20,366,070	- %	NA	NA

THE CITY OF DANBURY, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSIONS AND OPEB  
 June 30, 2011

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSIONS**

Year Ended June 30,	General Employees		Pre-1967 Police		Pre-1967 Fire	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2011	\$ 2,529,000	100.0%	\$ 904,000	100.0%	\$ 488,000	100.0%
2010	-	100.0%	845,000	100.0%	552,000	100.0%
2009	-	100.0%	845,000	100.0%	552,000	100.0%
2008	-	100.0%	857,000	100.0%	865,000	100.0%
2007	-	100.0%	857,000	100.0%	611,000	100.0%
2006	-	100.0%	978,000	100.0%	584,000	100.0%

Year Ended June 30,	Post 1967 Police		Post -1967 Fire		Post 1983 Police	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2011	\$ -	100.0%	\$ 311,000	100.0%	\$ 1,047,000	100.0%
2010	-	100.0%	272,000	100.0%	1,018,000	100.0%
2009	-	100.0%	-	100.0%	889,000	100.0%
2008	-	100.0%	-	100.0%	910,000	100.0%
2007	713,000	100.0%	342,000	100.0%	910,000	100.0%
2006	690,000	100.0%	281,000	100.0%	984,000	100.0%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB**

Year Ended June 30,	General Employees		Board of Education	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2011	\$ 11,231,500	50.0%	\$ 2,108,500	7.0%
2010	11,045,900	56.0%	2,078,700	46.5%
2009	7,039,100	67.0%	1,769,800	25.7%
2008	7,039,100	51.0%	1,769,800	27.8%

CITY OF DANBURY, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED  
 FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 164,222,148	\$ 164,222,148	\$ 162,068,725	\$ (2,153,423)
Federal and state governments	32,497,997	32,634,952	29,706,304	(2,928,648)
Licenses and permits	2,919,875	2,919,875	3,260,420	340,545
Charges for services	4,692,980	4,712,994	4,316,952	(396,042)
Fines and penalties	1,265,000	1,265,000	1,433,856	168,856
Investment income	400,000	400,000	191,553	(208,447)
<b>Total revenues</b>	<b>205,998,000</b>	<b>206,154,969</b>	<b>200,977,810</b>	<b>(5,177,159)</b>
<b>EXPENDITURES</b>				
Current:				
General government	9,341,379	9,663,784	9,231,279	432,505
Public safety	29,154,003	29,402,070	27,956,822	1,445,248
Public works	9,256,155	9,522,675	9,005,134	517,541
Health and welfare	2,175,304	2,126,399	2,001,356	125,043
Culture and recreation	2,947,090	2,825,693	2,777,277	48,416
Education	114,103,866	114,103,866	110,680,517	3,423,349
Pension and other employee benefits	26,923,444	26,372,651	25,755,047	617,604
Capital outlay	1,045,000	1,055,907	659,120	396,787
Contingency	450,000	149,000	-	149,000
Debt service:				
Principal retirements	8,913,350	8,413,350	8,413,350	-
Interest	4,679,957	5,011,122	5,011,122	-
<b>Total expenditures</b>	<b>208,989,548</b>	<b>208,646,517</b>	<b>201,491,024</b>	<b>7,155,493</b>
<b>Revenues over (under) expenditures</b>	<b>(2,991,548)</b>	<b>(2,491,548)</b>	<b>(513,214)</b>	<b>1,978,334</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	750,000	750,000	450,000	(300,000)
Transfers (out)	(258,452)	(758,452)	(758,452)	-
Premium from bond	-	-	831,290	831,290
<b>Total other financing sources (uses)</b>	<b>491,548</b>	<b>(8,452)</b>	<b>522,838</b>	<b>531,290</b>
<b>Revenues over (under) expenditures and other financing sources (uses)</b>	<b>\$ (2,500,000)</b>	<b>\$ (2,500,000)</b>	<b>\$ 9,624</b>	<b>\$ 2,509,624</b>

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

## CITY OF DANBURY, CONNECTICUT

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

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#### **Note 1. 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 \$156,968 and also increased budgeted revenues approximately \$156,968.
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.
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.

**CITY OF DANBURY, CONNECTICUT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued**  
**June 30, 2011**

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, 2011, there was \$515,990 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 Other Financing Sources	Expenditures, Encumbrances and Other Financing Uses
Balance, budgetary basis	\$ 202,259,100	\$ 202,249,476
Encumbrances and continued appropriations		
June 30, 2010	-	983,846
June 30, 2011	-	(1,928,420)
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	9,835,000	9,835,000
On-behalf payments paid directly by the Department of Health to WIC recipients, not recognized for budgetary purposes	1,471,654	1,471,654
Reclassified to General Fund, as funds were previously reported as Special Revenue Funds, and no longer meet the definition in accordance with GASB 54	1,557,037	1,546,017
Public safety off-duty services	1,497,795	1,497,795
Purchases of equipment under capital lease obligations, not recognized for budgetary purposes	657,717	657,717
Balance, GAAP basis	<u>\$ 217,278,303</u>	<u>\$ 216,313,085</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued**  
**June 30, 2011**

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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.

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**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, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
Common Council	\$ 24,900	\$ 24,424	\$ 20,882	\$ 3,542
Mayor's Office	337,596	369,419	357,256	12,163
City Clerk	55,412	55,817	55,804	13
Ordinances	22,000	27,155	27,155	-
Probate Court	19,100	19,124	13,909	5,215
Registrars and Elections	178,355	203,258	189,189	14,069
City Treasurer	21,972	22,139	22,138	1
Director of Finance	833,636	853,138	851,627	1,511
Data Processing/Information Technology	1,235,835	1,333,086	1,285,707	47,379
Independent Audit	50,000	50,425	50,067	358
Bureau of Assessments	403,280	441,375	441,314	61
Board of Assessments and Appeal	4,740	4,740	4,031	709
Tax Collector	569,523	547,846	524,570	23,276
Purchasing	230,052	230,052	223,812	6,240
Corporation Counsel	807,735	949,433	945,031	4,402
Town Clerk	344,311	376,227	335,267	40,960
Annual Report	10,000	10,000	10,000	-
Permit Coordination	300,624	301,645	300,756	889
Planning	476,953	476,647	473,424	3,223
Office of Economic Development	62,043	37,293	33,681	3,612
Danbury Conservation Commission	15,041	15,041	9,116	5,925
Personnel/ Civil Service	330,068	287,596	275,202	12,394
Mayor's Discretionary Fund	11,500	10,500	5,913	4,587
Fair Rent Commission	1,000	1,000	-	1,000
City Memberships	84,714	84,714	84,600	114
Lake Authority	59,246	60,515	60,514	1
Retirement Administration	20,000	20,000	17,683	2,317
Labor Negotiations	130,300	229,140	228,984	156
Public Buildings	1,047,601	1,084,214	1,037,847	46,367
City Hall Building	425,794	367,521	316,940	50,581
Library Building	253,049	252,836	216,383	36,453
Police Station Building	585,990	537,288	490,473	46,815
Senior Center Building	105,226	104,688	79,256	25,432
Old Library Building	63,600	125,731	116,144	9,587
Park Buildings	145,440	147,021	126,604	20,417
Employee Service Benefit	74,743	2,736	-	2,736
<b>Total general government</b>	<b>9,341,379</b>	<b>9,663,784</b>	<b>9,231,279</b>	<b>432,505</b>

(Continued)

CITY OF DANBURY, CONNECTICUT

**GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
BUDGET AND ACTUAL, Continued  
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Public Safety</b>				
Police Department	14,871,207	15,074,659	14,434,660	639,999
Fire Department	11,480,017	11,604,690	11,348,584	256,106
Building Inspector	643,099	637,422	631,384	6,038
Department of Civil Preparedness	135,350	135,350	131,740	3,610
Department of Consumer Protection	54,231	54,628	53,560	1,068
Unified Neighborhood Inspection Team	110,524	116,439	115,077	1,362
Airport	511,974	532,281	508,737	23,544
HART	733,080	733,080	733,080	-
Employee Service Benefit	614,521	513,521	-	513,521
<b>Total public safety</b>	<b>29,154,003</b>	<b>29,402,070</b>	<b>27,956,822</b>	<b>1,445,248</b>
<b>Public Works</b>				
Director of Public Works	209,254	205,832	202,589	3,243
Highways	2,473,584	2,401,405	2,273,093	128,312
State Aid-Highways	330,000	330,000	316,747	13,253
Snow & Ice Removal	774,500	1,016,722	1,005,314	11,408
Street Lighting	490,000	490,000	471,214	18,786
Park Maintenance	1,193,461	1,237,564	1,206,040	31,524
Forestry	247,357	283,709	276,887	6,822
Public Buildings-Maint & Repai	547,555	706,587	672,310	34,277
Equipment Maintenance	1,352,104	1,339,437	1,249,250	90,187
Recycling/Solid Waste	332,500	369,375	297,985	71,390
Engineering	941,851	924,666	864,341	60,325
Construction Services	225,704	189,653	169,364	20,289
Public Works Empl Benefits	138,285	27,725	-	27,725
<b>Total public works</b>	<b>9,256,155</b>	<b>9,522,675</b>	<b>9,005,134</b>	<b>517,541</b>
<b>Health and Welfare</b>				
Health, House and Welfare Department	1,243,077	1,252,092	1,216,070	36,022
Veterans Advisory Center	88,362	58,635	58,025	610
Elderly Services	245,298	217,105	208,289	8,816
Elderly Transportation	12,000	12,000	12,000	-
Human and Social Welfare	-	-	-	-
Community Services	506,972	506,972	506,972	-
Employee Service Benefit	79,595	79,595	-	79,595
<b>Total health and welfare</b>	<b>2,175,304</b>	<b>2,126,399</b>	<b>2,001,356</b>	<b>125,043</b>
<b>Education</b>	<b>114,103,866</b>	<b>114,103,866</b>	<b>110,680,517</b>	<b>3,423,349</b>

CITY OF DANBURY, CONNECTICUT

GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
 BUDGET AND ACTUAL, Continued  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Culture and Recreation</b>				
Recreation	403,101	385,019	373,229	11,790
Tarrywile Park Authority	255,150	255,150	255,150	-
Cultural Commission	85,050	85,050	84,861	189
Lake Kenosia Commission	17,820	17,820	16,299	1,521
Ives Authority Performing Arts	64,800	64,800	64,800	-
Danbury Public Library	1,999,359	1,931,674	1,901,128	30,546
Long Ridge Library	4,860	4,860	4,860	-
Danbury Museum/Hist Soc Auth	76,950	76,950	76,950	-
Employee Service Benefit	40,000	4,370	-	4,370
<b>Total culture and recreation</b>	<b>2,947,090</b>	<b>2,825,693</b>	<b>2,777,277</b>	<b>48,416</b>
<b>Pension and Other Employee Benefits</b>	<b>26,923,444</b>	<b>26,372,651</b>	<b>25,755,047</b>	<b>617,604</b>
<b>Debt Service</b>				
Redemption Of Debt	8,913,350	8,413,350	8,413,350	-
Interest - bonds	4,679,957	5,011,122	5,011,122	-
<b>Total debt service</b>	<b>13,593,307</b>	<b>13,424,472</b>	<b>13,424,472</b>	<b>-</b>
<b>Contingency</b>	<b>450,000</b>	<b>149,000</b>	<b>-</b>	<b>149,000</b>
<b>Capital Outlay</b>	<b>1,045,000</b>	<b>1,055,907</b>	<b>659,120</b>	<b>396,787</b>
<b>Transfer Out</b>	<b>258,452</b>	<b>758,452</b>	<b>758,452</b>	<b>-</b>
<b>Total</b>	<b>\$ 209,248,000</b>	<b>\$ 209,404,969</b>	<b>\$ 202,249,476</b>	<b>\$ 7,155,493</b>

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## **Nonmajor Governmental Funds**

## **Nonmajor Governmental Funds**

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

Special revenue funds are used to account for and report specific revenue sources that are restricted or committed to expenditures for special purposes other than debt service or capital projects.

**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.

**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.

**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.

**BIIP (Boehringer-Ingelheim Infrastructure Project)** – to account for grants from the State Department of Economic and Community Development for infrastructure projects near Boehringer-Ingelheim.

**ARRA** – to account for education and capital related programs that are funded by Federal ARRA Grants.

**NSP Grant** – to account for a grant from the State of Connecticut Department of Economic and Community Development to promote housing and economic opportunities for low- and moderate-income residents through acquisition and rehabilitation of foreclosed properties in eligible neighborhoods.

**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.

**SECP** - to account for proceeds from qualified energy conservation bond lease agreements for school building improvements.

**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.

**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.

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

**Special Litigation** - to account for proceeds of specific general obligation bonds for a litigation settlement.

**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, 2011

	Special Revenue			
	School Lunch Program	Community Development Block Grant	WIC Grant	Railyard Parking Lease
<b>ASSETS</b>				
Cash and cash equivalents	\$ 128,040	\$ 631,032	\$ 84,788	\$ 20,023
Receivables:				
Accounts receivable, net	223,202	-	-	-
Federal and State government	461,314	-	-	-
Other	-	-	-	558
Inventories	63,436	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 875,992</b>	<b>\$ 631,032</b>	<b>\$ 84,788</b>	<b>\$ 20,581</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 829,761	\$ 60,272	\$ 361	\$ 2,005
Bond anticipation notes payable	-	-	-	-
Deferred revenue	-	-	-	-
Unearned revenue	-	-	23,029	-
Due to other funds	201,924	253,465	61,398	4,007
<b>Total liabilities</b>	<b>1,031,685</b>	<b>313,737</b>	<b>84,788</b>	<b>6,012</b>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	63,436	-	-	-
Restricted	-	317,295	-	14,569
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(219,129)	-	-	-
<b>Total fund balances (deficits)</b>	<b>(155,693)</b>	<b>317,295</b>	<b>-</b>	<b>14,569</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 875,992</b>	<b>\$ 631,032</b>	<b>\$ 84,788</b>	<b>\$ 20,581</b>

Special Revenue							
Library Board Library Fund	Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport	State & Fed. School Projects	BIIP
\$ 225,130	\$ 108,185	\$ 134,285	\$ -	\$ 263,332	\$ 542,466	\$ 2,319,078	\$ 218,943
-	-	-	-	-	-	-	-
-	-	-	-	228,738	1,979	1,073,594	242,676
-	1,218	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 225,130</u>	<u>\$ 109,403</u>	<u>\$ 134,285</u>	<u>\$ -</u>	<u>\$ 492,070</u>	<u>\$ 544,445</u>	<u>\$ 3,392,672</u>	<u>\$ 461,619</u>
\$ 93,204	\$ 19,023	\$ 60,171	\$ -	\$ 42,071	\$ 388,511	\$ 428,005	\$ 36,619
-	-	-	-	-	-	-	-
-	-	-	-	139,624	-	213,094	36,619
-	-	-	-	-	44,445	818,654	-
-	-	74,114	-	450,000	500,000	1,924,134	425,000
<u>93,204</u>	<u>19,023</u>	<u>134,285</u>	<u>-</u>	<u>631,695</u>	<u>932,956</u>	<u>3,383,887</u>	<u>498,238</u>
-	-	-	-	-	-	-	-
131,926	-	-	-	202,154	-	8,785	245,934
-	-	-	-	-	-	-	-
-	90,380	-	-	-	-	-	-
-	-	-	-	(341,779)	(388,511)	-	(282,553)
<u>131,926</u>	<u>90,380</u>	<u>-</u>	<u>-</u>	<u>(139,625)</u>	<u>(388,511)</u>	<u>8,785</u>	<u>(36,619)</u>
<u>\$ 225,130</u>	<u>\$ 109,403</u>	<u>\$ 134,285</u>	<u>\$ -</u>	<u>\$ 492,070</u>	<u>\$ 544,445</u>	<u>\$ 3,392,672</u>	<u>\$ 461,619</u>

(Continued)

CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET, Continued  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2011

	Special Revenue			Capital Projects	
	ARRA	NSP Grants	Miscellaneous Special Revenue	Vision 21 and Vision 21 <sup>2</sup>	City Projects
<b>ASSETS</b>					
Cash and cash equivalents	\$ 591,928	\$ -	\$ 1,492,156	\$ 265,823	\$ 940,343
Receivables:					
Accounts receivable, net	-	-	-	-	-
Federal and State government	207,351	-	236,842	-	-
Other	-	-	-	-	-
Inventories	-	-	-	-	-
Due from other funds	373,107	-	1,180,587	-	-
<b>Total assets</b>	<b>\$ 1,172,386</b>	<b>\$ -</b>	<b>\$ 2,909,585</b>	<b>\$ 265,823</b>	<b>\$ 940,343</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 142,569	\$ -	\$ 370,586	\$ -	\$ 625,526
Bond anticipation notes payable	-	-	-	-	139,892
Deferred revenue	207,351	-	223,588	-	-
Unearned revenue	353,511	-	926,522	-	-
Due to other funds	676,305	-	1,418,923	3,420	-
<b>Total liabilities</b>	<b>1,379,736</b>	<b>-</b>	<b>2,939,619</b>	<b>3,420</b>	<b>765,418</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	425,625	-	-	-	-
Committed	-	-	100,689	262,403	1,277,963
Assigned	-	-	-	-	-
Unassigned	(632,975)	-	(130,723)	-	(1,103,038)
<b>Total fund balances     (deficits)</b>	<b>(207,350)</b>	<b>-</b>	<b>(30,034)</b>	<b>262,403</b>	<b>174,925</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 1,172,386</b>	<b>\$ -</b>	<b>\$ 2,909,585</b>	<b>\$ 265,823</b>	<b>\$ 940,343</b>

Capital Projects

SECP	Danbury Neighborhood Bond	Head Start	Public Safety Bond	Century 21 PI	Open Space	Special Litigation
\$ 11,400,171	\$ 1,565,771	\$ 2,277,591	\$ 1,633,653	\$ 1,146,442	\$ 1,602,232	\$ -
-	-	-	-	158,521	-	-
-	-	63,392	146,381	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 11,400,171</u>	<u>\$ 1,565,771</u>	<u>\$ 2,340,983</u>	<u>\$ 1,780,034</u>	<u>\$ 1,304,963</u>	<u>\$ 1,602,232</u>	<u>\$ -</u>
\$ 156,554	\$ -	\$ 9,224	\$ 606,153	\$ 136,909	\$ 1,076,193	\$ -
-	67,000	2,039,000	-	826,553	1,070,000	-
-	-	63,392	36,276	158,521	-	-
-	-	-	-	-	-	-
2,767,753	1,203,766	1,655	1,301	434,515	1,396	-
<u>2,924,307</u>	<u>1,270,766</u>	<u>2,113,271</u>	<u>643,730</u>	<u>1,556,498</u>	<u>2,147,589</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,475,864	295,005	227,712	1,136,304	95,126	1,704,504	-
-	-	-	-	-	-	-
-	-	-	-	(346,661)	(2,249,861)	-
<u>8,475,864</u>	<u>295,005</u>	<u>227,712</u>	<u>1,136,304</u>	<u>(251,535)</u>	<u>(545,357)</u>	<u>-</u>
<u>\$ 11,400,171</u>	<u>\$ 1,565,771</u>	<u>\$ 2,340,983</u>	<u>\$ 1,780,034</u>	<u>\$ 1,304,963</u>	<u>\$ 1,602,232</u>	<u>\$ -</u>

CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET, Continued  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2011

	Capital Projects	Permanent Fund	
	Magnet School Projects	Farioly Library	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 1,646,180	\$ 29,237,592
Receivables:			
Accounts receivable, net	-	-	381,723
Federal and State government	-	-	2,662,267
Other	12,163	-	13,939
Inventories	-	-	63,436
Due from other funds	-	-	1,553,694
<b>Total assets</b>	<b>\$ 12,163</b>	<b>\$ 1,646,180</b>	<b>\$ 33,912,651</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
<b>LIABILITIES</b>			
Accounts payable	-	-	\$ 5,083,717
Bond anticipation notes payable	-	-	4,142,445
Deferred revenue	-	-	1,078,465
Unearned revenue	-	-	2,166,161
Due to other funds	-	-	10,403,076
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>22,873,864</b>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	1,483,133	1,546,569
Restricted	-	-	1,346,288
Committed	12,163	163,047	13,750,780
Assigned	-	-	90,380
Unassigned	-	-	(5,695,230)
<b>Total fund balances     (deficits)</b>	<b>12,163</b>	<b>1,646,180</b>	<b>11,038,787</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 12,163</b>	<b>\$ 1,646,180</b>	<b>\$ 33,912,651</b>

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CITY OF DANBURY, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2011**

	Special Revenue			
	School Lunch Program	Community Development Block Grant	WIC Grant	Railyard Parking Lease
<b>REVENUES</b>				
Federal and State governments	\$ 2,461,423	\$ 659,717	\$ 366,857	\$ -
Licenses and permits	-	-	-	-
Charges for services	1,646,290	-	-	36,127
Investment income	-	-	-	-
Contributions	-	-	-	-
<b>Total revenues</b>	<b>4,107,713</b>	<b>659,717</b>	<b>366,857</b>	<b>36,127</b>
<b>EXPENDITURES</b>				
General government	-	-	-	36,127
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	529,117	366,857	-
Education	4,254,233	-	-	-
Capital outlay	-	213,704	-	-
<b>Total expenditures</b>	<b>4,254,233</b>	<b>742,821</b>	<b>366,857</b>	<b>36,127</b>
<b>Revenues over (under) expenditures</b>	<b>(146,520)</b>	<b>(83,104)</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Lease proceeds	-	-	-	-
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>Total revenue and other financing sources (uses) over (under) expenditures</b>	<b>(146,520)</b>	<b>(83,104)</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS), beginning</b>	<b>(9,173)</b>	<b>400,399</b>	<b>-</b>	<b>14,569</b>
<b>FUND BALANCES (DEFICITS), ending</b>	<b>\$ (155,693)</b>	<b>\$ 317,295</b>	<b>\$ -</b>	<b>\$ 14,569</b>

Special Revenue							
Library Board Library Fund	Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport	State & Fed. School Projects	BIIP
\$ 21,522	\$ -	\$ 484,221	\$ -	\$ 802,254	\$ 257,857	\$ 21,869,017	\$ 733,909
-	15,873	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,916	-	-	-	-	-	-	-
70,235	-	-	-	-	-	-	-
93,673	15,873	484,221	-	802,254	257,857	21,869,017	733,909
-	-	-	-	-	-	-	-
-	260,365	-	-	-	-	-	-
-	-	-	-	-	-	-	-
116,821	-	-	-	-	-	-	-
-	-	484,221	-	-	-	-	-
-	-	-	-	-	-	21,869,017	-
13,603	-	-	-	440,325	540,467	-	710,616
130,424	260,365	484,221	-	440,325	540,467	21,869,017	710,616
(36,751)	(244,492)	-	-	361,929	(282,610)	-	23,293
-	258,452	-	-	-	-	-	-
-	-	-	(2,308,452)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	258,452	-	(2,308,452)	-	-	-	-
(36,751)	13,960	-	(2,308,452)	361,929	(282,610)	-	23,293
168,677	76,420	-	2,308,452	(501,554)	(105,901)	8,785	(59,912)
\$ 131,926	\$ 90,380	\$ -	\$ -	\$ (139,625)	\$ (388,511)	\$ 8,785	\$ (36,619)

(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, 2011**

	Special Revenue			Capital Projects	
	ARRA	NSP Grants	Miscellaneous Special Revenue	Vision 21 and Vision 21 <sup>2</sup>	City Projects
<b>REVENUES</b>					
Federal and State governments	\$ 2,139,713	\$ 298,393	\$ 464,527	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	186,039	-	-
Investment income	-	-	-	-	-
Contributions	-	-	612,659	-	-
<b>Total revenues</b>	<b>2,139,713</b>	<b>298,393</b>	<b>1,263,225</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>					
General government	59,087	295,347	271,992	-	-
Public safety	-	-	86,644	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	36,719	-	-
Health and welfare	-	-	321,099	-	-
Education	-	-	-	-	-
Capital outlay	2,200,971	-	318,420	320,527	1,591,829
<b>Total expenditures</b>	<b>2,260,058</b>	<b>295,347</b>	<b>1,034,874</b>	<b>320,527</b>	<b>1,591,829</b>
<b>Revenues over (under) expenditures</b>	<b>(120,345)</b>	<b>3,046</b>	<b>228,351</b>	<b>(320,527)</b>	<b>(1,591,829)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	500,000
Transfers out	-	-	-	-	-
Lease proceeds	-	-	-	-	-
Bond anticipation note proceeds	-	-	-	-	3,607,958
Bond anticipation note payments	-	-	-	-	-
Bond proceeds	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,107,958</b>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<b>(120,345)</b>	<b>3,046</b>	<b>228,351</b>	<b>(320,527)</b>	<b>2,516,129</b>
<b>FUND BALANCES</b>					
<b>(DEFICITS), beginning</b>	<b>(87,005)</b>	<b>(3,046)</b>	<b>(258,385)</b>	<b>582,930</b>	<b>(2,341,204)</b>
<b>FUND BALANCES</b>					
<b>(DEFICITS), ending</b>	<b>\$ (207,350)</b>	<b>\$ -</b>	<b>\$ (30,034)</b>	<b>\$ 262,403</b>	<b>\$ 174,925</b>

Capital Projects						
SECP	Danbury Neighborhood Bond	Head Start	Public Safety Bond	Century 21 PI	Open Space	Special Litigation
\$ -	\$ -	\$ -	\$ 110,105	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	110,105	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,024,136	59,768	108,813	614,406	706,428	2,466,321	-
3,024,136	59,768	108,813	614,406	706,428	2,466,321	-
(3,024,136)	(59,768)	(108,813)	(504,301)	(706,428)	(2,466,321)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,500,000	-	-	-	-	-	-
-	1,500,000	-	3,476,753	1,922,844	1,900,000	-
-	(500,000)	-	(13,840,983)	-	(4,030,000)	-
-	500,000	-	14,500,000	-	4,865,000	1,840,000
11,500,000	1,500,000	-	4,135,770	1,922,844	2,735,000	1,840,000
8,475,864	1,440,232	(108,813)	3,631,469	1,216,416	268,679	1,840,000
-	(1,145,227)	336,525	(2,495,165)	(1,467,951)	(814,036)	(1,840,000)
\$ 8,475,864	\$ 295,005	\$ 227,712	\$ 1,136,304	\$ (251,535)	\$ (545,357)	\$ -

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, 2011

	Magnet School Projects	Permanent Fund Farioly Library	Totals
<b>REVENUES</b>			
Federal and State governments	\$ -	\$ -	\$ 30,669,515
Licenses and permits	-	-	15,873
Charges for services	-	-	1,868,456
Investment income	-	5,876	7,792
Contributions	-	-	682,894
<b>Total revenues</b>	<u>-</u>	<u>5,876</u>	<u>33,244,530</u>
<b>EXPENDITURES</b>			
General government	-	-	662,553
Public safety	-	-	347,009
Public works	-	-	-
Culture and recreation	-	2,016	155,556
Health and welfare	-	-	1,701,294
Education	-	-	26,123,250
Capital outlay	-	-	13,330,334
<b>Total expenditures</b>	<u>-</u>	<u>2,016</u>	<u>42,319,996</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>3,860</u>	<u>(9,075,466)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	758,452
Transfers out	-	-	(2,308,452)
Lease proceeds	-	-	11,500,000
Bond anticipation note proceeds	-	-	12,407,555
Bond anticipation note payments	-	-	(18,370,983)
Bond proceeds	-	-	21,705,000
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>25,691,572</u>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<u>-</u>	<u>3,860</u>	<u>16,616,106</u>
<b>FUND BALANCES</b>			
(DEFICITS), beginning	<u>12,163</u>	<u>1,642,320</u>	<u>(5,577,319)</u>
<b>FUND BALANCES</b>			
(DEFICITS), ending	<u>\$ 12,163</u>	<u>\$ 1,646,180</u>	<u>\$ 11,038,787</u>

CITY OF DANBURY, CONNECTICUT

SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL - ANIMAL CONTROL FUND

For the Year Ended June 30, 2011

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Town clerk fees	\$ 12,000	\$ 12,000	\$ 13,454	1,454
City contribution	258,452	258,452	258,452	-
Other revenue	2,800	2,800	2,419	(381)
<b>Total revenues</b>	<b>273,252</b>	<b>273,252</b>	<b>274,325</b>	<b>1,073</b>
<b>EXPENDITURES</b>				
	273,252	273,252	260,365	12,887
<b>Revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,960</b>	<b>\$ (13,960)</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.

**Retired Employee Benefit Fund** – is used to account for funds to be placed in a future OPEB trust fund.

CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS

June 30, 2011

	Workers' Compensation	Risk Management	Retired Employee Benefits	Total
<b>ASSETS</b>				
Current assets:				
Due from general fund	\$ 2,964,606	\$ 1,355,672	\$ 1,200,000	\$ 5,520,278
<b>Total assets</b>	<b>2,964,606</b>	<b>1,355,672</b>	<b>1,200,000</b>	<b>5,520,278</b>
<b>LIABILITIES</b>				
Accrued claims and judgments	2,964,606	1,355,672	1,200,000	5,520,278
<b>Total liabilities</b>	<b>2,964,606</b>	<b>1,355,672</b>	<b>1,200,000</b>	<b>5,520,278</b>
<b>NET ASSETS</b>				
Unrestricted	\$ -	\$ -	\$ -	\$ -

CITY OF DANBURY, CONNECTICUT

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

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2011

	Workers' Compensation	Risk Management	Retired Employee Benefits	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,309,078	\$ 16,883,284	\$ -	\$ 19,192,362
<b>Total operating revenues</b>	<b>2,309,078</b>	<b>16,883,284</b>	<b>-</b>	<b>19,192,362</b>
<b>OPERATING EXPENSES</b>				
Claims	2,309,078	16,883,284	-	19,192,362
<b>Total operating expenses</b>	<b>2,309,078</b>	<b>16,883,284</b>	<b>-</b>	<b>19,192,362</b>
<b>Change in net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND NET ASSETS, beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND NET ASSETS, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR INTERNAL SERVICE FUNDS

June 30, 2011

	Workers' Compensation	Risk Management	Retired Employee Benefits	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 2,309,078	\$ 16,883,284	\$ -	\$ 19,192,362
Payments to suppliers/claims paid	(2,309,078)	(16,883,284)	-	(19,192,362)
<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	(249,370)	311,638		62,268
Increase in accrued expenses and accounts payable	249,370	(311,638)	-	(62,268)
<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, 2011

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,160,002	\$ 215,750	\$ 205,140	\$ 2,399,678
Investments, at fair value				
Common stock	16,249,638	679,429	646,017	7,556,955
Debt securities	5,686,834	237,777	226,084	2,644,683
Mutual funds	47,698,172	1,994,352	1,896,277	22,182,212
Private hedge fund	24,196,840	1,011,717	961,964	11,252,830
<b>Total investments</b>	<b>93,831,484</b>	<b>3,923,275</b>	<b>3,730,342</b>	<b>43,636,680</b>
Accrued interest and dividends	54,203	2,266	2,153	25,207
Pending sales	2,108,604	88,165	83,829	980,615
<b>Total assets</b>	<b>101,154,293</b>	<b>4,229,456</b>	<b>4,021,464</b>	<b>47,042,180</b>
<b>LIABILITIES</b>				
Pending purchases	392,383	16,406	15,599	182,479
<b>Total liabilities</b>	<b>392,383</b>	<b>16,406</b>	<b>15,599</b>	<b>182,479</b>
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes</b>	<b>\$ 100,761,910</b>	<b>\$ 4,213,050</b>	<b>\$ 4,005,865</b>	<b>\$ 46,859,701</b>

Post-1967 Fire	Post-1983 Police	Total
\$ 3,098,020	\$ 913,472	\$ 11,992,062
9,756,138	2,876,662	37,764,839
3,414,325	1,006,736	13,216,439
28,637,558	8,443,975	110,852,546
14,527,567	4,283,550	56,234,468
56,335,588	16,610,923	218,068,292
32,543	9,597	125,969
1,265,987	373,285	4,900,485
60,732,138	17,907,277	235,086,808
235,583	69,463	911,913
235,583	69,463	911,913
\$ 60,496,555	\$ 17,837,814	\$ 234,174,895

CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - PRIVATE PURPOSE TRUST FUND

June 30, 2011

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	<u>Phoebe M. Harrison</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,454
<b>Total assets</b>	<u>1,454</u>
<b>LIABILITIES</b>	
Other liabilities	-
<b>Total liabilities</b>	<u>-</u>
<b>Net Assets Held in Trust</b>	<u>\$ 1,454</u>

CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - AGENCY FUNDS

June 30, 2011

	Street Openings	School Activities	Danbury High School Scholarship	Downtown Special Services District	Security Lease Account	Danbury Permits	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 736,087	\$ 504,828	\$ 640,923	\$ 62,002	\$ 17,642	\$ 1,304,633	\$ 3,266,115
<b>Total assets</b>	<b>736,087</b>	<b>504,828</b>	<b>640,923</b>	<b>62,002</b>	<b>17,642</b>	<b>1,304,633</b>	<b>3,266,115</b>
<b>LIABILITIES</b>							
Other liabilities	736,087	504,828	640,923	62,002	17,642	1,304,633	3,266,115
<b>Total liabilities</b>	<b>736,087</b>	<b>504,828</b>	<b>640,923</b>	<b>62,002</b>	<b>17,642</b>	<b>1,304,633</b>	<b>3,266,115</b>
<b>Net Assets</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, 2011

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>Additions</b>				
Contributions				
Employer	\$ 2,529,000	\$ 904,000	\$ 488,000	\$ -
Plan members				47,579
<b>Total contributions</b>	<b>2,529,000</b>	<b>904,000</b>	<b>488,000</b>	<b>47,579</b>
Investment Income				
Net depreciation in fair value of investments	14,984,619	583,751	491,064	7,196,360
Interest and dividends	2,037,672	83,978	68,995	976,342
	17,022,291	667,729	560,059	8,172,702
Less investment expenses:				
Investment management fees	496,060	30,335	25,139	238,946
<b>Net investment income</b>	<b>16,526,231</b>	<b>637,394</b>	<b>534,920</b>	<b>7,933,756</b>
<b>Deductions</b>				
Benefits	6,219,267	1,455,107	1,085,194	3,587,627
<b>Change in net assets</b>	<b>12,835,964</b>	<b>86,287</b>	<b>(62,274)</b>	<b>4,393,708</b>
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes</b>				
Beginning of year	87,925,946	4,126,763	4,068,139	42,465,993
End of year	\$ 100,761,910	\$ 4,213,050	\$ 4,005,865	\$ 46,859,701

	Post-1967 Fire	Post-1983 Police	Total
\$	311,000	\$ 1,047,055	\$ 5,279,055
	467,269	442,452	957,300
	778,269	1,489,507	6,236,355
	9,098,777	1,995,802	34,350,373
	1,238,515	280,618	4,686,120
	10,337,292	2,276,420	39,036,493
	276,331	55,343	1,122,154
	10,060,961	2,221,077	37,914,339
	3,362,267	474,785	16,184,247
	7,476,963	3,235,799	27,966,447
	53,019,592	14,602,015	206,208,448
\$	60,496,555	\$ 17,837,814	\$ 234,174,895

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN NET ASSETS - PRIVATE PURPOSE TRUST FUND

For the Year Ended June 30, 2011

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	<u>Phoebe M. Harrison</u>
<b>Additions</b>	
Investment Income	
Interest and dividends	\$ 12
<b>Net investment income</b>	<u>12</u>
<b>Change in net assets</b>	12
<b>Net Assets Held in Trust</b>	
Beginning of year	<u>1,442</u>
End of year	<u><u>\$ 1,454</u></u>

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>STREET OPENINGS</b>				
<b>Assets</b>				
Cash	\$ 747,655	\$ 203,639	\$ 215,207	\$ 736,087
<b>Liabilities</b>				
Amounts held for others	\$ 747,655	\$ 203,639	\$ 215,207	\$ 736,087
<b>SCHOOL ACTIVITIES</b>				
<b>Assets</b>				
Cash	\$ 410,705	\$ 1,847,312	\$ 1,753,189	\$ 504,828
<b>Liabilities</b>				
Amounts held for others	\$ 410,705	\$ 1,847,312	\$ 1,753,189	\$ 504,828
<b>DANBURY HIGH SCHOOL SCHOLARSHIP</b>				
<b>Assets</b>				
Cash	\$ 636,871	\$ 62,292	\$ 58,240	\$ 640,923
<b>Liabilities</b>				
Amounts held for others	\$ 636,871	\$ 62,292	\$ 58,240	\$ 640,923
<b>DOWNTOWN SPECIAL SERVICES</b>				
<b>Assets</b>				
Cash	\$ 60,968	\$ 219,005	\$ 217,971	\$ 62,002
<b>Liabilities</b>				
Amounts held for others	\$ 60,968	\$ 219,005	\$ 217,971	\$ 62,002
<b>SECURITY LEASE ACCOUNT</b>				
<b>Assets</b>				
Cash	\$ 10,351	\$ 12,400	\$ 5,109	\$ 17,642
<b>Liabilities</b>				
Amounts held for others	\$ 10,351	\$ 12,400	\$ 5,109	\$ 17,642

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, Continued

AGENCY FUNDS

For the Year Ended June 30, 2011

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	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>DANBURY PERMITS</b>				
<b>Assets</b>				
Cash	\$ 1,330,799	\$ 583,964	\$ 610,130	\$ 1,304,633
<b>Liabilities</b>				
Amounts held for others	\$ 1,330,799	\$ 583,964	\$ 610,130	\$ 1,304,633
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 3,197,349	\$ 2,928,612	\$ 2,859,846	\$ 3,266,115
<b>Liabilities</b>				
Amounts held for others	\$ 3,197,349	\$ 2,928,612	\$ 2,859,846	\$ 3,266,115

**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, 2011

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Governmental funds capital assets:	
Land	\$ 52,295,226
Easements	908,500
Land improvements	13,394,825
Buildings and improvements	221,723,953
Machinery and equipment	41,842,859
Infrastructure	133,259,137
Construction in progress	11,220,093
<b>Total governmental funds capital assets</b>	<b><u>\$ 474,644,593</u></b>

CITY OF DANBURY, CONNECTICUT

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

June 30, 2011

	Land	Easements	Land Improvements	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 12,933,600	\$ -	\$ -	\$ 23,271,436	\$ 4,780,965	\$ -	\$ 9,671	\$ 40,995,672
Public Safety	7,457,129	-	36,300	40,831,745	14,798,810	783,275	1,561,845	65,469,104
Public Works	19,700	-	72,283	2,384,460	7,761,479	131,435,457	4,635,913	146,309,292
Health & Welfare	821,100	-	-	3,657,991	177,800	-	108,223	4,765,114
Education	5,431,900	-	5,732,392	136,835,476	12,055,482	42,970	4,381,572	164,479,792
Culture and Recreation	25,631,797	908,500	7,553,850	14,742,845	2,268,323	997,435	522,869	52,625,619
<b>Total</b>	<b>\$ 52,295,226</b>	<b>\$ 908,500</b>	<b>\$ 13,394,825</b>	<b>\$ 221,723,953</b>	<b>\$ 41,842,859</b>	<b>\$133,259,137</b>	<b>\$ 11,220,093</b>	<b>\$ 474,644,593</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, 2011**

	Governmental Funds Capital Assets				Governmental Funds Capital Assets
	July 1, 2010	Additions	Deletions	Transfers	June 30, 2011
General Government	\$ 40,863,944	\$ 131,728	\$ -	\$ -	\$ 40,995,672
Public Safety	66,603,173	1,296,818	(2,029,207)	(401,680)	65,469,104
Public Works	142,003,776	4,536,516	(231,000)	-	146,309,292
Health and Welfare	4,657,054	108,060	-	-	4,765,114
Education	160,254,907	4,224,885	-	-	164,479,792
Culture and Recreation	50,553,995	2,071,624	-	-	52,625,619
<b>Total</b>	<b>\$ 464,936,849</b>	<b>\$ 12,369,631</b>	<b>\$ (2,260,207)</b>	<b>\$ (401,680)</b>	<b>\$ 474,644,593</b>

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**Other Schedules**



CITY OF DANBURY, CONNECTICUT

BALANCE SHEET - BY ACCOUNT - GENERAL FUND

June 30, 2011

	General	Continuing Education	Combined
<b>Assets</b>			
Cash and cash equivalents	\$ 19,550,053	\$ 1,834,963	\$ 21,385,016
Receivables (net of allowances for collection losses):			
Property taxes	5,877,667	-	5,877,667
State and federal governments	6,290,370	-	6,290,370
Accounts receivable	987,176	-	987,176
Other assets	80,348	-	80,348
Due from other funds	13,507,646	-	13,507,646
<b>Total assets</b>	<b>\$ 46,293,260</b>	<b>\$ 1,834,963</b>	<b>\$ 48,128,223</b>
<b>Liabilities</b>			
Accounts payable	\$ 4,021,603	\$ -	\$ 4,021,603
Accrued wages	1,411,765	-	1,411,765
Due to other funds	5,522,926	-	5,522,926
Deferred revenues	7,351,579	-	7,351,579
Unearned revenue	649	-	649
Advance tax collections	1,626,156	-	1,626,156
<b>Total liabilities</b>	<b>19,934,678</b>	<b>-</b>	<b>19,934,678</b>
<b>Fund Balances</b>			
Nonspendable	77,934	-	77,934
Restricted	-	-	-
Committed	515,990	-	515,990
Assigned	4,302,011	1,834,963	6,136,974
Unassigned	21,462,647	-	21,462,647
<b>Total fund balances</b>	<b>26,358,582</b>	<b>1,834,963</b>	<b>28,193,545</b>
<b>Total liabilities and fund balances</b>	<b>\$ 46,293,260</b>	<b>\$ 1,834,963</b>	<b>\$ 48,128,223</b>

CITY OF DANBURY, CONNECTICUT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY ACCOUNT - GENERAL FUND  
 June 30, 2011

	General	Continuing Education	Combined
<b>REVENUES</b>			
Property taxes	\$ 162,068,724	\$ -	\$ 162,068,724
State and federal governments	41,012,958	-	41,012,958
Licenses and permits	3,260,421	-	3,260,421
Charges for services	3,741,047	1,557,037	5,298,084
Fines and penalties	1,433,856	-	1,433,856
Investment income	191,553	-	191,553
<b>Total revenues</b>	<b>211,708,559</b>	<b>1,557,037</b>	<b>213,265,596</b>
<b>EXPENDITURES</b>			
Current:			
General government	9,127,425	-	9,127,425
Public safety	29,601,760	-	29,601,760
Public works	9,043,532	-	9,043,532
Health and welfare	3,473,010	-	3,473,010
Culture and recreation	2,776,198	-	2,776,198
Education	119,490,335	1,546,017	121,036,352
Pension and other employee benefits	25,755,047	-	25,755,047
Debt service:			
Principal retirements	8,413,350	-	8,413,350
Interest and other charges	5,011,122	-	5,011,122
Capital outlay	1,316,837	-	1,316,837
<b>Total expenditures</b>	<b>214,008,616</b>	<b>1,546,017</b>	<b>215,554,633</b>
<b>Revenues over (under) expenditures</b>	<b>(2,300,057)</b>	<b>11,020</b>	<b>(2,289,037)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	450,000	-	450,000
Transfers out	(758,452)	-	(758,452)
Proceeds from sale of land	2,073,700	-	2,073,700
Lease proceeds	657,717	-	657,717
Premium on bonds	831,290	-	831,290
<b>Total other financing sources</b>	<b>3,254,255</b>	<b>-</b>	<b>3,254,255</b>
<b>Net change in fund balances</b>	<b>954,198</b>	<b>11,020</b>	<b>965,218</b>
<b>FUND BALANCES, beginning</b>	<b>25,404,384</b>	<b>1,823,943</b>	<b>27,228,327</b>
<b>FUND BALANCES, ending</b>	<b>\$ 26,358,582</b>	<b>\$ 1,834,963</b>	<b>\$ 28,193,545</b>

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CITY OF DANBURY, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
GENERAL FUND

For the Year Ended June 30, 2011

Grand List Year	Taxes Receivable July 1, 2010	Current Levy	Lawful Corrections	Transfers to Suspense	Balance to be Collected
2009	\$ -	\$ 164,232,064	\$ (1,910,979)	\$ -	\$ 162,321,085
2008	2,073,831	-	147,778	-	2,221,609
2007	789,718	-	(20,354)	-	769,364
2006	588,826	-	(5,268)	-	583,558
2005	538,618	-	(16,969)	-	521,649
2004	565,067	-	(12,812)	-	552,255
2003	520,257	-	(5,352)	-	514,905
2002	434,348	-	(9,470)	-	424,878
2001	373,415	-	(3,245)	(284,149)	86,021
2000	328,268	-	(261,435)	-	66,833
1999	320,410	-	(257,926)	-	62,484
1998	38,544	-	(437)	-	38,107
1997	3,484	-	-	-	3,484
1996	3,362	-	-	-	3,362
1995	52	-	-	-	52
1994	52	-	(52)	-	-
1993	53	-	(53)	-	-
	6,578,305	164,232,064	(2,356,574)	(284,149)	168,169,646
Less allowance:	(1,500,000)				(1,500,000)
	\$ 5,078,305	\$ 164,232,064	\$ (2,356,574)	\$ (284,149)	\$ 166,669,646

Taxes	Interest	Lien Fees	Total	Taxes Receivable June 30, 2011
\$ 160,297,164	\$ 554,076	\$ 9,386	\$ 160,860,626	\$ 2,023,921
1,439,234	294,620	11,048	1,744,902	782,375
132,019	55,110	1,027	188,156	637,345
67,363	45,743	216	113,322	516,195
46,447	41,281	120	87,848	475,202
36,406	37,978	120	74,504	515,849
25,255	30,586	71	55,912	489,650
19,840	28,832	-	48,672	405,038
16,764	30,026	24	46,814	69,257
355	18,251	24	18,630	66,478
339	21,703	24	22,066	62,145
493	20,405	49	20,947	37,614
194	13,721	24	13,939	3,290
112	13,573	24	13,709	3,250
-	19,314	-	19,314	52
-	653	-	653	-
-	-	-	-	-
162,081,985	1,225,872	22,157	163,330,014	6,087,661
			-	(1,500,000)
\$ 162,081,985	\$ 1,225,872	\$ 22,157	\$ 163,330,014	\$ 4,587,661

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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.

### ***Revenue Capacity***

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

### ***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.

### ***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.

### ***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.

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

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CITY OF DANBURY, CONNECTICUT

**Net Assets By Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year (\$ in 000's)			
	2002	2003	2004	2005
Governmental activities:				
Invested in capital assets, net of related debt	\$ 46,438	\$ 103,874	\$ 105,468	\$ 115,002
Restricted	1,477	1,477	1,477	1,519
Unrestricted	7,796	11,463	6,619	17,675
<b>Total governmental activities</b> <b>net assets</b>	<b>\$ 55,711</b>	<b>\$ 116,814</b>	<b>\$ 113,564</b>	<b>\$ 134,196</b>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 92,199	\$ 95,715	\$ 87,726	\$ 100,416
Unrestricted	118	(1,945)	6,477	(123)
<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>
Primary government:				
Invested in capital assets, net of related debt	\$ 138,637	\$ 199,589	\$ 193,194	\$ 215,418
Restricted	1,477	1,477	1,477	1,519
Unrestricted	7,914	9,518	13,096	17,552
<b>Total primary government</b> <b>net assets</b>	<b>\$ 148,028</b>	<b>\$ 210,584</b>	<b>\$ 207,767</b>	<b>\$ 234,489</b>

Source: City CAFR.

Fiscal Year (\$ in 000's)					
2006	2007	2008	2009	2010	2011
\$ 136,424	\$ 140,826	\$ 140,361	\$ 139,376	\$ 144,512	\$ 145,411
1,394	1,399	1,394	1,514	1,531	1,346
15,317	21,605	13,679	11,197	406	(2,641)
<b>\$ 153,135</b>	<b>\$ 163,830</b>	<b>\$ 155,434</b>	<b>\$ 152,087</b>	<b>\$ 146,449</b>	<b>\$ 144,116</b>
\$ 101,952	\$ 101,853	\$ 110,836	\$ 115,046	\$ 116,105	\$ 121,771
7,619	15,525	14,693	13,239	16,469	17,880
<b>\$ 109,571</b>	<b>\$ 117,378</b>	<b>\$ 125,529</b>	<b>\$ 128,285</b>	<b>\$ 132,574</b>	<b>\$ 139,651</b>
\$ 238,376	\$ 242,679	\$ 251,197	\$ 254,422	\$ 260,617	\$ 267,182
1,394	1,399	1,394	1,514	1,531	1,346
22,936	37,130	28,372	24,436	16,875	15,239
<b>\$ 262,706</b>	<b>\$ 281,208</b>	<b>\$ 280,963</b>	<b>\$ 280,372</b>	<b>\$ 279,023</b>	<b>\$ 283,767</b>

CITY OF DANBURY, CONNECTICUT

Changes In Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses:					
Governmental activities:					
General Government	\$ 13,378,305	\$ 10,942,508	\$ 8,809,222	\$ 12,498,553	\$ 12,816,880
Public Safety	32,214,639	33,710,512	36,648,212	37,382,960	39,411,913
Public Works	7,758,508	10,178,026	9,290,186	11,246,585	12,292,573
Health and welfare	3,981,692	5,281,532	4,884,608	5,734,941	6,143,955
Culture and Recreation	3,553,000	5,662,056	5,085,626	4,516,159	4,425,455
Education	101,072,076	104,143,757	109,575,356	114,075,223	123,823,970
Other	1,701,559	746,206	1,117,770	1,632,640	1,004,811
Interest on long-term debt	2,193,884	2,664,230	3,183,369	3,696,603	3,100,300
<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>	<b>203,019,857</b>
Business-type activities:					
Sewer	6,950,472	7,679,746	7,932,356	8,475,896	8,408,066
Water	5,150,904	5,452,025	5,685,209	5,542,891	5,832,384
Ambulance	-	-	-	-	-
<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>14,240,450</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>	<b>217,260,307</b>
Program revenue:					
Governmental activities:					
Charges for services:					
General Government	5,948,658	7,347,101	7,331,519	8,679,296	10,069,734
Public safety	2,420,439	96,414	169,473	146,526	403,675
Public works	-	-	-	-	-
Health and welfare	10,925	1,283,469	3,358,228	3,610,813	3,619,202
Culture and Recreation	1,453,299	19,580	-	-	-
Education	360,183	5,108,799	5,153,043	5,281,664	8,950,343
Other	5,525,321	-	49,525	148,575	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	747,267
Public safety	1,047,103	290,982	761,254	243,419	492,472
Public works	572,273	283,586	176,203	398,753	4,884,441
Health and welfare	1,149,550	1,062,837	996,196	894,121	671,172
Culture and Recreation	354,328	381,184	192,262	280,916	388,621
Education	31,596,512	32,904,861	33,106,479	38,480,093	33,844,639
Capital grants and contributions:					
General government	232,326	512,983	437,775	528,074	333,950
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	404,713
Health and welfare	-	-	-	-	-
Education	633,153	1,078,385	1,719,813	-	17,632,102
<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>	<b>82,590,906</b>

Source: City CAFR.

	Fiscal Year				
	2002	2003	2004	2005	2006
Business-type activities:					
Charges for services:					
Sewer	8,491,215	7,197,995	8,013,875	10,209,355	10,489,592
Water	4,055,753	4,280,950	5,254,670	6,724,942	9,409,315
Ambulance	-	-	-	-	-
Operating grants and contributions:					
Sewer	66,884	631,320	-	-	-
Water	99,000	179,215	-	-	-
Ambulance	-	-	-	-	-
Capital grants and contributions:					
Sewer	1,139,145	756,051	200,952	910,945	1,565,618
Water	2,784,625	1,126,556	184,604	1,768,890	1,336,408
Ambulance	-	-	-	-	-
<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>22,800,933</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>	<b>105,391,839</b>
Net (expense) revenue:					
Governmental activities	(111,276,856)	(121,649,613)	(115,080,188)	(125,086,865)	(120,428,951)
Business-type activities	4,535,246	1,040,316	36,536	5,595,345	8,560,483
<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>	<b>(111,868,468)</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	129,588,158
Grants and contributions not restricted to specific programs	8,850,406	7,726,595	6,993,752	16,494,459	7,496,197
Investment earnings	445,257	249,626	437,402	1,335,962	2,283,695
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>145,719,357</b>	<b>139,368,050</b>
Business-type activities:					
Grants and contributions not restricted to specific programs	732,427	-	-	-	-
Investment earnings	427,492	411,795	396,771	494,876	716,765
<b>Total business-type activities</b>	<b>1,159,919</b>	<b>411,795</b>	<b>396,771</b>	<b>494,876</b>	<b>716,765</b>
<b>Total primary government</b>	<b>120,078,916</b>	<b>123,503,460</b>	<b>126,638,320</b>	<b>146,214,233</b>	<b>140,084,815</b>
Changes in net assets:					
Governmental activities	7,642,141	1,442,052	11,161,361	20,632,492	18,939,099
Business-type activities	5,695,165	1,452,111	433,307	6,090,221	9,277,248
<b>Total primary government</b>	<b>\$ 13,337,306</b>	<b>\$ 2,894,163</b>	<b>\$ 11,594,668</b>	<b>\$ 26,722,713</b>	<b>\$ 28,216,347</b>

(Continued)

CITY OF DANBURY, CONNECTICUT

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

	2007	2008	2009	2010	2011
Expenses:					
Governmental activities:					
General Government	\$ 12,302,755	\$ 13,961,569	\$ 18,306,617	\$ 16,731,874	\$ 15,560,719
Public Safety	41,643,491	48,028,046	44,778,282	50,989,593	51,277,982
Public Works	14,733,747	21,667,733	15,983,893	15,466,697	12,542,786
Health and welfare	4,431,065	6,179,952	5,058,556	6,134,629	6,673,789
Culture and Recreation	4,924,517	5,490,443	5,090,569	4,543,054	5,265,959
Education	122,426,721	139,538,575	150,405,010	148,223,024	152,260,059
Other	39,999	-	-	-	-
Interest on long-term debt	3,086,056	5,117,557	4,493,919	4,981,825	4,034,874
<b>Total governmental activities expenses</b>	<b>203,588,351</b>	<b>239,983,875</b>	<b>244,116,846</b>	<b>247,070,696</b>	<b>247,616,168</b>
Business-type activities:					
Sewer	8,651,216	9,792,295	10,133,342	9,804,007	10,217,270
Water	6,424,495	7,158,381	6,936,874	7,256,572	7,227,801
Ambulance	-	-	-	-	2,160,183
<b>Total business-type activities expenses</b>	<b>15,075,711</b>	<b>16,950,676</b>	<b>17,070,216</b>	<b>17,060,579</b>	<b>19,605,254</b>
<b>Total primary government expenses</b>	<b>218,664,062</b>	<b>256,934,551</b>	<b>261,187,062</b>	<b>264,131,275</b>	<b>267,221,422</b>
Program revenue:					
Governmental activities:					
Charges for services:					
General Government	9,237,329	8,119,461	5,921,367	6,924,945	6,305,828
Public safety	358,545	387,935	4,098,282	4,984,991	2,155,953
Public works	-	56,745	6,500	35,493	-
Health and welfare	2,295,664	2,355,045	21,088	177,406	306,655
Culture and Recreation	-	-	-	535,290	587,821
Education	9,250,052	3,009,421	4,007,877	2,994,188	3,203,327
Other	148,575	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions:					
General Government	1,040,448	1,900,287	2,848,423	26,357	337,432
Public safety	240,056	589,436	527,560	51,506	24,417
Public works	3,428,076	4,209,442	5,736,165	4,229,397	2,000,690
Health and welfare	710,770	2,729,216	2,498,581	2,276,254	2,218,365
Culture and Recreation	384,633	225,828	320,543	10,315	25,880
Education	36,347,683	55,236,978	50,652,171	52,317,234	57,893,469
Capital grants and contributions:					
General government	404,946	450,010	1,100,972	1,280,153	298,393
Public safety	-	-	-	1,230,962	119,968
Public works	-	117,199	13,952	1,070,163	204,477
Health and welfare	-	-	-	595,157	659,717
Culture and recreation	397,674	-	557	-	-
Education	2,765,187	1,039,640	143,125	4,451	-
<b>Total governmental activities program revenue</b>	<b>67,009,638</b>	<b>80,426,643</b>	<b>77,897,163</b>	<b>78,744,262</b>	<b>76,342,392</b>

Source: City CAFR.

	2007	2008	2009	2010	2011
Business-type activities:					
Charges for services:					
Sewer	11,865,132	9,888,001	10,493,329	12,113,299	<b>11,352,842</b>
Water	8,235,807	8,344,079	8,104,719	7,757,354	<b>8,842,620</b>
Ambulance	-	-	-	-	<b>2,839,726</b>
Operating grants and contributions:					
Sewer	-	-	-	-	-
Water	-	-	-	-	-
Ambulance	-	-	-	-	-
Capital grants and contributions:					
Sewer	408,090	1,466,330	296,344	476,174	<b>359,239</b>
Water	1,676,546	4,689,422	338,795	403,578	<b>826,885</b>
Ambulance	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>22,185,575</b>	<b>24,387,832</b>	<b>19,233,187</b>	<b>20,750,405</b>	<b>24,221,312</b>
<b>Total primary government program revenues</b>	<b>89,195,213</b>	<b>104,814,475</b>	<b>97,130,350</b>	<b>99,494,667</b>	<b>100,563,704</b>
Net (expense) revenue:					
Governmental activities	(136,578,713)	(159,557,232)	(166,219,683)	(168,326,434)	<b>(171,273,776)</b>
Business-type activities	7,109,864	7,437,156	2,162,971	3,689,826	4,616,058
<b>Total primary government net expense</b>	<b>(129,468,849)</b>	<b>(152,120,076)</b>	<b>(164,056,712)</b>	<b>(164,636,608)</b>	<b>(166,657,718)</b>
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes	136,344,851	140,195,658	153,095,763	154,691,223	<b>162,128,659</b>
Grants and contributions not restricted to specific programs	7,541,729	7,205,184	8,498,315	7,597,755	<b>7,425,633</b>
Investment earnings	3,387,158	3,760,101	1,963,063	399,378	<b>199,345</b>
Transfers and special items	-	-	-	-	<b>(1,964,339)</b>
Gain on sale of capital assets	-	-	-	-	<b>1,151,408</b>
<b>Total governmental activities</b>	<b>147,273,738</b>	<b>151,160,943</b>	<b>163,557,141</b>	<b>162,688,356</b>	<b>168,940,706</b>
Business-type activities:					
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	697,346	714,594	592,627	598,687	<b>496,851</b>
Transfers and special items	-	-	-	-	<b>1,964,339</b>
<b>Total business-type activities</b>	<b>697,346</b>	<b>714,594</b>	<b>592,627</b>	<b>598,687</b>	<b>2,461,190</b>
<b>Total primary government</b>	<b>147,971,084</b>	<b>151,875,537</b>	<b>164,149,768</b>	<b>163,287,043</b>	<b>171,401,896</b>
Changes in net assets:					
Governmental activities	10,695,025	(8,396,289)	(2,662,542)	(5,638,078)	<b>(2,333,070)</b>
Business-type activities	7,807,210	8,151,750	2,755,598	4,288,513	<b>7,077,248</b>
<b>Total primary government</b>	<b>\$ 18,502,235</b>	<b>\$ (244,539)</b>	<b>\$ 93,056</b>	<b>\$ (1,349,565)</b>	<b>\$ 4,744,178</b>

CITY OF DANBURY, CONNECTICUT

Program Revenues by Function/Program  
 Last Ten Fiscal Years\*  
 (accrual basis of accounting)

Function / Program	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities:					
General Government	\$ 8,603,865	\$ 8,871,788	\$ 8,946,631	\$ 10,647,228	\$ 11,150,951
Public safety	3,741,050	408,817	991,291	389,945	896,147
Public works	583,198	559,494	1,437,393	1,523,320	4,884,441
Health and welfare	2,602,849	2,346,306	4,354,424	4,504,934	4,290,374
Culture and Recreation	738,812	400,764	7,755,562	4,721,040	793,334
Education	37,754,986	39,092,045	39,979,335	43,761,757	60,427,084
Other	552,047	-	49,525	148,575	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>	<b>82,590,906</b>
Business-type activities:					
Water	6,939,378	5,586,721	5,439,274	8,493,832	10,745,723
Sewer	9,697,244	8,585,366	8,214,827	11,120,300	12,055,210
Ambulance	-	-	-	-	-
<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>22,800,933</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>	<b>\$ 105,391,839</b>

Source: City CAFR.

	2007	2008	2009	2010	2011
\$	10,682,723	\$ 10,469,758	\$ 11,211,707	\$ 8,231,455	\$ 6,941,653
	598,601	977,371	806,897	6,267,459	2,300,338
	3,428,076	4,383,386	5,756,617	5,335,053	2,205,167
	3,006,434	5,084,261	4,997,669	3,048,817	3,184,737
	782,307	225,828	321,100	545,605	613,701
	48,362,922	59,286,039	54,803,173	55,315,873	61,096,796
	148,575	-	-	-	-
	67,009,638	80,426,643	77,897,163	78,744,262	76,342,392
	9,912,353	13,033,501	8,443,514	8,160,932	11,712,081
	12,273,222	11,354,331	10,789,673	12,589,473	9,669,505
	-	-	-	-	2,839,726
	22,185,575	24,387,832	19,233,187	20,750,405	24,221,312
\$	89,195,213	\$ 104,814,475	\$ 97,130,350	\$ 99,494,667	\$ 100,563,704

CITY OF DANBURY, CONNECTICUT

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

	Fiscal Year			
	2002	2003	2004	2005
<b>General Fund:</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved/designated	788,134	1,576,475	1,080,103	1,697,289
Unreserved/undesignated	11,406,086	11,216,189	11,761,929	18,228,923
<b>Total General Fund</b>	<b>\$ 12,194,220</b>	<b>\$ 12,792,664</b>	<b>\$ 12,842,032</b>	<b>\$ 19,926,212</b>
<b>All Other Governmental Funds:</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	8,803,445	4,220,289	7,967,863	3,041,123
Unreserved, reported in:				
Special revenue funds	1,437,016	1,642,245	1,364,284	2,229,784
Capital projects funds	(13,575,471)	(4,837,798)	(6,796,180)	(3,958,989)
Permanent fund	57,062	54,189	20,050	41,834
<b>Total all other government funds</b>	<b>\$ (3,277,948)</b>	<b>\$ 1,078,925</b>	<b>\$ 2,556,017</b>	<b>\$ 1,353,752</b>

Note: GASB 54 was implemented in fiscal year 2011.

						Fiscal Year					
2006		2007		2008		2009		2010		2011	
\$	-	\$	-	\$	-	\$	-	\$	-	\$	77,934
	-		-		-		-		-		-
	-		-		-		-		-		515,990
	-		-		-		-		-		6,136,974
	-		-		-		-		-		21,462,697
	1,348,297		6,915,844		5,205,086		5,390,780		4,153,536		-
	22,959,075		21,403,829		21,776,017		20,919,615		21,250,848		-
\$	24,307,372	\$	28,319,673	\$	26,981,103	\$	26,310,395	\$	25,404,384	\$	28,193,595
\$	-	\$	-	\$	-	\$	-	\$	-	\$	1,546,569
	-		-		-		-		-		1,346,288
	-		-		-		-		-		13,750,780
	-		-		-		-		-		90,380
	-		-		-		-		-		(5,695,230)
	17,235,283		50,395,006		26,264,651		9,520,697		6,669,414		-
	1,174,142		2,981,388		(1,530,426)		(458,213)		(190,068)		-
	(19,904,624)		(46,859,686)		(32,563,480)		(28,388,175)		(10,391,909)		-
	210,205		286,374		350,742		253,618		159,187		-
\$	(1,284,994)	\$	6,803,082	\$	(7,478,513)	\$	(19,072,073)	\$	(3,753,376)	\$	11,038,787

CITY OF DANBURY, CONNECTICUT

Changes In Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
<b>Revenues:</b>				
Property taxes, interest and liens, net	\$ 109,011,992	\$ 114,944,665	\$ 119,645,762	\$ 128,472,290
Intergovernmental	50,225,184	47,651,256	50,623,295	54,169,459
Licenses and permits	3,782,967	2,563,553	4,060,155	5,409,824
Charges for services	8,932,383	8,767,480	7,716,872	8,406,607
Fines and penalties	1,194,685	1,004,335	1,210,448	984,552
Interest and dividends	474,148	274,676	467,277	1,368,920
Contributions	533,620	587,040	625,528	497,721
Installment sale proceeds	-	-	-	2,625,000
<b>Total revenues</b>	<b>174,154,979</b>	<b>175,793,005</b>	<b>184,349,337</b>	<b>201,934,373</b>
<b>Expenditures:</b>				
General Government	11,977,569	8,409,966	8,780,297	8,796,865
Public safety	21,893,208	23,346,273	23,288,592	23,268,264
Public works	5,778,129	6,200,904	7,411,398	7,698,331
Health and welfare	1,418,757	1,449,139	6,786,471	6,325,270
Culture and Recreation	3,776,041	3,933,541	4,146,224	3,903,134
State & Federal Programs	18,170,175	19,512,783	-	-
Education	81,568,606	83,887,723	106,145,585	114,626,317
Pension and Other Employee Benefits	14,184,620	15,529,121	17,506,130	19,073,801
General and administrative	-	-	-	-
Capital outlay	11,984,109	12,932,783	6,318,802	15,122,696
Other	2,146,876	2,248,533	1,560,649	896,108
<b>Debt service:</b>				
Principal	4,472,112	5,124,462	5,074,461	6,322,511
Interest and other charges	2,445,012	2,668,995	2,219,285	2,877,558
<b>Total expenditures</b>	<b>179,815,214</b>	<b>185,244,223</b>	<b>189,237,894</b>	<b>208,910,855</b>
<b>Excess of revenues (under) expenditures</b>	<b>(5,660,235)</b>	<b>(9,451,218)</b>	<b>(4,888,557)</b>	<b>(6,976,482)</b>
<b>Other financing sources (uses):</b>				
Transfers in	891,291	1,027,836	1,412,879	682,468
Transfers out	(891,291)	(1,027,836)	(1,412,879)	(682,468)
Issuance of long-term debt	11,792,000	-	-	3,615,000
Issuance of bond anticipation notes	-	12,320,000	4,220,000	10,202,000
Issuance of refunding bond	-	-	-	-
Repayment of bond anticipation notes	-	-	-	(3,615,000)
Proceeds of refunding bonds	-	1,190,000	14,048,000	-
Payment to refunded bond escrow agent	-	(1,177,816)	(14,955,050)	-
Premium (discount) on long-term debt	-	50,527	1,188,599	-
Loan Proceeds	-	-	-	1,500,000
Lease Financing	1,123,620	2,023,824	1,913,468	1,156,397
Proceeds from sale of property	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>12,915,620</b>	<b>14,406,535</b>	<b>6,415,017</b>	<b>12,858,397</b>
<b>Net changes in fund balance</b>	<b>\$ 7,255,385</b>	<b>\$ 4,955,317</b>	<b>\$ 1,526,460</b>	<b>\$ 5,881,915</b>
Debt service as a percentage of noncapital expenditures	4.3%	4.7%	4.2%	5.0%

						Fiscal Year					
2006		2007		2008		2009		2010		2011	
\$	128,855,805	\$	133,943,860	\$	139,210,955	\$	152,551,430	\$	154,994,853	\$	162,068,724
	69,473,699		60,140,780		70,240,583		72,956,073		74,234,415		71,682,473
	6,119,885		4,921,896		3,908,131		3,342,587		2,482,279		3,276,294
	9,130,663		9,236,606		11,850,608		10,020,317		11,366,970		7,166,540
	1,222,113		1,330,121		1,325,037		1,186,314		1,350,435		1,433,856
	2,357,383		3,483,454		3,838,758		1,963,063		399,378		199,345
	752,385		514,844		842,558		668,610		452,629		682,894
	2,625,000		2,625,000		-		-		-		-
	220,536,933		216,196,561		231,216,630		242,688,394		245,280,959		246,510,126
	8,772,110		9,248,019		10,824,635		10,438,371		11,909,178		9,789,978
	26,673,001		27,493,478		30,778,325		31,042,636		31,903,678		29,948,769
	8,139,775		8,383,455		12,704,006		11,085,499		9,681,536		9,043,532
	5,928,717		4,153,905		6,214,422		5,978,317		5,523,773		5,174,304
	3,160,072		3,206,707		3,296,714		3,276,915		3,117,477		2,931,754
	-		-		-		-		-		-
	121,160,848		126,004,516		137,525,529		142,973,626		144,554,555		147,159,602
	18,596,490		16,970,377		19,662,590		19,822,162		22,541,813		25,755,047
	-		-		-		-		-		-
	34,966,659		27,775,383		42,901,902		36,615,116		12,408,898		14,647,171
	-		-		-		-		-		-
	5,600,612		5,767,350		6,599,850		7,810,350		8,671,800		8,413,350
	2,668,668		3,136,734		3,855,922		4,497,286		5,159,630		5,011,122
	235,666,952		232,139,924		274,363,895		273,540,278		255,472,338		257,874,629
	(15,130,019)		(15,943,363)		(43,147,265)		(30,851,884)		(10,191,379)		(11,364,503)
	713,880		2,237,551		721,184		744,048		919,361		1,208,452
	(713,880)		(2,237,551)		(721,184)		(744,048)		(919,361)		(3,066,904)
	15,888,000		18,302,000		-		17,599,450		18,393,000		21,705,000
	10,202,000		24,357,500		17,026,950		15,963,762		18,370,983		12,407,555
	-		-		-		-		32,684,000		-
	(10,202,000)		(15,650,000)		(18,302,000)		(17,026,950)		(15,271,762)		(18,370,983)
	-		-		23,480,000		-		-		-
	-		-		-		-		(37,696,163)		-
	745,035		313,112		288,200		1,120,847		6,656,563		831,290
	-		-		-		-		-		-
	239,398		721,128		5,033,950		930,507		1,467,444		12,157,717
	-		-		-		-		-		2,073,700
	16,872,433		28,043,740		27,527,100		18,587,616		24,604,065		28,945,827
\$	1,742,414	\$	12,100,377	\$	(15,620,165)	\$	(12,264,268)	\$	14,412,686	\$	17,581,324
	4.3%		4.6%		4.7%		5.5%		6.0%		5.8%

**CITY OF DANBURY, CONNECTICUT**

**Tax Revenues by Source, Governmental Funds  
Last Ten 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
2009	133,553,703	10,877,428	8,101,765	152,532,896
2010	136,584,472	10,624,865	8,381,956	155,591,293
<b>2011</b>	<b>145,682,176</b>	<b>10,308,334</b>	<b>8,241,554</b>	<b>164,232,064</b>
Change 2002-2011	59%	0%	5%	50%

**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				
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	
2009	4,329,018,390	1,564,017,220	413,563,900	314,700	379,979,570	459,535,728	
2010	4,287,865,660	1,578,945,220	439,175,300	314,700	393,509,940	438,168,793	
<b>2011</b>	<b>4,963,560,530</b>	<b>1,623,071,920</b>	<b>439,934,000</b>	<b>314,700</b>	<b>395,293,270</b>	<b>435,513,918</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)
\$ 4,468,312,290	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%
7,146,429,508	14.00%	21.35	10,209,185,011	70.00%
7,137,979,613	-0.12%	21.66	10,197,113,733	70.00%
<b>7,857,688,338</b>	<b>10.08%</b>	<b>20.96</b>	<b>11,225,269,054</b>	<b>70.00%</b>

CITY OF DANBURY, CONNECTICUT

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

Taxpayer	2011			2002		
	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	\$ 226,689,880	1	2.88%	\$ 114,144,840	2	2.60%
Boehringer-Ingelheim	66,520,030	2	0.85	30,473,050	4	0.00
Avalonbay Communities, Inc.	56,112,190	3	0.71	25,865,800	6	0.60
Gera Danbury LLC	53,545,520	4	0.68	164,044,110	1	3.70
Connecticut Light & Power	52,001,440	5	0.66	24,484,190	7	0.60
Melvyn, Mary & Seymour Powers						
Danbury Industrial Corp & MMP Realty	44,389,380	6	0.56	27,126,620	5	0.70
Building 45 Eagle LLC	41,426,540	7	0.53	-	N/A	-
Hawley, Ervie, Germantown Plaza Assoc.						
& Germantown Medical Center	35,439,110	8	0.45	20,525,200	9	0.50
Urstadt Biddle Properties, Inc.	33,842,280	9	0.43	-	N/A	-
83 Wooster Heights, LLC	25,155,850	10	0.32	-	N/A	-
<b>Total</b>	<b>\$ 635,122,220</b>		<b>8.08%</b>	<b>\$ 406,663,810</b>		<b>9.10%</b>

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
2002	2000	\$ 108,588,084	\$ 107,176,438	98.70%	\$ 1,343,873	\$ 108,520,311	99.94%
2003	2001	115,150,456	113,192,898	98.30%	1,584,143	114,777,041	99.68%
2004	2002	118,824,972	117,993,198	99.30%	402,092	118,395,290	99.64%
2005	2003	128,446,048	126,519,357	98.50%	1,406,435	127,925,792	99.59%
2006	2004	128,951,428	127,017,517	98.50%	1,368,845	128,386,362	99.56%
2007	2005	134,112,457	132,134,830	98.53%	1,439,008	133,573,838	99.60%
2008	2006	138,522,443	137,492,791	99.26%	440,826	137,933,617	99.57%
2009	2007	152,748,437	150,822,781	98.74%	1,135,939	151,958,720	99.48%
2010	2008	155,630,690	153,187,028	98.43%	1,291,456	154,478,484	99.26%
<b>2011</b>	<b>2009</b>	<b>164,232,064</b>	<b>160,414,022</b>	<b>97.68%</b>		<b>160,414,022</b>	<b>97.68%</b>

Source: City of Danbury Tax Records

CITY OF DANBURY, CONNECTICUT

**Ratios of General Bonded Debt Outstanding 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. Actual Taxable Value	Debt Per Capita	CWF <sup>(2)</sup> Notes Payable	General Obligation Bonds			
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
2009	106,321,500	5,608,428	1.04%	1,412	10,248,933	28,868,500	151,047,361	5.67%	1,835
2010	114,147,700	5,473,861	1.12%	1,500	10,294,388	26,772,300	156,688,249	6.07%	1,965
<b>2011</b>	<b>127,439,350</b>	<b>16,682,857</b>	<b>1.14%</b>	<b>1,782</b>	<b>7,583,140</b>	<b>25,790,650</b>	<b>160,813,140</b>	<b>6.00%</b>	<b>1,988</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, 2011  
(Unaudited)**

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<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 127,439,350
Capital leases	16,682,857
Less school construction grants receivable - principal portion only	<u>(1,404,325)</u>
<b>Total direct debt</b>	<b><u><u>\$ 142,717,882</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)**

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	2002	2003	2004	2005
Debt limit	\$ 773,947	\$ 813,688	\$ 852,713	\$ 900,490
Total net debt applicable to limit	59,411	61,598	91,110	86,554
Legal debt margin	714,536	752,090	761,603	813,936
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>8.31%</b>	<b>8.19%</b>	<b>11.96%</b>	<b>10.63%</b>

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	2006	2007	2008	2009	2010	2011
\$	902,119	\$ 947,064	\$ 984,120	\$ 1,077,930	\$ 1,094,883	\$ <b>1,144,854</b>
	77,042	71,737	73,858	86,346	93,488	<b>109,330</b>
	825,077	875,327	910,262	991,584	1,001,395	<b>1,035,524</b>
	9.34%	8.20%	8.11%	8.71%	9.34%	<b>10.56%</b>

CITY OF DANBURY, CONNECTICUT

COMPUTATION OF LEGAL DEBT LIMITATION

June 30, 2011

Total tax collections (including interest and lien fees) for the year ended June 30, 2011	\$ 163,139,816
Reimbursement for revenue loss:	
Tax relief for elderly	<u>410,781</u>
Base	<u>\$ 163,550,597</u>
Debt limit	<u><u>\$ 1,144,854,179</u></u>

Debt Limitation	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 367,770,314	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	735,540,629	-	-	-
3-3/4 times base	-	-	612,950,524	-	-
3-1/4 times base	-	-	-	531,223,787	-
3 times base	-	-	-	-	490,360,419
<b>Total debt limitation</b>	<u>367,770,314</u>	<u>735,540,629</u>	<u>612,950,524</u>	<u>531,223,787</u>	<u>490,360,419</u>
<b>Debt as defined by statute:</b>					
Bonds payable	109,330,350	18,109,000	29,016,318	1,022,000	-
Bond anticipation notes payable	12,616,397	3,933,603	2,625,000	-	-
Capital leases	949,058	15,733,801	-	-	-
Bonds authorized but not issued, issue dates not yet established	15,630,167	4,992,591	5,326,498	-	-
<b>Total indebtedness</b>	<u>138,525,972</u>	<u>42,768,995</u>	<u>36,967,816</u>	<u>1,022,000</u>	<u>-</u>
Debt Limitation in excess of indebtedness	<u><u>\$ 229,244,342</u></u>	<u><u>\$ 692,771,634</u></u>	<u><u>\$ 575,982,708</u></u>	<u><u>\$ 530,201,787</u></u>	<u><u>\$ 490,360,419</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)**

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Fiscal Year Ended June 30	Population **	Personal Income (000s)	Personal (1) Income Per Capita	Median Age	School Enrollment	Unemployment(*) Rate
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%
2009	79,256	2,566,468	32,382	37.4	10,279	7.1%
2010	79,743	2,582,238	32,382	38	10,497	7.0%
<b>2011</b>	<b>80,893</b>	<b>2,599,901</b>	<b>32,140</b>	<b>38</b>	<b>10,727</b>	<b>6.9%</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	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Danbury Hospital (excluding affiliates)	2,337	1	5.33%	3,133	1	8.62%
Boehringer-Ingelheim Pharmaceuticals	2,000	2	4.56%	N/A		0.00%
Danbury School Systems	1,532	3	3.50%	1,356	3	3.73%
Cartus (formerly Cendant Mobility)	1,309	4	2.99%	1,561	2	4.29%
GE Commercial Finance (formerly G.E. Capital)	660	5	1.51%	1,160	4	3.19%
Western CT State University	613	6	1.40%	785	5	2.16%
B. F. Goodrich	550	7	1.26%	580	8	1.60%
City of Danbury General Government	518	8	1.18%	547	9	1.50%
Praxair	420	9	0.96%	N/A		0.00%
Pitney Bowes	400	10	0.91%	700	6	1.93%

**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				
	2011	2010	2009	2008	2007
Governmental Services:					
City Council	-	-	-	-	-
Mayor's Office	6	5	6	6	6
Legislative Assistant	1	1	1	1	1
Registrars/Jury Committee	2	2	2	2	2
Finance/Insurance	15	15	15	14	15
Info Technology	4	5	5	4	4
Assessments	8	8	8	8	11
Tax Collector	10	10	10	11	11
Purchasing	3	3	3	3	3
Corporation Counsel (Legal)	3	3	3	3	4
Town Clerk	6	6	6	7	7
Permit Coordination	5	5	5	6	6
Building/ Civil Prep	9	9	9	9	9
Planning	6	6	6	6	6
Public Bldgs (Facilities Management)	15	15	15	16	14
Economic Development	-	-	-	1	1
Human Resources	2	2	2	2	2
Recreation:					
General & Administrative	2	2	2	2	2
Parks	-	-	-	-	-
Police:					
Officers	155	156	156	158	155
Civilians	10	10	10	8	8
Fire:					
Firefighters and Officers	128	127	127	127	108
Civilians	2	2	2	2	2
Public Works:					
Administration	2	2	2	6	7
Equipment Maintenance	7	7	7	7	7
Park Maintenance	18	18	18	18	19
Forestry	4	4	4	6	4
Street Sweeping, Snow Removal	21	21	21	22	23
Street Maintenance & Lighting	22	21	21	21	16
Traffic Control (Engineering)	3	3	3	3	3
Construction Services	3	3	3	-	-
Water:					
Administration	7	7	7	7	6
Transmission	21	20	20	21	16
Purification	10	11	11	12	11
Sewer Maintenance	-	-	-	-	-
Stormwater	-	-	-	-	-
Other Programs/Functions:					
Consumer Protection	1	1	1	1	1
UNIT	4	4	4	5	4
Engineering	8	9	9	10	11
Library	26	25	25	27	27
Health & Human Services	17	17	17	11	11
Social Services	3	4	4	11	11
Airport	5	5	5	5	5
<b>Total</b>	<b>574</b>	<b>574</b>	<b>575</b>	<b>589</b>	<b>559</b>

Source: City Records

Full-Time Equivalent Employees as of June 30

2006	2005	2004	2003	2002
1	1	1	-	-
6	6	6	6	6
1	1	1	2	2
2	2	2	2	2
15	15	14	18	18
4	4	4	5	5
11	11	10	10	10
11	11	11	11	11
3	3	3	4	5
4	4	4	4	3
7	7	7	8	6
6	6	4	-	-
9	8	10	12	11
7	7	7	10	9
14	14	14	16	16
1	1	-	-	-
2	2	3	4	4
2	2	4	4	4
-	-	22	22	22
155	155	154	155	159
6	6	6	6	6
109	109	108	109	109
2	2	2	2	2
6	6	5	5	5
7	7	7	7	7
19	19	-	-	-
4	4	-	-	-
23	23	23	25	25
15	15	15	15	15
3	3	3	3	3
-	-	-	-	-
5	5	5	5	5
16	15	16	15	15
11	11	12	12	12
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1	-	-	-	-
12	11	11	12	12
28	28	28	30	30
13	13	13	14	14
10	10	10	10	10
4	4	4	4	4
<b>555</b>	<b>551</b>	<b>549</b>	<b>567</b>	<b>567</b>

CITY OF DANBURY, CONNECTICUT

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

Function/Program	Calendar Year				
	2002	2003	2004	2005	2006
Police:					
Calls for service	78,982	81,354	81,374	77,500	60,970
Adult arrest	2,311	2,292	2,299	2,133	2,097
Juvenile arrest	345	375	397	405	426
Traffic citations	2,543	1,771	2,023	1,687	3,201
Fire:					
Total fire runs	2,861	2,851	2,792	2,753	2,111
Total rescue runs	2,742	2,781	3,068	3,183	2,414
Building safety:					
Total building permits	1,331	1,317	1,620	1,622	1,583
Total value all permits	\$ 96,171,210	\$ 67,853,574	\$ 132,045,142	\$ 166,334,991	\$ 155,415,832
Library, volumes in collection	117,995	113,483	111,950	112,812	114,415

Source: City Records

\*Through September 30, 2011 Building permits through October 31, 2011.

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Calendar Year				
2007	2008	2009	2010	2011*
66,418	58,248	57,188	57,521	<b>41,655</b>
1,631	1,389	2,316	7,995	<b>5,256</b>
287	320	511	263	<b>151</b>
6,290	2,725	4,112	4,080	<b>3,796</b>
2,339	1,309	3,018	3,454	<b>2,674</b>
2,730	2,740	4,127	4,310	<b>3,155</b>
1,446	1,044	1,125	1,055	<b>974</b>
<b>\$ 187,432,339</b>	<b>\$ 106,019,038</b>	<b>\$ 85,925,535</b>	<b>\$ 83,680,656</b>	<b>\$ 69,420,417</b>
111,828	120,150	121,342	122,366	<b>123,463</b>

CITY OF DANBURY, CONNECTICUT

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

Function/Program	Calendar Year			
	2002	2003	2004	2005
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)	235	235	238	238
Street Lights	2,818	2,768	2,768	2,768
Parks & Recreation:				
Acreage	1,326	1,326	1,326	1,326
Parks	15	15	15	15
Golf Course	1	1	1	1
Baseball/Softball Diamonds	11	11	13	14
Ice Skating Pond	1	1	1	1
Soccer/Football/Lacrosse Fields	1	1	4	4
Basketball Courts	3	3	3	3
Tennis Courts	10	10	10	10
Spray Park	-	-	-	-
Swimming pools	2	2	2	-
Volleyball Courts	-	-	-	-
Handball Courts	-	-	-	-
Parks with Playground Equipment	5	5	5	4
Picnic Shelters	1	1	1	1
Recreation Building	1	1	1	-
Banquet Hall	1	1	1	1
Band Shell	-	1	1	1
Public Buildings:				
City Buildings	10	11	12	12
Schools	17	17	17	17
Library:				
Facilities	1	1	1	1
Volumes	117,995	113,483	111,950	112,812
Water:*				
Lakes	-	-	-	-
Storage Capacity (MGPD)	2,933	2,933	2,933	2,933
Average Daily Consumption (MGPD)	8.06	7.61	7.52	7.48
Peak Consumption (MGPD)	10.32	93.78	9.57	9.71
Wastewater:				
Sanitary Sewers (miles)	120.30	123.00	124.00	128.80

Source: City Records

Calendar Year						
2006	2007	2008	2009	2010	2011	
1	1	1	1	1	1	
4	5	5	5	5	5	
12	12	12	12	12	12	
4	6	6	5	5	6	
238	241	241	241	241	242	
2,768	2,807	2,868	2,869	2,869	2,869	
1,326	1,326	1,381	1,381	1,326	1,573	
15	15	15	17	13	15	
1	1	1	1	1	1	
13	13	17	15	15	19	
-	-	-	-	-	-	
6	8	11	8	8	8	
2	2	4	2	23	21	
10	10	16	10	16	16	
-	2	2	2	2	2	
-	-	-	-	-	-	
-	6	6	6	6	6	
-	-	-	2	2	2	
5	7	8	9	8	9	
1	1	1	1	1	1	
-	-	-	-	1	-	
1	1	1	1	1	1	
1	1	1	1	1	1	
12	13	14	14	14	14	
18	18	18	22	22	21	
1	1	1	1	1	1	
114,415	111,828	120,150	121,342	122,316	123,463	
-	-	-	-	-	-	
2,933	2,933	2,705	2,792	2,484	2,792	
7.40	7.20	6.55	6.52	6.30	6.00	
9.70	9.50	8.70	8.35	8.40	8.40	
132.30	140.00	133.95	135.36	164.00	165.00	

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