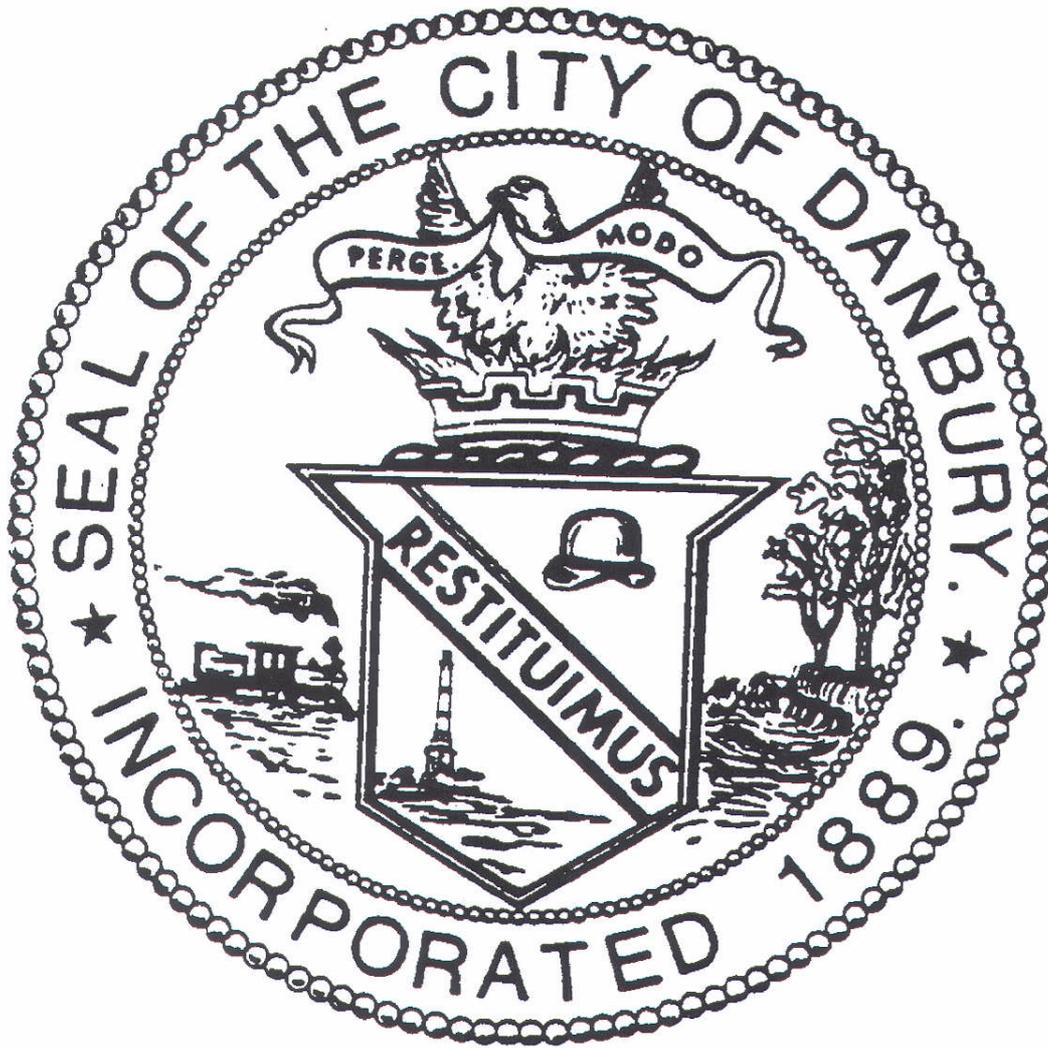


**CITY OF DANBURY, CONNECTICUT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2007
DEPARTMENT OF FINANCE
DANBURY, CONNECTICUT**

**CITY OF DANBURY,
CONNECTICUT**

**Comprehensive
Annual Financial Report**

for

**The Fiscal Year Ended
June 30, 2007**

Prepared By:

City of Danbury Department of Finance

David W. St. Hilaire

Director of Finance

CITY OF DANBURY, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CITY OF DANBURY, CONNECTICUT

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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
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December 26, 2007

Honorable Mark D. Boughton, Mayor
Members of the Common 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, 2007.

This report consists of management's representations concerning the finances of the City of Danbury, Connecticut. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, 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, 2007, 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, 2007 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. Transversed by I-84 and Route 7, and adjacent to I-684, Danbury is easily accessible to New York City, Hartford and Norwalk, all of which are within 60 miles.

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 2006 U.S. Census Bureau estimates, the City of Danbury has a median household income of approximately \$68,794 and a population of 79,285.

The City was incorporated in 1889, and operates under a Charter that was last revised in November 1990. Recently, a nine member Charter Review Commission consisting of community residents and taxpayers was established to assist the Mayor and the Common Council in updating the City's Charter. A Mayor and a twenty-one member Common Council govern the City. The Mayor is the City's chief executive and the Common Council is the 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 highways, streets, storm and sanitary sewers and infrastructure, health and social services, parks and recreational activities, cultural events and a municipal airport. Approximately 1,965 full-time municipal

employees provide services to the Danbury community. The City is 44 square miles and has 238 miles of streets.

The City of Danbury has three component units, presented in these financial statements, including the Danbury Parking Authority, Richter Park Authority, and Tarrywile Park Authority. These authorities are reported as discrete component units as of June 30, 2007. 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 23 as part of the basic financial statements for the General Fund.

INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

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

Local Economy: Danbury's economy is diverse, with services, manufacturing and trade being the leading components. As of November 2007, total employment in the Danbury Labor Market Area (LMA) was 71,200 jobs, an increase of 900 over the same period in the prior year. Service providing industries added 500 jobs, goods producing industries added 400 jobs, which were offset by a slight decline of 100 jobs in retail trade.

The development of the former Union Carbide facility is underway. Additional sewer capacity has been extended to the site and designs and site plans are being prepared for the residential component of the project. Four hundred and sixty six residential units have been approved and are currently under construction, the sales and design center is complete, and two other phases totaling 685 residential units are in the approval process. The master plan for the site includes 2,164 housing units, 35,000 square feet of retail and community uses, and 1.1 million square feet for commercial use. Several corporations have already expressed interest in relocating to the new complex. When completely built-out in 2014, the development is expected to add \$515 million to the City's grand list, generating approximately \$12.5 million in new tax revenue.

Boehringer Ingelheim, a pharmaceutical company headquartered in the Danbury area, and with a major presence in the City of Danbury, continues its major expansion of its facilities. Plans call for a \$500 million building project that is expected to create 500-700 new jobs over the next six years. The expansion will consist of new laboratories to support research and development in the immunological, inflammatory and cardiovascular areas. The State of Connecticut has committed

\$3.0 million to the project to assist with infrastructure improvements related to the expansion. This portion of the project is currently under design. The new Kilo Lab and the 87,000 square foot Physical Sciences Building have been completed and are occupied. The 4,500 square foot expansion of the main building has also been completed. As part of this expansion, Boehringer Ingelheim signed a ten-year lease for 229,000 square feet of space in Danbury, which will house its medical department and support functions. Construction on the leased space has been completed and approximately 650 employees are occupying this space. Other expansion is also expected in the near future.

MannKind Bio Pharmaceuticals Corporation is continuing a 172,000 square foot expansion of an existing building that will be used for the production of a new insulin drug. The corporation anticipates obtaining FDA approval of the new drug in 2008 and the project is expected to generate 700 new jobs.

The Shelter Rock Business Center has completed a 40,000 square foot expansion and renovation that includes office, manufacturing and warehouse space. An additional 80,000 square foot expansion has also been approved.

In the downtown area, several development projects are planned or are underway that support the revitalization of Danbury's central business district. The first project recently opened and has brought 115 private housing for college students to downtown. The second project, slated to begin in 2008 calls for about 500 units to be built. The special exception for the project has been approved and the developer has received approval of the project by the State Traffic Commission. The introduction of market rate housing to the downtown will result in additional retail and commercial development to complement this residential development. Several new restaurants have already opened or plan to open in the central business district. Additional projects include streetscape improvements are in various stages along North Main, South Main, West and White Streets, all of which will encourage pedestrian traffic in the central business district.

The State of Connecticut continues to make major investments in Western Connecticut State University, which has its two campuses in the City of Danbury. It is anticipated that the University will spend over \$194 million over the next five years on construction activities. Completed projects include a \$48 million Science Building, a \$12.6 million parking garage on the Midtown campus, and a \$17.9 million Student Center on the Westside campus. A \$31 million project for a new residence hall and parking garage on the Westside campus is in design. Finally, the \$97 million Center for the Arts on the Westside campus has cleared the design approvals, awaiting funding allocation, and is expected to be complete in 2011. The acquisition of the Roberts Avenue School will expand the Midtown campus by six acres and allow for continued growth of the University. Additionally, the flow of investment in the University continues with one of the original Midtown university buildings, now considered historic, being completed renovated by 2010. These projects demonstrate the University's strong commitment to building on the educational successes in the Danbury area.

Danbury Hospital, the City's largest employer with approximately 3,000 employees continues to expand its services and has been the recipient of several accreditations and designations. In 2007, Danbury Hospital was ranked in the top 5% of hospitals by HealthGrade for their health care services and facilities. The hospital was also recognized in 2006 by Solucient as one of the top

100 hospitals citing better patient safety, shorter length of stay and lower mortality rates than other teaching hospitals in its peer group. In addition, the hospital was awarded full approval status as an accredited center for weight loss surgery. This accreditation places Danbury Hospital as the only center in Connecticut, and one of only two nationally to earn A1 status from the American College of Surgeons. In 2005, Danbury Hospital was granted certification by the State of Connecticut to provide advanced cardiac care services to include open-heart surgery and has since created the Praxair Regional Heart and Vascular Center. The program continues to expand, and the hospital's non-invasive vascular laboratory received accreditation in all five areas of vascular testing. This designation places the lab in the top two percent in the country for testing for vascular disease. In addition, construction has been completed on a 60,000 square foot out-patient diagnostic center. The center includes surgical offices, ultrasound, imaging & radiology, and cardiology testing. The relocation of these services resulted in more patient beds in the main facility. The new facility also included a new parking structure with 650 spaces.

Building permit activity continues to demonstrate the vitality of the local economy. Through October 2007, 1,332 permits were issued for residential and commercial construction with a total valuation of \$186.8 million. This is an increase of \$48 million reported in October 2006 for 1,497 permits valued at \$138.7 million. Unemployment in the City remains well below the State and national averages. As of September 30, 2007, the Department of Labor reported 43,133 individuals employed in Danbury and 1,540 unemployed. Danbury's unemployment rate was 3.4%, a slight increase from 3.3% in 2006. The unemployment rate for the State of Connecticut was 4.3% and the national unemployment rate was 4.7%. The Danbury Labor Market Area (LMA) which includes the Greater Danbury Area posted an unemployment rate of 3.4%, the lowest of all the LMA's in the State of Connecticut.

Retail sales in Danbury continue to rank as one of the highest in the State of Connecticut which can be attributed to the popular Danbury Fair Mall, which is one of the largest in New England. The mall, which totals 1.5 million square feet offers more than 200 shops and services, is a destination place for many residents of the East Coast. The Macerich Company, which owns the mall, has completed the first phase of their renovations. Improvements included new stone and porcelain flooring, new lighting fixtures, and stained-wood accents. Further expansion and renovations are expected to continue throughout 2008 on the next phase.

The City continues to enjoy a strong credit rating receiving Aa2, AA, and AA+ from Moody's Investor's, Standard and Poors, and Fitch Ratings respectively. All three rating agencies cite the City's diverse tax base and expect continued development and job growth in Danbury.

Major Initiatives

There are several initiatives that were recently undertaken, some of which will continue into Fiscal Year 2007-2008.

- ◆ **Western Connecticut Academy of International Studies** – The State of Connecticut selected Danbury as the home of a magnet school that focuses on international studies and related cultures. The operational plan envisions a multinational educational adventure through the use of technology, the arts, and the promotion of world languages. The Academy serves 360 students in grades K-5, and includes students from New Fairfield, Newtown and Redding. The school was constructed on the Westside campus of Western Connecticut State

University and opened for the 2006/2007 school year. The Academy is fully funded by the State of Connecticut.

- ◆ **Middle School Construction Projects** – The City completed a \$7.4 million renovation project at Broadview Middle School. Renovations included additional classroom space, the addition of an auditorium and music classrooms, and the expansion of the cafeteria, gymnasium media center and locker rooms. Also, the \$8.5 million renovation project at Rogers Park Middle School was recently completed. Improvements include additional classroom space and renovations to the cafeteria, auditorium, media center, gymnasium, science labs, bathrooms, and roof work.
- ◆ **Roberts Avenue Replacement School**– As part of its expansion plans, Western Connecticut State University purchased the Roberts Avenue Elementary School located adjacent to its campus. The groundbreaking ceremony for this project was in July 2007, and plans are to move into this building late 2008. The total cost of this project is \$20.6 million.
- ◆ **New Head Start Facility**- The City purchased the Immanuel Lutheran School and is in the design stages of converting the building into a new school for the Head Start Program. By creating this new facility, the City will gain twelve additional classrooms in its various elementary schools that will allow for the introduction of all day kindergarten. The project is currently under review by the State of Connecticut.
- ◆ **Downtown Parking Garage**- In May 2006, the voters approved an additional \$6.6 million for the construction of a new parking garage in the City’s central business district, in addition to the \$5 million approved by the voters in a prior referendum. The garage was completed and opened for business in November 2007. The garage holds 385 vehicles and provides additional parking centrally located in the City’s downtown.
- ◆ **New Public Safety Facilities**– In May 2006, voters approved \$49.2 million for various public safety related projects including the construction of a new state-of-the-art police headquarters to be located on North Main Street. The City has acquired all of the property, completed demolition, and had the groundbreaking ceremony in August 2007. Construction is expected to be completed in 2009. Additionally, a new fire station, Engine 26, was completed and operational in September 2007. This new fire station is located on the City’s west side near the Danbury Mall and Boehringer Ingelheim facilities and will provide enhanced fire protection in that area. The redesign of the citywide emergency communication system is underway and expected to be completed in 2009.
- ◆ **QAlert311**- Danbury is one of only 20-30 cities that offer 311 dialing for citizen interaction. The City’s QAlert311 initiative and web site, which was introduced in spring 2007, has received national recognition and sets the benchmark for constituent services for other municipalities. It has proven to be a positive contribution that has significantly enhanced the responsiveness to citizen issues on a daily basis.
- ◆ **Water & Sewer Facility Improvements** – Over the last two years, the voters approved \$18.5 million for various improvements to the City’s water and sewer facilities. The replacement of water meters and the implementation of a radio read system is nearly complete. A two million gallon water storage tank is scheduled to be added in 2008 to better serve the high service needs on the west side of Danbury. The West Side Sewer Interceptor

project is expected to be completed in the fall of 2008. The nitrogen removal facilities are expected to be constructed and operational by December 2008. This project will significantly reduce the annual purchase of nitrogen credits from the DEP. These are the first major capital improvement programs for these facilities in several years.

- ◆ **City Parks** – The City is committed to enhancing our residents' quality of life for the entire family and has invested over \$3 million in parks and playgrounds throughout the City. Projects recently completed include construction of a multi-purpose field, rebuilding/reconditioning baseball fields, construction of two spray parks, substantial improvements to the beaches at Candlewood and Kenosia parks, and replacement of playground equipment.

Risk Management

The City has a comprehensive Risk Management Program designed to identify and control exposure the City may have to financial loss. The program includes safety programs within City departments, risk management controls, purchasing all insurance for the City including 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. Over the years, since the establishment of this position, the City has been able to increase its insurance coverage at no cost in many instances. The City has begun the development of an extensive safety and loss control program to help reduce claims in various categories including workers compensation, auto and general liability.

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 and hypertension claims. The City is self-insured for the first \$500,000 per claim and maintains an aggregate stop loss on these worker's compensation claims of \$3 million. The City is fully self-insured for all heart and hypertension liability. Employee medical benefits are fully insured, except for prescription drug coverage which is a self insured arrangement. As of July 1, 2007, the City began self insuring employee's dental benefits.

Debt Management

At year-end, the City had outstanding \$105,680,000 in general obligation bonds, \$15,487,697 outstanding in notes, \$27,900,000 in Bond Anticipation Notes and had \$109,503,090 in authorized but unissued debt.

AWARDS AND ACKNOWLEDGEMENTS

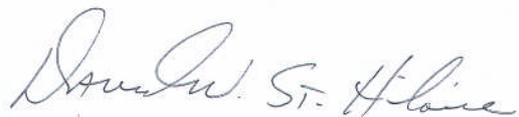
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Danbury, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. The Certificate 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 20 fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. I would like to express my appreciation and gratitude to all members of the Department who assisted and contributed to its preparation. I also appreciate the assistance and dedication of the audit team from McGladrey and Pullen, LLP. Finally, I would like to thank the Mayor and the Common 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, 2006

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



President

Executive Director

**Principal Officials
City of Danbury, Connecticut**

Mayor

Mark D. Boughton

Town Clerk

Lori A. Kaback

Treasurer

Daniel P. Jowdy

City Clerk

Jean Natale

Common Council

Joseph A. Cavo
President

Robert F. Arconti
Michael J. Calandrino
Benjamin Chianese
Philip Curran
N. Jane Diggs
John J. Esposito
James H. Johnson
Jack Knapp
Warren M. Levy
Louise P. McMahon

Shailesh Nagarseth
Duane E. Perkins
Robert T. Reilly
Paul Rotello
Gregg W. Seabury
Colleen A. Stanley
Thomas J. Saadi
Mary Teicholz
Charles J. Trombetta
Frederick L. Visconti, Jr.

David W. St. Hilaire
Director of Finance

Daniel G. Garrick
Asst. Director of Finance

Scott Ferguson
Tax Collector

Colleen LaHood
Tax Assessor

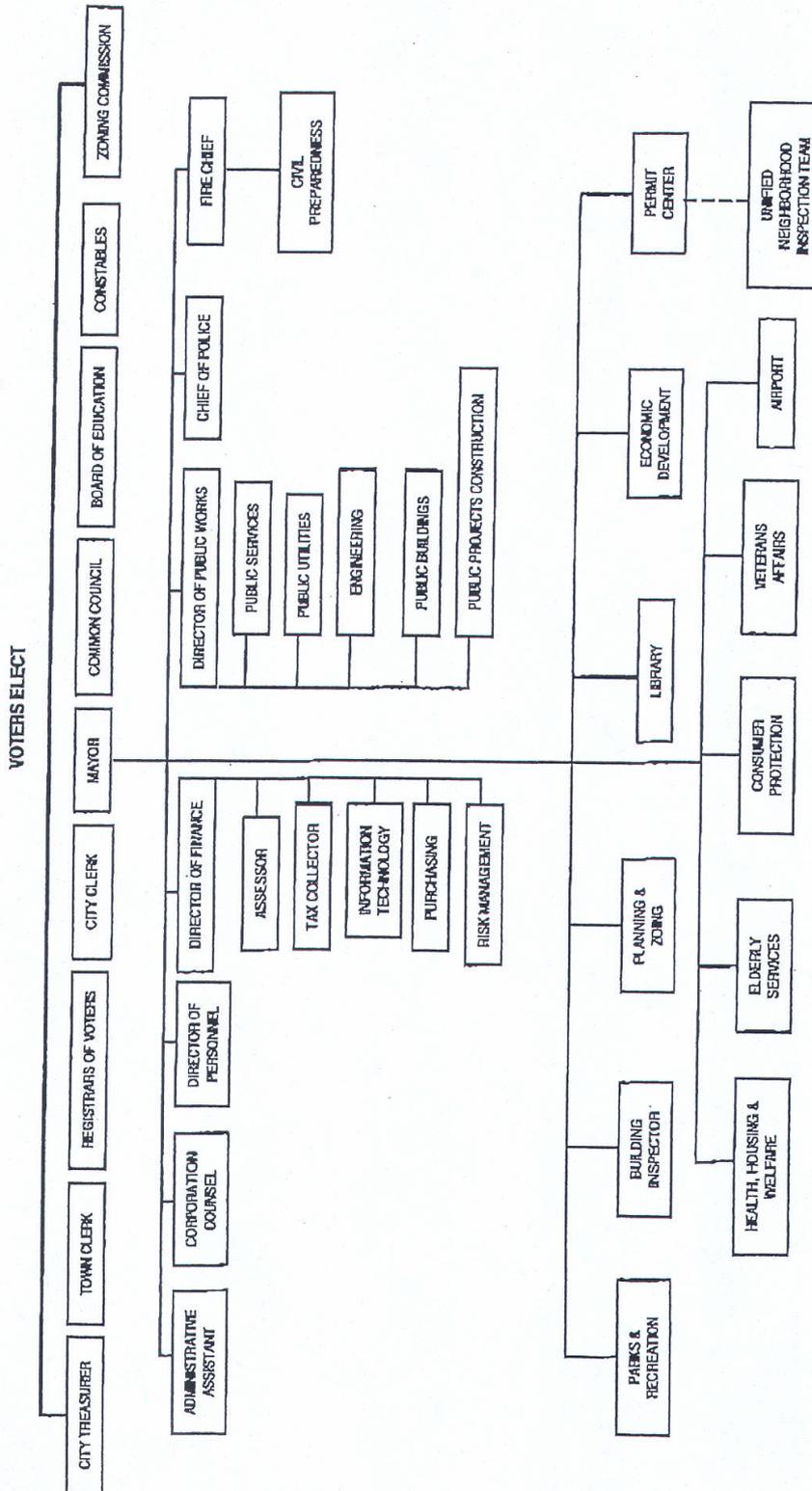
Charles Volpe
Purchasing Agent

Wade Anderson
Manager, Info Technology

Independent Auditors

McGladrey & Pullen, LLP
New Haven, Connecticut

**CITY OF DANBURY
ORGANIZATION CHART**



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Financial Section

McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Common 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, 2007, 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 and the Tarrywile Park 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 and the Tarrywile Park 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 and the Tarrywile Park 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, 2007, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated December 20, 2007 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 on pages 3 through 14 is not a required part of the basic financial statements, but is 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 20, 2007

**City of Danbury, Connecticut
Management's Discussion and Analysis
June 30, 2007**

As management of the City of Danbury, we offer readers of the financial statements this narrative overview and analyses of the financial activities of the City of Danbury for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

Financial Highlights

- ◆ On a government-wide basis, excluding component units, the assets of the City of Danbury exceeded its liabilities resulting in net assets at the close of the fiscal year of \$281.2 million. Total net assets for Governmental Activities at fiscal year-end were \$163.8 million and total net assets for Business-Type Activities were \$117.3 million. Net assets for Business-Type Activities increased by \$7.8 million or 7.1%, while net assets for Governmental Activities increased by \$10.7 million or 7.0%. Of the City's total net assets at June 30, 2007, \$37.1 million or 13.2% is unrestricted and may be used to meet the government's obligation to citizens and creditors.
- ◆ On a government-wide basis, during the year, the City's net assets increased by \$19 million or 7.0%, from \$262.7 million to \$281.2 million. Government-wide expenses were \$218.7 million, while revenues were \$237.2 million.
- ◆ 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 \$35.1 million, an increase of \$12.1 million from the prior fiscal year.
- ◆ At the end of the current fiscal year, fund balance for the general fund alone was \$28.3 million, an increase of \$4 million from the prior fiscal year. Of the total general fund balance, \$21.4 million represents unreserved general fund balance. Unreserved general fund balance at year-end represent 11.3% of the ensuing year's total general fund appropriations of \$191.4 million.
- ◆ The City of Danbury's total debt increased by \$12.8 million or 9.3%. The increase is due to the City's on-going capital program and the requirement to finance this program through long-term debt.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The statement of net assets presents information on all of the City of Danbury's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the city is improving or deteriorating. It speaks to the question of whether or not, the City, as a whole is better or worse off as a result of this year's activities. 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 and Sewer funds. They are reported here as the City charges a fee to customers to help cover all or most of the cost of the operations.
- ◆ The government-wide financial statements include not only the City of Danbury itself, but also three legally separate component units, the Danbury Parking Authority, the Richter Park Authority and the Tarrywile Park Authority for which the City of Danbury is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

Fund Financial Statements

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

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

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

The City of Danbury maintains 23 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. Data from the other governmental funds are combined into a single, aggregated presentation as other governmental funds. Non-major governmental funds for the City of Danbury include the School Lunch Program Fund, the Community Development Block Grant Fund, the WIC Grant Fund, the Continuing Education Fund, the Animal Control Fund, the School-Based Health Center Grant Fund, the Ambulance Fund, the LOCIP Fund, Airport Projects Fund, State and Federal School Projects Fund, the Library Fund, the Railyard Parking Lease Fund, Library Place Parking Garage Fund, Century 21 PI Fund, Magnet School Fund, Miscellaneous Special Revenue Fund, the Vision 21 and Vision 21 – 2 Bond Issues Fund, the City Projects Fund, the Cityworks 2000 Fund, the Danbury Neighborhood Bond Fund, the Public Safety Bond Fund, the Head Start Bond Fund and the Farioly Permanent Fund. The Miscellaneous Special Revenue Fund is the consolidation of 49 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 City of Danbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget.

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

Proprietary funds. The City of Danbury maintains two 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 and Sewer 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 and Sewer Funds, both of which are considered to be major funds of the City of Danbury.

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

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

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

Notes to the Financial Statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-73 of this report.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the City of Danbury, assets exceeded liabilities by \$281.2 million at June 30, 2007. This is an increase of \$18.5 million from the previous fiscal year.

	June 30, 2007			June 30, 2006		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 64,514	\$ 12,811	\$ 77,325	\$ 67,289	\$ 10,045	\$ 77,334
Non-current	4,539	5,751	10,290	7,803	5,077	12,880
Capital assets	237,385	153,325	390,710	212,165	150,214	362,379
Total Assets	306,438	171,887	478,325	287,257	165,336	452,593
Current liabilities	20,855	12,426	33,281	37,180	16,513	53,693
Long-term liabilities outstanding	121,753	42,083	163,836	96,942	39,252	136,194
Total Liabilities	142,608	54,509	197,117	134,122	55,765	189,887
Net assets:						
Invested in capital assets, net of related debt	140,826	101,853	242,679	136,424	101,952	238,376
Restricted	1,399	-	1,399	1,394	-	1,394
Unrestricted	21,605	15,525	37,130	15,317	7,619	22,936
Total Net Assets	\$ 163,830	\$ 117,378	\$ 281,208	\$ 153,135	\$ 109,571	\$ 262,706

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

On a government-wide basis excluding component units, the assets of the City of Danbury exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$281.2 million, up from last year's net assets of \$262.7 million. Increase in assets was primarily due to an increase in capital assets funded through grants and contributions, for both Governmental Activities as well as Business-Type Activities. Total net assets for Governmental Activities at fiscal year-end were \$163.8 million (up from \$153.1 million in the previous year) and total net assets for Business-type activities were \$117.4 million (up from \$109.6 million in the previous year). Of the City's total net assets at June 30, 2007, \$37.1 million or 13.2% 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 \$22.9 million or 8.7% unrestricted.

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

	Year Ended June 30, 2007			Year Ended June 30, 2006		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 21,290	\$ 20,101	\$ 41,391	\$ 23,192	\$ 19,899	\$ 43,091
Operating Grants and Contributions	42,152	-	42,152	41,029	-	41,029
Capital Grants and Contributions	3,171	2,085	5,256	17,966	2,902	20,868
Donated capited assets	397	-		405	-	405
General Revenues:						
Property Taxes	136,345	-	136,345	129,588	-	129,588
Grants and contributions not restricted to specific programs	7,542	-	7,542	7,496	-	7,496
Unrestricted investment earnings	3,387	697	4,084	2,284	717	3,001
Total Revenues	214,284	22,883	237,167	221,960	23,518	245,478
Expenses:						
General Government	12,303	-	12,303	12,818	-	12,818
Public Safety	41,643	-	41,643	39,412	-	39,412
Public Works	14,734	15,076	29,810	12,293	14,240	26,533
Health and Welfare	4,431	-	4,431	6,144	-	6,144
Culture and Recreation	4,925	-	4,925	4,425	-	4,425
Education	122,427	-	122,427	123,824	-	123,824
Other	40	-	40	1,005	-	1,005
Interest on long-term debt	3,086	-	3,086	3,100	-	3,100
Total Expenses	203,589	15,076	218,665	203,021	14,240	217,261
Change in net assets	10,695	7,807	18,502	18,939	9,278	28,217
Net assets – beginning	153,135	109,571	262,706	134,196	100,293	234,489
Net assets - ending	\$ 163,830	\$ 117,378	\$ 281,208	\$ 153,135	\$ 109,571	\$ 262,706

Danbury's net assets increased by \$18.5 million during the fiscal year, with net assets of Governmental Activities increasing by \$10.7 million, and net assets of Business-Type Activities increasing by \$7.8 million. The increase in net assets within both Governmental and Business-Type Activities is due to the degree to which increases in on-going revenues have exceeded increases in expenses. Total revenues in Governmental Activities are down primarily due to the impact of the amount capital grants received for the Magnet Schools last year (\$12.8M) as compare to this year \$(2.8M). Property tax revenues were up primarily due to an increase in tax base.

Government Activities

For Governmental activities, 63.6% of the revenues were derived from property taxes followed by 31.3% from program revenues, then 3.5% from unrestricted grants, and finally about 1.6% of the City's revenue in this fiscal year was derived from investment earnings.

Major revenue factors included:

- ◆ Property tax revenues recorded for fiscal year 2007 reflect growth in the total assessed value of property of 8.3%, causing actual property tax revenues to grow by \$6.8 million or 5.2%.
- ◆ Investment Income earnings increased by \$1.0 million due to an improved interest rate environment and more cash on hand available to invest.

For Governmental Activities, more than 60.1% of the City's expenditures relate to education, 20.5% relate to public safety, 7.2% for public works, 6.0% for general government, 2.4% for cultural and recreation, 2.2% for health and welfare, 1.5% for interest on long-term debt and finally .1% for other activities.

Major expenditure factors included:

- ◆ Expenditures for Public Safety increased by \$2.2 million, or 5.7%, primarily due to an increase in long-term liabilities relating to compensated absences and operational expenses for the new police headquarters.
- ◆ Expenditures for Public Works increased \$2.4 million or 19.9% reflecting an increase in depreciation expense for infrastructure capital assets.

Business-Type Activities

Business-Type activities increased the City's net assets by \$7.8 million, an increase of 7.1% from the prior fiscal year. Factors impacting the growth include:

Charges for services increased slightly by \$0.2 million, an increase of 1.0% from the prior year, and contributed capital totaled \$2.1 million, a 28.2% decrease from the prior fiscal year due to a decrease in sewer and water assessments during the year. Expenditures increased by about 5.1% contributing to a decrease in net assets.

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 \$35.1 million. The General Fund and Other Governmental Funds reported fund balances of \$28.3 million and \$6.8 million, respectively. Approximately \$21.4 million of the general fund's total fund balance constitutes unreserved fund balance that is available for spending at the government's discretion. The remaining \$6.9 million of the General Fund fund balance is not available for new spending and has been reserved to liquidate contracts/purchase orders of the prior period (\$2.1 million) and for future budget appropriations (\$4.8 million).

The general fund is the chief operating fund of the City of Danbury. At the end of the current fiscal year, unreserved fund balance of the general fund was \$21.4 million while total fund balance reached \$28.3. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.3% of total general fund expenditures, while total fund balance represents 15.5% of that same amount.

The fund balance of the City of Danbury's general fund on a budgetary basis, increased by \$2.8 million during the current fiscal year. Key factors in this increase are as follows:

- ◆ Total actual revenues exceeded budgeted revenues by \$3.3 million.
- ◆ Revenue from Federal & State Governments exceeded budget by \$1.6 million, due to increased aid from the State of Connecticut.
- ◆ Investment Income exceeded budget by \$1.7 million due to an improved interest rate environment and more cash on hand available to invest.

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 \$59.7 million. The fund generated operating income during the year of \$2.7 million, a decrease of \$1.5 million from the prior year. Capital contributions totaled \$1.7 million, resulted in the fund increasing its net assets by \$3.8 million. Unrestricted net assets at year-end totaled \$9.6 million.

Net assets of the Sewer Fund at the end of the year were \$57.7 million, an increase of \$4.0 million. The fund generated operating income of \$3.8 million. An increase in charges for services, due to an increase in both rates and usage, and capital contributions helped to increase the fund's overall net assets by approximately \$4.0 million. Unrestricted net assets at year-end totaled \$5.9 million.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$2,948,130. The major additional appropriations approved during the year are summarized below:

- ◆ \$497,000 additional appropriations to various departments throughout the City for snow removal and weather related expenses.
- ◆ \$620,000 additional appropriation for the Board of Education for energy costs.
- ◆ \$340,000 to the Police Department for retroactive overtime wages for the settlement of the police union collective bargaining agreement.

During the year, actual revenues on a budgetary basis were \$179.8 million, which exceeded budgetary estimates by \$3.3 million. Revenue from Federal and State Governments exceeded estimates by \$1.6 million as the City received more state aid than anticipated. Actual investment income was \$1.7 million higher than the budget of \$2,050,000.

Actual expenditures on a budgetary basis totaled \$177.0 million, which were less than actual revenues on a budgetary basis by \$2.8 million.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2007, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to \$390.7 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 \$28.3 million or 7.8%.

	June 30, 2007			June 30, 2006		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 48,123,128	\$ 1,031,946	\$ 49,155,074	\$ 46,619,165	\$ 1,031,946	\$ 47,651,111
Land Improvements	6,406,406	-	6,406,406	6,755,136	-	6,755,136
Buildings and Improvements	92,773,192	65,108,510	157,881,702	66,993,625	67,536,829	134,530,454
Machinery and Equipment	10,650,670	547,322	11,197,992	6,834,241	534,361	7,368,602
Infrastructure	45,738,402	74,788,500	120,526,902	45,708,396	72,281,291	117,989,687
Other	-	205,021	205,021	-	219,254	219,254
Construction in Progress	33,693,325	11,643,206	45,336,531	39,254,600	8,610,649	47,865,249
Total	\$ 237,385,123	\$ 153,324,505	\$ 390,709,628	\$ 212,165,163	\$ 150,214,330	\$ 362,379,493

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

- ◆ Acquisition of land totaling \$1.4 million for the new Police headquarters and the new parking garage
- ◆ Building additions totaling \$20.7 million for the construction of the Magnet School
- ◆ Building improvements totaling \$7.3 million for renovations/expansion of Broadview Middle School
- ◆ Infrastructure improvements including sidewalks, roads, and bridges totaling approximately \$1.4 million.
- ◆ Acquisition of fire fighting equipment, including two pumper trucks, totaling \$971,000
- ◆ Acquisition of other machinery and equipment totaling \$5 million.

Additional information on the City of Danbury's capital assets can be found in Note 7 on pages 47-50 of this report.

Debt. At the end of the current fiscal year the City of Danbury had total bonded debt outstanding of \$105,680,000 million. One-hundred percent of this debt is backed by the full faith and credit of the city government.

	June 30, 2007			June 30, 2006		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 79,652,250	\$ 26,027,750	\$ 105,680,000	\$ 60,967,100	\$ 20,452,900	\$ 81,420,000
Bond anticipation notes	22,200,000	5,700,000	27,900,000	27,850,000	8,750,000	36,600,000
Notes payable	1,310,000	15,487,697	16,797,697	1,405,000	18,107,078	19,512,078
Total	\$ 103,162,250	\$ 47,215,447	\$ 150,377,697	\$ 90,222,100	\$ 47,309,978	\$ 137,532,078

The City of Danbury's total debt increased by \$12.8 million or 9.3% during the current fiscal year, due to an increase of approximately \$24.3 million in long-term debt and an \$8.7 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 Aa2 rating from Moody's Investors Service, AA from Standard and Poor's Corporation, and AA+ from Fitch Ratings.

The overall statutory debt limit for the City of Danbury is equal to seven times annual receipts from taxation or \$947,064,419. As of June 30, 2007, the City recorded long-term debt of \$103.1 million related to Governmental Activities and \$47.2 million related to Business-Type Activities, well below its statutory debt limit.

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

Cash Management Policies and Practices. At June 30, 2007, the City had \$72.8 million in cash and cash equivalents. The City also had \$256.8 million of investments representing assets in the City's six pension funds.

With the exception of the six pension funds, the City's operating and working capital funds are invested at the direction of the City Treasurer in the following short-term investments: (1) various certificates of deposit with Connecticut banks; (2) money market accounts; (3) overnight repurchase agreements collateralized by U.S. government agency obligations such as Federal Home Loan Mortgage Corporation which are valued daily; (4) overnight U.S. Treasury obligations; (5) an investment pool investing only in (a) high grade, short-term federal securities and variable rate obligations faced by federal agencies having monthly or quarterly assets based on indices like the prima 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, 2007 were \$3,433,250.

As of June 30, 2007, the six plans had aggregate assets of \$274.9 million, up \$28.9 million from \$246 million on June 30, 2006. The City prepares valuations of its pension plans every other year. At the latest actuarial valuation dates, the City's six pension trust funds had assets, in the aggregate on an actuarial basis, of \$244 million, while the actuarial accrued liability was \$222.6 million. On an actuarial accrued basis, the City's liability was in the aggregate, 110% funded.

Economic Factors and Next Year's Budgets and Rates

The City of Danbury continues to show economic strength compared to other parts of the State of Connecticut. As of June 2007, the unemployment rate for the Danbury Labor Market Area was 3.6% up from 3.5% in the prior year. The City of Danbury's unemployment rate was 3.6%, unchanged from June 30, 2006. Connecticut's overall unemployment rate was 4.6% at June 30, 2007, up from 4.5% a year ago.

The City of Danbury is benefiting from improved economic conditions. The City continues to see growth in its housing market, in terms of the construction of new units and increased property values. In addition, corporations in Danbury are expanding their presence in the City, demonstrating that Danbury is a desirable location to do business.

Finally, the City's diverse, high quality tax base lends stability to the City's revenue stream and 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, 2007

	Primary Government		
	Governmental Type Activities	Business-Type Activities	Total*
Assets			
Cash and cash equivalents	\$ 40,993,290	\$ 11,249,263	\$ 52,242,553
Receivables (net of allowances for collection losses):			
Property taxes	4,917,007	-	4,917,007
Unbilled services	-	2,600,112	2,600,112
Special assessments	-	531,974	531,974
Contract receivable	2,500,000	-	2,500,000
Accounts receivable	575,454	-	575,454
Federal and state governments	9,566,849	-	9,566,849
Other	2,121,754	1,854,533	3,976,287
Inventories	45,916	338,446	384,362
Internal balances	3,763,353	(3,763,353)	-
Other assets	30,176	-	30,176
Special assessments receivable	-	5,052,324	5,052,324
Deferred charges, net of accumulated amortization	772,466	698,395	1,470,861
Federal and state government receivables	3,766,978	-	3,766,978
Capital assets, not being depreciated	81,816,453	12,675,152	94,491,605
Capital assets, net of accumulated depreciation	155,568,670	140,649,353	296,218,023
Total assets	306,438,366	171,886,199	478,324,565
Liabilities			
Accounts payable	9,646,396	771,321	10,417,717
Accrued liabilities	2,016,591	829,462	2,846,053
Advance tax collections	2,128,769	-	2,128,769
Unearned revenues	3,165,743	5,124,961	8,290,704
Bond anticipation notes payable	3,898,000	5,700,000	9,598,000
Noncurrent liabilities:			
Due within one year	9,799,298	4,674,532	14,473,830
Due in more than one year	111,953,243	37,408,204	149,361,447
Total liabilities	142,608,040	54,508,480	197,116,520
Net Assets			
Investment in capital assets, net of related debt	140,825,731	101,852,821	242,678,552
Restricted for:			
School lunch-expendable	45,916	-	45,916
Farioly Library-non-expendable	1,353,132	-	1,353,132
Unrestricted	21,605,547	15,524,898	37,130,445
Total net assets	\$ 163,830,326	\$ 117,377,719	\$ 281,208,045

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
\$ 191,325	\$ 262,324	\$ 117,084
-	-	-
-	-	-
-	-	-
66,641	-	17,527
-	-	-
18,143	-	-
5,000	-	-
-	-	-
162,882	-	18,892
-	-	-
-	-	-
-	-	-
90,036	2,967,299	33,778
<u>534,027</u>	<u>3,229,623</u>	<u>187,281</u>
51,554	-	10,136
10,094	111,842	7,574
-	-	-
-	-	-
-	-	-
-	21,667	-
-	21,666	-
<u>61,648</u>	<u>155,175</u>	<u>17,710</u>
90,036	2,923,966	33,778
-	-	-
-	-	-
382,343	150,482	118,731
<u>\$ 472,379</u>	<u>\$ 3,074,448</u>	<u>\$ 152,509</u>

CITY OF DANBURY, CONNECTICUT

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007**

<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>
Primary government:				
Governmental activities:				
General government	\$ (12,302,755)	\$ 9,237,329	\$ 1,040,448	\$ 404,946
Public safety	(41,643,491)	358,545	240,056	-
Public works	(14,733,747)	-	3,428,076	-
Health and welfare	(4,431,065)	2,295,664	710,770	-
Culture and recreation	(4,924,517)	-	384,633	397,674
Education	(122,426,721)	9,250,052	36,347,683	2,765,187
Other	(39,999)	148,575	-	-
Interest on long-term debt	(3,086,056)	-	-	-
Total governmental activities	(203,588,351)	21,290,165	42,151,666	3,567,807
Business-type activities:				
Sewer	(8,651,216)	11,865,132	-	408,090
Water	(6,424,495)	8,235,807	-	1,676,546
Total business-type activities	(15,075,711)	20,100,939	-	2,084,636
Total primary government	(218,664,062)	41,391,104	42,151,666	5,652,443
Component Units:				
Danbury Parking Authority	(1,043,205)	838,207	2,333	-
Richter Park Authority	(1,787,067)	1,834,824	-	-
Tarrywile Park Authority	(417,418)	131,614	7,801	-
Total component units	\$ (3,247,690)	\$ 2,804,645	\$ 10,134	\$ -

General revenues:
Property taxes
Grants and contributions not restricted to
specific programs
Unrestricted investment earnings
Total general revenues
Change in net assets
Net assets - beginning
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			
(1,620,032)	\$ -	\$ (1,620,032)	\$ -	\$ -	\$ -			
(41,044,890)	-	(41,044,890)	-	-	-			
(11,305,671)	-	(11,305,671)	-	-	-			
(1,424,631)	-	(1,424,631)	-	-	-			
(4,142,210)	-	(4,142,210)	-	-	-			
(74,063,799)	-	(74,063,799)	-	-	-			
108,576	-	108,576	-	-	-			
(3,086,056)	-	(3,086,056)	-	-	-			
(136,578,713)	-	(136,578,713)	-	-	-			
-	3,622,006	3,622,006	-	-	-			
-	3,487,858	3,487,858	-	-	-			
-	7,109,864	7,109,864	-	-	-			
(136,578,713)	7,109,864	(129,468,849)	-	-	-			
-	-	-	(202,665)	-	-			
-	-	-	-	47,757	-			
-	-	-	-	-	(278,003)			
-	-	-	(202,665)	47,757	(278,003)			
136,344,851	-	136,344,851	-	-	-			
7,541,729	-	7,541,729	-	7,733	315,000			
3,387,158	697,346	4,084,504	15,109	-	581			
147,273,738	697,346	147,971,084	15,109	7,733	315,581			
10,695,025	7,807,210	18,502,235	(187,556)	55,490	37,578			
153,135,301	109,570,509	262,705,810	659,935	3,018,958	114,931			
\$ 163,830,326	\$ 117,377,719	\$ 281,208,045	\$ 472,379	\$ 3,074,448	\$ 152,509			

CITY OF DANBURY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2007

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 20,471,540	\$ 20,521,750	\$ 40,993,290
Receivables (net of allowances for collection losses):			
Property taxes	4,917,007	-	4,917,007
Contract receivable	2,500,000	575,454	3,075,454
State and federal governments	9,657,711	3,676,116	13,333,827
Other	2,120,949	805	2,121,754
Inventories	-	45,916	45,916
Other assets	30,176	-	30,176
Due from other funds	8,335,778	3,318,200	11,653,978
Total assets	\$ 48,033,161	\$ 28,138,241	\$ 76,171,402
Liabilities			
Accounts payable	\$ 4,464,555	\$ 5,181,841	\$ 9,646,396
Accrued wages	833,853	-	833,853
Due to other funds	1,663,600	6,227,025	7,890,625
Deferred revenues	10,622,711	2,862,550	13,485,261
Unearned revenue	-	3,165,743	3,165,743
Bond anticipation notes payable	-	3,898,000	3,898,000
Advance tax collections	2,128,769	-	2,128,769
Total liabilities	19,713,488	21,335,159	41,048,647
Fund Balances			
Reserved for:			
Inventories	-	45,916	45,916
Encumbrances	1,940,582	48,544,243	50,484,825
Continued appropriations	160,262	-	160,262
Future appropriations	4,815,000	-	4,815,000
Permanent fund	-	1,353,132	1,353,132
CDBG Projects	-	451,715	451,715
Unreserved, reported in:			
General fund	21,403,829	-	21,403,829
Special revenue funds	-	2,981,388	2,981,388
Capital projects funds	-	(46,859,686)	(46,859,686)
Permanent fund	-	286,374	286,374
Total fund balances	28,319,673	6,803,082	35,122,755
Total liabilities and fund balances	\$ 48,033,161	\$ 28,138,241	

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

Capital assets, net of accumulated depreciation of \$140,997,927, 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.	237,385,123
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized.	13,485,261
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(122,162,813)

Net assets of governmental activities \$ 163,830,326

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

CITY OF DANBURY, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 133,943,860	\$ -	\$ 133,943,860
State and federal governments	36,546,992	23,593,788	60,140,780
Licenses and permits	4,908,730	13,166	4,921,896
Charges for services	3,830,298	5,406,308	9,236,606
Fines and penalties	1,330,121	-	1,330,121
Investment income	3,387,158	96,296	3,483,454
Other	174,461	340,383	514,844
Installment sale proceeds	2,625,000	-	2,625,000
Total revenues	186,746,620	29,449,941	216,196,561
EXPENDITURES			
Current:			
General government	8,447,089	800,930	9,248,019
Public safety	25,304,021	2,189,457	27,493,478
Public works	8,220,435	163,020	8,383,455
Health and welfare	2,793,825	1,360,080	4,153,905
Culture and recreation	2,927,559	279,148	3,206,707
Education	107,317,345	18,687,171	126,004,516
Pension and other employee benefits	16,970,377	-	16,970,377
Debt service:			
Principal retirements	5,672,350	95,000	5,767,350
Interest and other charges	3,136,734	-	3,136,734
Capital outlay	741,273	27,034,110	27,775,383
Total expenditures	181,531,008	50,608,916	232,139,924
Revenues over (under) expenditures	5,215,612	(21,158,975)	(15,943,363)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,237,551	2,237,551
Transfers out	(2,237,551)	-	(2,237,551)
Issuance of bond anticipation notes	-	18,302,000	18,302,000
Issuance of general obligation bonds	-	24,357,500	24,357,500
Repayment of bond anticipation notes	-	(15,650,000)	(15,650,000)
Premium on bonds	313,112	-	313,112
Lease financing	721,128	-	721,128
Total other financing sources	(1,203,311)	29,247,051	28,043,740
Net change in fund balances (deficits)	4,012,301	8,088,076	12,100,377
FUND BALANCES (DEFICITS), beginning	24,307,372	(1,284,994)	23,022,378
FUND BALANCES, ending	\$ 28,319,673	\$ 6,803,082	\$ 35,122,755

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, 2007**

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

Net change in fund balances – total governmental funds \$ 12,100,377

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. 24,822,867

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 396,844

Revenues in the statement of activities that do not provide current financial resources are not reported in the funds. (2,590,723)

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. (20,736,430)

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. (3,297,910)

Change in net assets of governmental activities \$ 10,695,025

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

CITY OF DANBURY, CONNECTICUT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 134,679,812	\$ 134,679,812	134,915,435	\$ 235,623
Federal and state governments	27,238,123	27,692,123	29,304,993	1,612,870
Licenses and permits	5,313,525	5,313,525	4,908,730	(404,795)
Charges for services	5,362,122	6,533,943	6,455,298	(78,645)
Fines and penalties	223,000	223,000	358,545	135,545
Investment income	2,050,000	2,050,000	3,700,270	1,650,270
Other	25,400	25,400	174,461	149,061
Total revenues	174,891,982	176,517,803	179,817,732	3,299,929
EXPENDITURES				
Current:				
General government	8,646,226	8,756,602	8,454,436	302,166
Public safety	24,923,932	26,431,554	25,975,870	455,684
Public works	8,048,753	8,208,429	8,201,036	7,393
Health and welfare	2,769,189	2,812,765	2,791,032	21,733
Culture and recreation	2,900,343	2,977,843	2,943,513	34,330
Education	100,161,196	101,235,196	100,773,443	461,753
Pension and other employee benefits	20,777,083	20,767,983	18,575,499	2,192,484
Capital outlay	-	360,756	35,245	325,511
Contingency	400,000	23,724	-	23,724
Debt service:				
Principal retirements	6,172,350	6,172,350	6,104,850	67,500
Interest	3,292,910	3,292,910	3,136,734	156,176
Total expenditures	178,091,982	181,040,112	176,991,658	4,048,454
Revenues over (under) expenditures	\$ (3,200,000)	\$ (4,522,309)	2,826,074	\$ 7,348,383
UNRESERVED BUDGETARY FUND				
BALANCE, beginning			23,392,755	
Designated for Future Appropriations			(4,815,000)	
UNRESERVED FUND BALANCE, ending			\$ 21,403,829	

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, 2007

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,002,916	\$ 3,246,347	\$ 11,249,263
Receivables (net of allowances for collection losses):			
Unbilled services	1,307,150	1,292,962	2,600,112
Special assessments receivable	142,108	389,866	531,974
User Charges	895,519	959,014	1,854,533
Inventories	338,446	-	338,446
Total current assets	10,686,139	5,888,189	16,574,328
Noncurrent assets:			
Capital assets (net of accumulated depreciation)	70,027,539	83,296,966	153,324,505
Special assessments receivable, net	990,124	4,062,200	5,052,324
Other assets (net of accumulated amortization)	641,438	56,957	698,395
Total noncurrent assets	71,659,101	87,416,123	159,075,224
Total assets	82,345,240	93,304,312	175,649,552
LIABILITIES			
Current liabilities:			
Accrued liabilities	531,491	297,971	829,462
Accounts payable	273,720	497,601	771,321
Due to other funds	1,413,353	2,350,000	3,763,353
Unearned revenues	-	5,124,961	5,124,961
Notes payable - current	-	2,619,382	2,619,382
Bond anticipation notes payable	1,750,000	3,950,000	5,700,000
Total current liabilities	3,968,564	14,839,915	18,808,479
Noncurrent liabilities:			
Notes payable (net of unamortized discount)	-	15,487,697	15,487,697
Bonds payable (net of unamortized discount)	18,184,750	5,223,618	23,408,368
Other liabilities (net of accumulated amortization)	516,861	50,428	567,289
Total noncurrent liabilities	18,701,611	20,761,743	39,463,354
Total liabilities	22,670,175	35,601,658	58,271,833
NET ASSETS			
Invested in capital assets (net of related debt)	50,092,789	51,760,032	101,852,821
Unrestricted	9,582,276	5,942,622	15,524,898
Total net assets	\$ 59,675,065	\$ 57,702,654	\$ 117,377,719

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, 2007

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
OPERATING REVENUES			
Charges for services	\$ 8,235,807	\$ 10,855,454	\$ 19,091,261
Septic and connection fees	-	1,009,678	1,009,678
Total operating revenues	8,235,807	11,865,132	20,100,939
OPERATING EXPENSES			
Salaries, benefits and claims	2,518,024	-	2,518,024
Materials and supplies	696,858	-	696,858
Depreciation	1,333,647	2,727,077	4,060,724
Utilities	434,675	-	434,675
Administration and operation	589,068	5,289,281	5,878,349
Total operating expenses	5,572,272	8,016,358	13,588,630
Operating income	2,663,535	3,848,774	6,512,309
NONOPERATING REVENUES (EXPENSES)			
Interest income	329,382	367,964	697,346
Interest expense	(852,223)	(634,858)	(1,487,081)
Total nonoperating revenues (expenses)	(522,841)	(266,894)	(789,735)
Net income before capital contributions	2,140,694	3,581,880	5,722,574
CAPITAL CONTRIBUTIONS	1,676,546	408,090	2,084,636
Change in net assets	3,817,240	3,989,970	7,807,210
NET ASSETS, beginning	55,857,825	53,712,684	109,570,509
NET ASSETS, ending	\$ 59,675,065	\$ 57,702,654	\$ 117,377,719

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, 2007

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 8,330,634	\$ 10,262,002	\$ 18,592,636
Payments to suppliers	(1,831,494)	(5,841,160)	(7,672,654)
Payments to employees	(2,498,724)	-	(2,498,724)
Net cash provided by operating activities	4,000,416	4,420,842	8,421,258
Cash Flows From Capital and Related Financing Activities			
Principal payments on debt	(3,278,650)	(4,078,380)	(7,357,030)
Interest paid on debt	(852,223)	(634,858)	(1,487,081)
Capital contributions	1,676,546	408,090	2,084,636
Purchase of capital assets	(3,005,730)	(4,165,149)	(7,170,879)
Proceeds of notes	3,712,500	3,550,000	7,262,500
Net cash used in capital and related financing activities	(1,747,557)	(4,920,297)	(6,667,854)
Cash Flows From Investing Activities			
Interest received on investments	329,382	367,964	697,346
Net cash provided by investing activities	329,382	367,964	697,346
Net increase (decrease) in cash and cash equivalents	2,582,241	(131,491)	2,450,750
Cash and Cash Equivalents			
Beginning	5,420,675	3,377,838	8,798,513
Ending	\$ 8,002,916	\$ 3,246,347	\$ 11,249,263
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 2,663,535	\$ 3,848,774	\$ 6,512,309
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,333,647	2,727,077	4,060,724
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	287,867	(888,960)	(601,093)
Increase in other receivables	(193,042)	(226,371)	(419,413)
Increase in inventories	(8,943)	-	(8,943)
Decrease in other assets	257,647	12,205	269,852
Decrease in accrued expenses	(29,476)	(507,499)	(536,975)
Decrease in due to other funds	(200,065)	(30,212)	(230,277)
Decrease in unearned revenue	-	(500,004)	(500,004)
Decrease in other liabilities	(110,754)	(14,168)	(124,922)
Net cash provided by operating activities	\$ 4,000,416	\$ 4,420,842	\$ 8,421,258
Supplemental Schedule of Noncash Financing Activities			
Amortization of issuance costs and gain on refunded debt	\$ 257,647	\$ 12,206	\$ 269,853
Amortization of premium on refunded debt	\$ 110,754	\$ 14,168	\$ 124,922

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, 2007

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 17,017,179	\$ 1,342	\$ 3,494,404
Investments, at fair value			
Common stock	114,846,864	-	-
Bonds and notes	37,235,513	-	-
Mutual funds	51,251,390	-	-
Private hedge fund	53,484,176	-	-
Total investments	256,817,943	-	-
Accrued interest and dividends	482,564	-	-
Pending sales	556,035	-	-
Total assets	274,873,721	1,342	3,494,404
LIABILITIES			
Pending purchases	4,081,399	-	-
Other liabilities	-	-	3,494,404
	4,081,399	-	3,494,404
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 270,792,322	\$ 1,342	\$ -

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, 2007

	Pension Trust Funds	Private Purpose Trust Fund
Additions		
Contributions		
Employer	\$ 3,433,250	\$ -
Plan members	708,506	-
Total contributions	<u>4,141,756</u>	<u>-</u>
Investment Income		
Net appreciation in fair value of investments	30,289,023	-
Interest and dividends	8,688,548	44
	<u>38,977,571</u>	<u>44</u>
Less investment expenses:		
Investment management fees	1,598,682	-
	<u>1,598,682</u>	<u>-</u>
Net investment income	<u>37,378,889</u>	<u>44</u>
Total additions	41,520,645	44
Deductions		
Benefits Paid	13,493,971	-
	<u>13,493,971</u>	<u>-</u>
Change in net assets	28,026,674	44
Net Assets		
Beginning of year	242,765,648	1,298
	<u>242,765,648</u>	<u>1,298</u>
End of year	<u>\$ 270,792,322</u>	<u>\$ 1,342</u>

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

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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 combined 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 Common 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, nor 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 Common Council on a rotating basis. The City is potentially liable for any operating deficits and provides substantial funding 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, 2007.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

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 which are appointed by the Mayor and confirmed by the Common 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, 2007.

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 selected on a rotating basis by the Mayor and confirmed by the Common Council. The City is potentially liable for any operating deficits and provides substantial funding, in the form of operating and capital grants, to Richter Park to support its operations. Richter Park is presented as a proprietary fund type. The information presented for Richter Park is for the year ended December 31, 2006.

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

Joint ventures and related organizations

The Candlewood Lake Authority, the Housatonic Resources Recovery Authority, and the Housatonic Area Regional Transit District are joint ventures of the City. The Housing Authority is a related organization. See Note 15 in the notes to financial statements.

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, 2007**

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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, landfill closure costs and claims and judgments, are recorded only when payment is due (matured).

Property taxes, when levied for, intergovernmental revenues when eligibility requirements are met, licenses, 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.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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.

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

Additionally, the City reports the following fund types:

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

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

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

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.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

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

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

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

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

Accounting estimates

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

Property taxes

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

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

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 \$3,000,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history.

Investments

Investments, all of which are held in the pension trust funds, are stated at fair value based on quoted market prices. The pension funds allow for investments in certain hedge funds. All such investments of the hedge funds are invested in marketable equity securities and carried at fair value.

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.

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7 and are recorded at amortized cost.

Inventories

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

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

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary fund financial statements. Capital assets are defined by the government as assets with an initial,

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Long-term obligations

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

Encumbrances

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

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Fund Equity and Net Assets

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

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

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

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

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

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

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(122,162,813) difference are as follows:

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Bonds payable	\$ (97,954,250)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	772,466
Add: Issuance premium (to be amortized over life of debt)	(1,687,640)
Capital leases payable	(2,097,605)
Compensated absences	(2,218,598)
Landfill closure	(13,459,448)
Accrued interest	(1,182,738)
HUD-Section 108 loans	(1,310,000)
Legal claims and other	<u>(3,025,000)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ (122,162,813)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$24,822,867 difference are as follows:

Capital outlay	\$ 30,819,247
Depreciation expense	<u>(5,996,380)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 24,822,867</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(20,736,430) difference are as follows:

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Debt issued or incurred:	
Issuance of bonds (including net bond anticipation notes)	\$ (27,009,500)
Premiums	(313,112)
Bond issuance costs	342,189
Capital leases	(721,128)
Principal repayments:	
General obligation debt	5,767,350
Capital leases	<u>1,197,771</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (20,736,430)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(3,297,910) difference are as follows:

Compensated absences	\$ (1,733,383)
Other liabilities	<u>(1,564,527)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (3,297,910)</u>

Note 3. Budgets and Budgetary Accounting

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

1. Prior to April 7, the Mayor submits proposed operating budgets to the Common 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 Common Council publishes a notice of the proposed budgets and a public hearing to be held no later than May 1.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

3. No later than May 15, the budgets are legally enacted through Common 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 Common 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 \$2,948,130 and also increased budgeted revenues approximately \$1,625,821.
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 Common Council.
7. All unencumbered appropriations, except for continued appropriations, lapse at the end of each fiscal year.
8. Continued appropriations represent approved appropriations from the current or prior years' budgets for construction or other permanent improvement projects. In accordance with the City's Charter, these appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned. Any such project is deemed to be abandoned if three years have elapsed without any expenditure from, or encumbrance of, the appropriation. At June 30, 2007, there was \$160,262 in continued appropriations.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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	Expenditures, Encumbrances and Transfers Out
Balance, budgetary basis	\$ 179,817,732	\$ 176,991,658
Encumbrances and continued appropriations		
June 30, 2006	-	1,348,297
June 30, 2007	-	(2,100,844)
State Teachers’ Retirement on-behalf payments, not recognized for budgetary purposes	7,242,000	7,242,000
Purchases of equipment under capital lease obligations, not recognized for budgetary purposes	721,128	721,128
Net of accruals not recognized for budgetary purposes	-	(433,680)
Balance, GAAP basis	<u>\$ 187,780,860</u>	<u>\$ 183,768,559</u>

Special revenue funds

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

Capital projects funds

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

Note 4. Cash and Investments

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

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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:

	<u>Range</u>	<u>Target</u>
Cash and short-term investments	0%-20%	5%
Equity securities	45%-75%	60%
Fixed income securities	20%-60%	40%
Alternative strategies (hedge funds)	0%-20%	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.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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, 2007, \$58,731,069 of the City's bank balance of \$76,802,897 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.

Cash and investments of the City consist of the following at June 30, 2007:

Cash and Cash Equivalents	
Deposits With Financial Institutions	\$ 72,200,213
Tax Exempt Proceeds Fund	36,181
Municipal Backed Investment Fund	519,084
Total cash and cash equivalents	<u>72,755,478</u>
Investments	
Pension Trust Funds:	
U.S. Government Securities	3,513,210 *
U.S. Government Agencies	25,493,698 *
Corporate Debt	8,228,605 *
Common Stocks	114,846,864 *
Mutual Funds	51,251,390
Private Hedge Funds	53,484,176
Total pension investments	<u>256,817,943</u>
Total cash and investments	<u>\$ 329,573,421</u>

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

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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

	Primary Government
	<hr/>
Statement of Net Assets	
Cash and cash equivalents	\$ 52,242,553
	<hr/>
	52,242,553
	<hr/>
Fiduciary Funds:	
Cash and cash equivalents	20,512,925
Investments	256,817,943
	<hr/>
	277,330,868
	<hr/>
Total cash and investments	\$ 329,573,421
	<hr/> <hr/>

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 Agencies	\$ 25,493,698	\$ 1,153,198	\$ 6,498,769	\$ 1,673,686	\$ 16,168,045
U.S. Government Securities	3,513,210	698,090	604,218	632,767	1,578,135
Corporate Bonds	8,228,605	818,847	4,631,915	1,875,248	902,595
Pooled Fixed Income	555,265	555,265	-	-	-
TOTAL	\$ 37,790,778	\$ 3,225,400	\$ 11,734,902	\$ 4,181,701	\$ 18,648,775
	<hr/> <hr/>				

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

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Average Rating	U.S. Government		
	Corporate Bonds	Agency Obligation	Pooled Fixed Income
AAA	\$ 332,418	\$ 17,495,803	\$ -
AA	447,893	-	36,181
AA-	1,090,256	-	-
A+	1,398,386	254,075	-
A	2,613,473	-	-
A-	973,579	-	-
BBB+	426,552	-	-
BBB	946,048	-	-
Unrated	-	7,743,820	519,084
	<u>\$ 8,228,605</u>	<u>\$ 25,493,698</u>	<u>\$ 555,265</u>

Note 5. Deferred Revenue/Unearned Revenue

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

	Deferred Revenue	Unearned Revenue
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 4,317,937	\$ -
School construction receivable	3,736,384	-
Note receivable	2,500,000	-
Other	68,390	-
Nonmajor Funds:		
Grants and other	2,862,550	3,165,743
	<u>\$ 13,485,261</u>	<u>\$ 3,165,743</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 6. Interfund Receivables, Payables and Transfers

As of June 30, 2007, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 8,335,778	\$ 1,663,600
Water	-	1,413,353
Sewer	-	2,350,000
Nonmajor and Other Funds	3,318,200	6,227,025
Totals	<u>\$ 11,653,978</u>	<u>\$ 11,653,978</u>

Interfund balances represent routine and temporary cash flow assistance.

Interfund transfers during the year ended June 30, 2007 were as follows:

	Transfers In:		
	General Fund	Nonmajor Governmental	Total
Transfers out:			
General Fund	\$ -	\$ 2,237,551	\$ 2,237,551
	<u>\$ -</u>	<u>\$ 2,237,551</u>	<u>\$ 2,237,551</u>

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, 2007

Note 7. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 46,619,165	\$ 1,559,563	\$ (55,600)	\$ 48,123,128
Construction in progress	39,254,600	24,757,552	(30,318,827)	33,693,325
Total capital assets, not being depreciated	<u>85,873,765</u>	<u>26,317,115</u>	<u>(30,374,427)</u>	<u>81,816,453</u>
Capital assets, being depreciated:				
Land improvements	8,089,028	278,558	-	8,367,586
Buildings and improvements	111,660,523	28,491,191	-	140,151,714
Machinery and equipment	24,113,870	4,582,668	(1,103,881)	27,592,657
Infrastructure	118,986,098	1,468,542	-	120,454,640
Total capital assets being depreciated	<u>262,849,519</u>	<u>34,820,959</u>	<u>(1,103,881)</u>	<u>296,566,597</u>
Less accumulated depreciation for:				
Land improvements	1,333,892	627,288	-	1,961,180
Buildings and improvements	44,666,898	2,711,624	-	47,378,522
Machinery and equipment	17,279,629	1,218,932	(1,556,574)	16,941,987
Infrastructure	73,277,702	1,438,536	-	74,716,238
Total accumulated depreciation	<u>136,558,121</u>	<u>5,996,380</u>	<u>(1,556,574)</u>	<u>140,997,927</u>
Total capital assets, being depreciated, net	<u>126,291,398</u>	<u>28,824,579</u>	<u>452,693</u>	<u>155,568,670</u>
Governmental activities capital assets, net	<u>\$ 212,165,163</u>	<u>\$ 55,141,694</u>	<u>\$ (29,921,734)</u>	<u>\$ 237,385,123</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,031,946	\$ -	\$ -	\$ 1,031,946
Construction in progress	8,610,649	3,261,466	(228,909)	11,643,206
Total capital assets, not being depreciated	<u>9,642,595</u>	<u>3,261,466</u>	<u>(228,909)</u>	<u>12,675,152</u>
Capital assets, being depreciated:				
Buildings and improvements	100,476,299	-	-	100,476,299
Machinery and equipment	1,166,098	57,410	-	1,223,508
Distribution and collection systems	91,690,864	4,011,847	-	95,702,711
Vehicles	858,352	69,084	-	927,436
Other	931,076	-	-	931,076
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	<u>195,410,393</u>	<u>4,138,341</u>	<u>-</u>	<u>199,548,734</u>
Less accumulated depreciation for:				
Buildings and improvements	32,939,470	2,428,319	-	35,367,789
Machinery and equipment	631,737	44,449	-	676,186
Distribution and collection systems	19,409,573	1,504,638	-	20,914,211
Vehicles	823,079	37,941	-	861,020
Other	779,751	29,472	-	809,223
Furniture and fixtures	255,048	15,904	-	270,952
Total accumulated depreciation	<u>54,838,658</u>	<u>4,060,723</u>	<u>-</u>	<u>58,899,381</u>
Total capital assets, being depreciated, net	<u>140,571,735</u>	<u>77,618</u>	<u>-</u>	<u>140,649,353</u>
Business-type capital assets, net	<u>\$ 150,214,330</u>	<u>\$ 3,339,084</u>	<u>\$ (228,909)</u>	<u>\$ 153,324,505</u>

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

Governmental activities:	
General government	\$ 152,144
Public safety	268,430
Public works, including depreciation of general infrastructure assets	4,260,965
Health and welfare	28,397
Culture and recreation	239,552
Education	1,006,893
Other	39,999
Total depreciation expense – governmental activities	<u>\$ 5,996,380</u>
Business-type activities:	
Sewer	\$ 2,727,077
Water	1,333,647
Total depreciation expense – business-type activities	<u>\$ 4,060,724</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Discretely presented component units

Activity for the Danbury Parking Authority for the year ended June 30, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 62,907	\$ 40,854	\$ -	\$ 103,761
Machinery and equipment	421,716	14,893	-	436,609
Computer equipment	16,841	-	-	16,841
Total capital assets, being depreciated	<u>501,464</u>	<u>55,747</u>	<u>-</u>	<u>557,211</u>
Less accumulated depreciation for:				
Buildings and improvements	59,898	1,272	-	61,170
Machinery and equipment	378,568	18,769	-	397,337
Computer equipment	6,333	2,335	-	8,668
Total accumulated depreciation	<u>444,799</u>	<u>22,376</u>	<u>-</u>	<u>467,175</u>
Total capital assets, being depreciated, net	<u>\$ 56,665</u>	<u>\$ 33,371</u>	<u>\$ -</u>	<u>\$ 90,036</u>

Activity for the Richter Park Authority for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 1,993,885	\$ 3,327	\$ -	\$ 1,997,212
Improvements	3,430,026	5,000	-	3,435,026
Machinery and equipment	826,612	30,844	-	857,456
Totals, capital assets being depreciated	<u>6,250,523</u>	<u>39,171</u>	<u>-</u>	<u>6,289,694</u>
Less accumulated depreciation for:				
Buildings	979,778	98,176	-	1,077,954
Improvements	1,478,226	81,472	-	1,559,698
Machinery and equipment	655,005	29,738	-	684,743
Total accumulated depreciation	<u>3,113,009</u>	<u>209,386</u>	<u>-</u>	<u>3,322,395</u>
Total capital assets, being depreciated, net	<u>\$ 3,137,514</u>	<u>\$ (170,215)</u>	<u>\$ -</u>	<u>\$ 2,967,299</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Activity for the Tarrywile Park Authority for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 99,508	\$ 3,900	\$ -	\$ 103,408
Machinery and equipment	19,145	-	-	19,145
Furniture and fixtures	86,782	-	-	86,782
Computer equipment	-	-	-	-
Totals, capital assets being depreciated	<u>205,435</u>	<u>3,900</u>	<u>-</u>	<u>209,335</u>
Less accumulated depreciation for:				
Buildings and improvements	68,097	4,147	-	72,244
Machinery and equipment	13,225	-	-	13,225
Furniture and fixtures	84,711	748	-	85,459
Computer equipment	4,629	-	-	4,629
Total accumulated depreciation	<u>170,662</u>	<u>4,895</u>	<u>-</u>	<u>175,557</u>
Total capital assets, being depreciated, net	<u>\$ 34,773</u>	<u>\$ (995)</u>	<u>\$ -</u>	<u>\$ 33,778</u>

Note 8. Bond Anticipation Notes Payable and Subsequent Event

The City has \$27,900,000 of bond anticipation notes outstanding as of June 30, 2007. The bond anticipation notes bear interest at 3.00%.

Bond anticipation note transactions for the year ended June 30, 2007 were as follows:

Outstanding, July 1, 2006	\$ 36,600,000
Borrowings	27,900,000
Repayments	<u>(36,600,000)</u>
Outstanding, June 30, 2007	<u>\$ 27,900,000</u>
Reported as:	
Bond anticipation notes	\$ 9,598,000
Long-term debt	\$ 18,302,000

Subsequent event

In August 2007, the City issued \$28,315,000 in general obligation bonds. The bonds bear interest of 4.50% and mature serially from August 1, 2008 to August 1, 2027. Of the \$28,315,000 bond anticipation notes outstanding, \$18,302,000 was financed with the August

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

2007 issue and is considered long-term debt in the government-wide financial statements, and other financing sources in the Governmental Fund financial statements as all conditions of FAS 6 had been met.

Note 9. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 60,967,100	\$ 24,357,500	\$ 5,672,350	\$ 79,652,250	\$ 6,599,850
Notes payable	1,405,000	-	95,000	1,310,000	72,000
Bond anticipation notes	15,650,000	18,302,000	15,650,000	18,302,000	-
Plus deferred amounts:					
Unamortized premiums	1,795,740	313,112	421,212	1,687,640	421,000
Total bonds and notes payable	79,817,840	42,972,612	21,838,562	100,951,890	7,092,850
Capital leases	2,574,247	721,128	1,197,770	2,097,605	1,038,346
Landfill post-closure monitoring	13,664,243	-	204,795	13,459,448	245,400
Compensated absences	485,215	1,766,235	32,852	2,218,598	1,422,702
Legal claims and other	1,300,000	1,725,000	-	3,025,000	-
Governmental activity long-term liabilities	\$ 97,841,545	\$ 47,184,975	\$ 23,273,979	\$ 121,752,541	\$ 9,799,298
Business-type activities:					
Bonds and notes payable:					
General obligation bonds	\$ 20,452,900	\$ 7,262,500	\$ 1,687,650	\$ 26,027,750	\$ 2,055,150
Notes payable	18,107,078	-	2,619,381	15,487,697	2,619,382
Plus deferred amounts:					
Unamortized premiums	692,211	-	124,922	567,289	-
Total bonds and notes payable	39,252,189	7,262,500	4,431,953	42,082,736	4,674,532
Business-type activity long-term liabilities	\$ 39,252,189	\$ 7,262,500	\$ 4,431,953	\$ 42,082,736	\$ 4,674,532

Notes payable

The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2007:

	Outstanding Amount
HUD-Section 108 loan, due in annual installments with an interest rate of 3%.	\$ 1,310,000

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

General obligation bonds

As of June 30, 2007, 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%	\$ 4,890,000
\$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%	560,000
\$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%	6,170,000
\$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%	595,000
\$4,100,000 Public Improvement general obligation bonds issued August 1, 1997 due in annual installments of \$180,000 to \$230,000; final maturity August 1, 2017; interest at 4.1% to 5.75%	230,000
\$10,100,000 Public Improvement general obligation bonds issued August 1, 1998 due in annual installments of \$505,000; final maturity February 1, 2019; interest at 4.0% to 5.5%	1,010,000
\$3,500,000 Public Improvement general obligation bonds issued August 1, 1999 due in annual installments of \$175,000; final maturity August 1, 2019; interest at 4.15% to 6.0%	525,000
\$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%	3,261,750
\$1,190,000 General refunding bonds issued May 1, 2003 due in annual installments of \$135,000 to \$195,000, final maturity February 1, 2010; interest at 2.0% to 4.0%	495,000
\$12,925,000 Public 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%.	10,645,000
\$11,770,000 General Refunding bonds, issued March 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2021; interest at 2.00% to 5.00%.	11,755,000

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

	<u>Outstanding Amount</u>
\$2,278,000 General Obligation Refunding bonds issued March 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2021; interest at 2.00% to 5.00%	2,278,000
\$3,615,000 General Obligation bonds issued August 1, 2004, due in annual installments of \$235,000 to \$260,000; final maturity August 1, 2024; interest at 1.40% to 4.65%	3,225,000
\$10,940,000 General Obligation bonds, issued August 1, 2005, due in annual installments of \$374,400 and \$777,600; final maturity date August 2025; interest at 3.0% to 4.5%	9,655,000
\$24,357,500 General Obligation bonds; issued August 1, 2006, due in annual installments of \$261,000 to \$1,817,000, final maturity date August 2026; interest at 4.25% to 5.0%	<u>24,357,500</u>
	<u><u>\$ 79,652,250</u></u>

At June 30, 2007, 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 at 3.20% to 5.10%	\$ 455,000
\$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 5.13%	1,085,000
\$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%	700,000
\$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%	840,000
\$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%	600,000
\$6,000,000 Water general obligation bonds issued August 1, 1997 due in annual installments of \$280,000 to \$320,000; final maturity August 1, 2017; interest at 4.1% to 5.75%	280,000

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

	<u>Outstanding Amount</u>
\$12,395,000 Water general obligation bonds issued August 1, 1998 due in annual installments of \$615,000 to \$620,000; final maturity February 1, 2019; interest at 4.1% to 5.5%	1,240,000
\$1,000,000 Water general obligation bonds issued August 1, 1999 due in annual installments of \$50,000; final maturity August 1, 2019; interest at 4.15% to 6.0%	150,000
\$1,600,000 Lateral Sewer Systems general obligation bonds issued August 1, 1999 due in annual installments of \$80,000; final maturity August 1, 2019; interest at 4.15% to 6.0%	240,000
\$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, 2022; interest at 3.5% to 5.0%	238,250
\$11,312,000 Water and Sewer general obligation refunding bonds issued March 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2021; interest at 2.00% to 5.00%.	11,292,000
\$1,300,000 Water and Sewer general obligation refunding bonds issued August 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2024; interest at 1.40% to 4.50%.	1,170,000
\$500,000 Sewer general obligation bond issued August 12, 2005 due in annual installments of \$15,600 to \$32,400; final maturity August 2025; interest at 3.0% to 4.5%	475,000
\$7,262,500 Water and Sewer general obligation bonds; issued August 1, 2006, due in annual installments of \$179,000 to \$343,000; final maturity August 2027; interest at 4.3% to 5.0%	<u>7,262,500</u>
Total general obligation bonds	<u>26,027,750</u>
\$2,296,859 Clean Water Fund 103-D note payable signed May 1, 1990 due in annual installments of \$114,843; final maturity May 1, 2009; interest at 2.0%	229,686
\$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%	15,101,709
\$441,322 Clean Water Fund 305-C note payable signed January 31, 1995 due in annual installments of \$22,066 (\$1,840 in 2015); final maturity January 31, 2014; interest at 2.0%	<u>156,302</u>
Total notes payable	<u>15,487,697</u>
	<u><u>\$ 41,515,447</u></u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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
2008	\$ 6,671,850	\$ 3,429,768	\$ 10,101,618	\$ 4,674,532	\$1,420,699	\$ 6,095,231
2009	6,598,350	3,118,181	9,716,531	4,713,030	1,275,783	5,988,813
2010	6,583,350	2,833,678	9,417,028	4,598,189	1,129,138	5,727,327
2011	6,423,350	2,553,284	8,976,634	4,593,189	984,992	5,578,181
2012	6,216,350	2,280,170	8,496,520	4,590,189	840,912	5,431,101
2013	6,092,000	1,993,008	8,085,008	4,584,539	695,716	5,280,255
2014	5,266,000	1,736,534	7,002,534	2,309,939	566,283	2,876,222
2015	4,096,000	1,504,503	5,600,503	1,767,840	464,274	2,232,114
2016	4,008,000	1,323,270	5,331,270	1,579,000	378,496	1,957,496
2017	3,800,000	1,151,571	4,951,571	1,582,000	304,548	1,886,548
2018	3,739,000	993,156	4,732,156	1,568,000	238,093	1,806,093
2019	3,544,000	845,553	4,389,553	1,240,000	183,459	1,423,459
2020	3,033,000	709,761	3,742,761	626,000	145,995	771,995
2021	2,857,000	585,447	3,442,447	497,000	122,545	619,545
2022	2,847,000	463,227	3,310,227	497,000	101,467	598,467
2023	2,329,000	351,092	2,680,092	450,000	81,231	531,231
2024	2,329,000	249,318	2,578,318	450,000	61,944	511,944
2025	1,794,000	158,812	1,952,812	450,000	42,431	492,431
2026	1,550,000	85,522	1,635,522	385,000	24,156	409,156
2027	1,185,000	25,922	1,210,922	360,000	7,875	367,875
Total	<u>\$80,962,250</u>	<u>\$26,391,777</u>	<u>\$107,354,027</u>	<u>\$ 41,515,447</u>	<u>\$9,070,037</u>	<u>\$ 50,585,484</u>

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 reimbursement for the year ended June 30, 2007 was approximately \$715,300. Additional payments aggregating approximately \$3,736,400 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, 2007, the

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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

Landfill postclosure monitoring

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The landfill's closure project was completed during the year ended June 30, 1999. The estimated total current cost of the landfill postclosure care, aggregating \$13,459,448, 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, 2007. 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.

Compensated absences

Included in the Long-Term Obligation's in the government-wide statement of net assets is the estimated obligation for employee compensated absences in the amount of \$2,218,598 as of June 30, 2007. The general fund has typically been used to liquidate the liability for compensated absences.

Capital lease obligations

The City has various capital leases in which they acquire capital assets. Interest rates on these leases range from 2.1% to 6.0%. The capital leases are for various computer equipment and vehicles. The leases are payable in monthly installments through 2011. Original cost of capital assets under such lease agreements are as follows:

Machinery and equipment	\$ 9,377,165
Accumulated depreciation	<u>(6,078,861)</u>
Net book value	<u>\$ 3,298,304</u>

Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u>	
2008	\$ 1,121,875
2009	728,169
2010	322,151
2011	34,432
2012 and thereafter	<u>34,432</u>
	2,241,059
Less amount representing interest	<u>(143,454)</u>
	<u>\$ 2,097,605</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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, 2006:

Beginning balance	\$ 65,000
Deductions	<u>21,667</u>
Ending balance	<u>\$ 43,333</u>

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

On January 26, 2004, the Authority entered into an agreement with Wachovia Bank for a credit line in the amount of \$100,000 bearing interest at the Bank's Prime Rate plus .75%. The line of credit is used for working capital needs of the Authority. At December 31, 2006, the credit line balance was \$-0-.

The future principal amortization is as follows:

Year ending December 31,	
2007	\$ 21,667
2008	<u>21,666</u>
	<u>\$ 43,333</u>

Authorized but unissued bonds

Bonds authorized but unissued by the City at June 30, 2007 are as follows:

General Purpose	\$ 89,986,000
Sewer	15,307,090
Water	<u>4,210,000</u>
	<u>\$ 109,503,090</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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:

	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 304,413,563	\$ 133,565,250	\$ 170,848,313
Unfunded Pension Benefit Obligation	405,884,751	-	405,884,751
Schools	608,827,127	20,266,000	588,561,127
Sewers	507,355,939	58,255,537	449,100,402
Urban renewal	439,708,480	1,310,000	438,398,480

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$947,064,419.

Note 10. Commitments and Contingencies

Lawsuits

There are several personal injury, negligence, personnel and other related lawsuits pending against the City. For certain cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued for in the government-wide statement of approximately \$900,000. Based upon the advice of the legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

In April 1998, Metcalf & Eddy, Inc., the City's construction manager on the landfill closure project, had asserted a possible claim against the City the loss of which could range from \$0 to \$7,900,000, and therefore no amount has been accrued. The claim is associated with the completion of their work. The likelihood is that this case will go to trial and be resolved between the range above, although litigation counsel indicates that an outcome on the low side of the range is more likely.

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 System (the "System").

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

Under the service agreement, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries up to its minimum commitment of 48,600 tons per year and to pay a uniform per ton disposal service payment (the “service payment”). The current fee is \$78 per ton. The aggregate minimum commitment of the nine Contracting Municipalities is 103,800 tons per year. The City’s service payment commitment is a “put-or-pay” commitment, in that if the aggregate minimum commitment 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 minimum commitment (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, whether or not such solid waste is processed at the facility.

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 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, 2007 is \$5,124,961 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.

Heart and hypertension

The City pays benefits under the Heart and Hypertension Act, on a pay-as-you-go basis, to retirees whose disabilities are claimed to be job related. During the year ended June 30, 2007, 16 retired employees received benefit payments. Payments totaled approximately \$504,000 during the year ended June 30, 2007.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 11. Fund Deficits

The City has the following fund deficits at June 30, 2007 and expects to eliminate the deficits in the future as follows:

Fund	Deficit	
	June 30, 2007	Plan for Eliminating Deficit
Capital Projects:		
City Projects	\$ 1,377,230	Through future debt issuance
Danbury Neighborhood Bond	\$ 1,473,419	Through future debt issuance
Public Safety Bond	\$ 840,057	Through future debt issuance
Magnet School Projects	\$ 1,116,693	Through future debt issuance
Special Revenue:		
LOCIP	\$ 140,123	Through future revenue
Airport	\$ 127	Through future revenue
School Lunch	\$ 28,029	Through future revenue

Note 12. Employee Retirement Plans

The City maintains six separate single-employer pension plans covering substantially all of its employees (collectively, “the City’s plans”), except those public school teachers covered under the State of Connecticut Teachers’ Retirement System. The General Employees Plan is a non-contributory defined benefit plan covering all full-time employees not qualified under one of the City’s other plans or the State Teachers’ Retirement System. The remaining five plans: Pre-1967 Policemen, Pre-1967 Firemen, Post-1967 Policemen, Post-1967 Firemen, and Post-1983 Policemen are contributory defined benefit plans, and cover all paid members of the City Police and Fire Departments. 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, 2007

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, 2007

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	429	39	37	78	58	9
Terminated employees Entitled to future benefits	149	-	-	-	-	1
Current employees	<u>607</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>105</u>	<u>126</u>
Total number of participants	<u>1,185</u>	<u>39</u>	<u>37</u>	<u>105</u>	<u>163</u>	<u>136</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 last 3 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	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)	1.5% of average compensation times years of credited 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	2% of final pay for each year of service
Non-Line of Duty (10+ Years)	1.5% of average compensation times years of credited 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	25% of final pay plus 2% for each year of service

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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	\$-0-	None	None	4% of earnings	5% of earnings	4.5% of earnings
Employer	\$-0-	\$857,000	\$910,000	\$713,000	\$342,000	\$611,000
Authority under which benefit provisions established	City code of ordinances	City code of ordinances	City code of ordinances			
Funding Status and Progress						
Date of actuarial valuation	7/1/05	7/1/05	7/1/05	7/1/06	7/1/06	7/1/06
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%	-
* including inflation of	3.0%	-	-	3.0%	3.0%	3.0%
Mortality table	1983 GAM Set back 6 years for females	1983 GAM Set back 6 years for females	1983 GAM Set back 6 years for females	RP2000Blue Collar Combined-generational and RP2000 Disabled Lives.	RP2000Blue Collar Combined-generational and RP2000 Disabled Lives.	RP2000Blue Collar Combined-generational and RP2000 Disabled Lives.
Actuarial asset valuation method	Fair value smoothed	Fair value smoothed	Fair value smoothed	Fair value smoothed	Fair value smoothed	Fair value smoothed
Funding Policy	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial
Actuarial cost method	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost			
Amortization method	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open			
Remaining amortizing period	10 years	11 years	11 years	6 years	15 years	17 years
Authority under which contributions are established	Common Council	Common Council	Common Council	Common Council	Common Council	Common Council

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Three-Year Trend Information

	Trend % Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
General Employees			
2007	-	-	-
2006	-	-	-
2005	-	-	-
Police Pre-1967			
2007	857,000	100.0%	-
2006	978,000	100.0%	-
2005	1,007,000	100.0%	-
Fire Pre-1967			
2007	910,000	100.0%	-
2006	984,000	100.0%	-
2005	919,000	100.0%	-
Police Post-1967			
2007	713,000	100.0%	-
2006	690,000	100.0%	-
2005	1,082,000	100.0%	-
Fire Post-1967			
2007	342,000	100.0%	-
2006	281,000	111.3%	(31,709)
2005	298,000	100.0%	-
Police Post-1983			
2007	611,000	100.0%	-
2006	584,000	100.0%	-
2005	605,000	100.0%	-

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	Year Ended June 30,	Annual Required Contribution	Percentage Contributed
General Employees:	2007	\$ -	- %
	2006	-	-
	2005	-	-
	2004	-	-
	2003	-	-
	2002	-	-
Pre-1967 Police:	2007	\$ 857,000	100%
	2006	978,000	100
	2005	1,007,000	100
	2004	972,000	100
	2003	971,000	100
	2002	820,000	100
Pre-1967 Fire:	2007	\$ 910,000	100%
	2006	984,000	100
	2005	919,000	100
	2004	918,000	100
	2003	877,000	100
	2002	761,000	100
Post-1967 Police:	2007	\$ 713,000	100%
	2006	690,000	100
	2005	1,082,000	100
	2004	884,000	100
	2003	635,000	100
	2002	765,000	100
Post-1967 Fire:	2007	\$ 342,000	100%
	2006	281,000	111
	2005	298,000	100
	2004	902,000	100
	2003	639,000	100
	2002	560,000	100
Post-1983 Police:	2007	\$ 611,000	100%
	2006	584,000	100
	2005	605,000	100
	2004	404,000	100
	2003	310,000	100
	2002	341,000	100

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2007

SCHEDULE OF PLAN NET ASSETS
 JUNE 30, 2007

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Totals
ASSETS							
Cash and cash equivalents	\$ 7,397,368	\$ 433,087	\$ 379,994	\$ 3,707,022	\$ 4,270,971	\$ 828,737	\$ 17,017,179
Investments, at fair value							
Common Stock	49,923,932	2,922,853	2,564,530	25,018,241	28,824,266	5,593,042	114,846,864
Bonds and Notes	16,186,277	947,644	831,469	8,111,384	9,345,369	1,813,370	37,235,513
Mutual Funds	22,278,978	1,304,348	1,144,444	11,164,603	12,863,074	2,495,943	51,251,390
Private Hedge Fund	23,249,571	1,361,172	1,192,183	11,650,993	13,423,459	2,606,798	53,484,176
Total investments	111,638,758	6,536,017	5,732,626	55,945,221	64,456,168	12,509,153	256,817,943
Accrued interest and dividends	209,771	12,281	10,775	105,122	121,114	23,501	482,564
Pending Sales	241,708	14,152	12,416	121,127	139,553	27,079	556,035
Total Assets	119,487,605	6,995,537	6,135,811	59,878,492	68,987,806	13,388,470	274,873,721
LIABILITIES							
Pending Purchases	1,773,831	103,527	91,486	888,635	1,024,362	199,558	4,081,399
Net Assets Held in Trust for Pension Benefits	\$ 117,713,774	\$ 6,892,010	\$ 6,044,325	\$ 58,989,857	\$ 67,963,444	\$ 13,188,912	\$ 270,792,322

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

SCHEDULE OF CHANGES IN
PLAN NET ASSETS
YEAR ENDED JUNE 30, 2007

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Totals
Additions							
Contributions							
Employer	\$ -	\$ 857,000	\$ 910,000	\$ 713,000	\$ 342,180	\$ 611,070	\$ 3,433,250
Plan members	-	-	-	61,729	324,886	321,891	708,506
Total contributions	-	857,000	910,000	774,729	667,066	932,961	4,141,756
Investment Income							
Net appreciation in fair value of investments							
	13,535,483	706,703	201,527	6,719,001	7,754,426	1,371,883	30,289,023
Interest and dividends	3,626,657	220,448	569,108	1,811,395	2,071,027	389,913	8,688,548
	17,162,140	927,151	770,635	8,530,396	9,825,453	1,761,796	38,977,571
Less Investment Expenses:							
Investment management fees	702,326	42,267	34,061	349,129	393,522	77,377	1,598,682
Investment income	16,459,814	884,884	736,574	8,181,267	9,431,931	1,684,419	37,378,889
Total additions	16,459,814	1,741,884	1,646,574	8,955,996	10,098,997	2,617,380	41,520,645
Deductions							
Benefits paid	5,024,246	1,514,574	1,249,528	3,085,325	2,340,727	279,571	13,493,971
Total deductions	5,024,246	1,514,574	1,249,528	3,085,325	2,340,727	279,571	13,493,971
Net increase	11,435,568	227,310	397,046	5,870,671	7,758,270	2,337,809	28,026,674
Net Assets Held in Trust for Pension Benefits							
Beginning of year	106,278,206	6,664,700	5,647,279	53,119,186	60,205,174	10,851,103	242,765,648
End of year	\$ 117,713,774	\$ 6,892,010	\$ 6,044,325	\$ 58,989,857	\$ 67,963,444	\$ 13,188,912	\$ 270,792,322

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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:						
7/1/05	\$ 104,464,850	\$ 81,604,546	\$ (22,860,304)	128.0 %	\$ 23,777,020	(96.1) %
7/1/03	97,448,725	74,647,619	(22,801,106)	130.5 %	23,576,524	(96.7) %
1/1/02	95,940,971	71,836,054	(24,104,917)	133.6 %	21,547,768	(111.9) %
1/1/00	86,363,384	60,128,299	(26,235,085)	143.6 %	20,334,025	(129.0) %
1/1/98	69,607,623	57,592,398	(12,015,225)	120.9 %	20,024,974	(60.0) %
1/1/96	53,783,848	47,838,592	(5,945,256)	112.4 %	19,141,532	(31.1) %
Pre-1967 Police:						
7/1/05	\$ 7,019,283	\$ 13,139,006	\$ 6,119,723	53.4 %	\$ -	N/A
7/1/03	6,993,981	14,173,012	7,179,031	49.3 %	-	N/A
1/1/02	7,833,857	15,189,737	7,355,880	51.6 %	-	N/A
1/1/00	7,720,242	15,955,616	8,235,374	48.4 %	48,330	17,039.9 %
1/1/98	6,509,190	17,026,404	10,517,214	38.2 %	102,700	10,240.7 %
1/1/96	5,664,099	16,837,404	11,173,305	33.6 %	428,958	2,604.8 %
Pre-1967 Fire:						
7/1/05	\$ 5,753,625	\$ 12,223,443	\$ 6,469,818	47.1 %	\$ -	N/A
7/1/03	5,864,207	13,091,400	7,227,193	44.8 %	-	N/A
1/1/02	6,558,299	13,355,820	6,797,521	49.1 %	-	N/A
1/1/00	6,421,763	13,844,291	7,422,528	46.4 %	-	N/A
1/1/98	5,475,666	14,739,221	9,263,555	37.2 %	120,025	7,718.0 %
1/1/96	4,730,352	14,561,842	9,831,490	32.5 %	161,406	6,091.2 %
Post-1967 Police:						
7/1/06	\$ 54,386,012	\$ 50,028,155	\$ (4,357,857)	108.7 %	\$ 1,855,009	(234.9) %
7/1/04	50,324,387	51,774,948	1,450,561	97.2 %	2,146,668	67.6 %
1/1/03	48,161,141	53,371,318	5,210,177	90.2 %	2,541,819	205.0 %
1/1/01	44,924,489	45,301,753	377,264	99.2 %	2,532,599	14.9 %
1/1/99	36,880,541	40,634,158	3,753,617	90.8 %	2,724,359	137.8 %
1/1/97	27,464,027	34,113,354	6,649,327	80.5 %	3,026,816	219.7 %

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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
Post-1967 Fire:						
7/1/06	\$ 61,402,936	\$ 52,290,625	\$ (9,112,311)	82.9 %	\$ 6,493,522	(140.3) %
7/1/04	54,985,734	48,112,254	(6,873,480)	114.3 %	6,330,894	(108.6) %
1/1/03	50,848,678	47,808,052	(3,040,626)	106.4 %	6,065,277	(50.1) %
1/1/01	45,969,156	41,475,940	(4,493,216)	110.8 %	5,379,669	(83.5) %
1/1/99	37,127,622	35,250,799	(1,876,823)	105.3 %	4,733,503	(39.6) %
1/1/97	27,099,001	29,002,474	1,903,473	93.4 %	4,619,988	41.2 %
Post-1983 Police:						
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 %	5,993,120	12.8 %
1/1/03	6,979,088	7,629,489	650,401	91.5 %	5,333,425	12.2 %
1/1/01	5,383,342	5,121,615	(261,727)	105.1 %	4,370,060	(6.0) %
1/1/99	3,665,977	3,603,281	(62,696)	101.7 %	4,029,030	(1.6) %
1/1/97	2,245,888	2,382,676	136,788	94.3 %	3,143,200	4.4 %

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.

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.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

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 \$7,242,000 for the year ended June 30, 2007.

Note 13. Construction Commitments

The City is currently in the middle of various capital projects, including street repaving, school renovations, park improvements and other various projects. At June 30, 2007, such amounts were approximately \$52,588,000.

Note 14. Other Postemployment Benefits

In accordance with various collective bargaining agreements, the City also provides postretirement health care benefits, including supplemental Medicare benefits, to all employees who retire from the City, generally on or after attaining age 55 with at least 20 to 27 years of service, dependent upon the particular collective bargaining agreement. Currently, approximately 324 retirees meet these eligibility requirements. Expenditures for postretirement health care benefits are recognized and funded on a partially contributory basis as set forth in the collective bargaining agreements and approximated \$3,732,743 for the year ended June 30, 2007 (see Note 17).

Note 15. 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 coverage which is a self-insured arrangement. The BOE is also self-insured for certain dental and prescription programs.

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

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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
2007	\$ 2,200,000	\$ 8,441,364	\$ 7,616,364	\$ 3,025,000
2006	\$ 1,400,000	\$ 7,673,631	\$ 6,873,631	\$ 2,200,000

Note 16. Joint Ventures and Related Organizations

The Candlewood Lake Authority (“Candlewood”) is a joint venture of five municipalities, including the City of Danbury. Candlewood is under joint control, comprised of three delegates from each member municipality selected for three-year terms. The City of Danbury has an ongoing financial responsibility but no equity interest. The City remitted approximately \$58,800 to supplement Candlewood’s operating revenues for the year ended June 30, 2007 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 \$667,000 to supplement HART’s operating revenues for the year ended June 30, 2007 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.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

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

Note 17. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2007 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 of the City:

- ◆ GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," issued June 2004, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits, expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.
- ◆ Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues," issued September 2006, is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.
- ◆ GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," issued December 1, 2006, will be effective for the City beginning with its fiscal year June 30, 2008, but the liability should be measured at July 1, 2007 so that beginning net assets can be restated. This Statement identifies the circumstances under which a government would have to estimate its expected outlays for pollution remediation if it knows a site is polluted, if the pollution poses an imminent danger to the public or the environment, if the government has violated a pollution prevention permit or license, if the government has been named as a responsible party for cleaning up the pollution, if the government began to clean up the pollution, and if the government is named in a lawsuit. In addition, it provides disclosure information about their pollution obligations associated with clean-up efforts.
- ◆ GASB Statement No. 50, "Pension Disclosures - an Amendment of GASB Statements No. 25 and No. 27," issued May, 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by the Statement amend applicable note disclosure and RSI requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and No. 27, "Accounting for Pensions by State and Local Governmental Employers," to conform with requirements of Statements No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This Statement is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later.

- ◆ GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," issued June, 2007. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, "Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments." This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

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

General Fund

General Fund

CITY OF DANBURY, CONNECTICUT

**GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -
BUDGET AND ACTUAL
For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government				
Common Council	\$ 40,458	\$ 35,458	\$ 29,390	\$ 6,068
Mayor's Office	351,560	355,560	355,470	90
City Clerk	49,168	47,790	40,998	6,792
Ordinances	20,600	20,600	20,500	100
Probate Court	17,450	17,450	16,272	1,178
Registrars and Elections	172,746	186,646	168,453	18,193
City Treasurer	19,008	19,009	19,008	1
Director of Finance	809,994	807,873	780,942	26,931
Data Processing/Information Technology	1,055,589	1,062,909	1,061,680	1,229
Independent Audit	44,800	41,420	38,300	3,120
Bureau of Assessments	427,567	427,567	420,427	7,140
Board of Assessments and Appeal	4,350	4,350	3,789	561
Tax Collector	576,241	624,621	612,488	12,133
Purchasing	276,303	262,496	256,007	6,489
Corporation Counsel	836,750	884,250	853,614	30,636
Town Clerk	396,464	383,394	337,972	45,422
Annual Report	10,000	10,000	10,000	-
Permit Coordination	317,279	317,279	315,480	1,799
Planning	465,517	498,432	466,341	32,091
Office of Economic Development	102,823	110,913	110,910	3
Danbury Conservation Commission	9,220	9,220	8,965	255
Personnel/ Civil Service	288,010	323,010	289,345	33,665
Fair Rent Commission	1,450	1,450	1,031	419
City Memberships	82,487	97,487	96,738	749
Lake Authority	58,800	58,800	58,800	-
Retirement Administration	28,000	28,000	28,000	-
Labor Negotiations	153,000	118,000	82,735	35,265
Public Buildings	996,041	1,007,434	1,002,667	4,767
City Hall Building	423,120	436,169	432,487	3,682
Library Building	213,553	213,016	211,633	1,383
Police Station Building	232,758	204,504	202,604	1,900
Senior Center Building	87,550	77,490	76,406	1,084
Old Library Building	48,175	51,008	44,984	6,024
Employee Service Benefit	29,395	12,997	-	12,997
Total general government	8,646,226	8,756,602	8,454,436	302,166

(Continued)

CITY OF DANBURY, CONNECTICUT

**GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Safety				
Police Department	13,091,796	14,482,752	14,307,943	174,809
Animal Control	205,051	205,051	205,051	-
Fire Department	9,590,034	9,706,490	9,516,253	190,237
Building Inspector	573,419	573,419	547,726	25,693
Department of Civil Preparedness	12,250	12,460	10,564	1,896
Department of Consumer Protection	56,894	56,894	39,889	17,005
Employee Service Benefit	8,075	8,075	-	8,075
Unified Neighborhood Inspection Team	241,549	241,549	205,396	36,153
Airport	478,092	478,092	476,276	1,816
HART	666,772	666,772	666,772	-
Total public safety	24,923,932	26,431,554	25,975,870	455,684
Public Works				
Highways	2,377,157	2,468,471	2,467,568	903
State Aid Highway Project	411,480	411,480	411,458	22
Snow and Ice Removal	387,520	317,688	317,543	145
Street Lighting	420,000	438,600	438,501	99
Public Building Maintenance Repair	525,118	546,329	546,326	3
Equipment Maintenance	1,024,405	1,195,668	1,195,022	646
Recycling/ Solid Waste	310,550	305,875	305,875	-
Engineering Department	992,977	931,988	930,749	1,239
Park Maintenance & Forestry	1,585,261	1,592,045	1,587,994	4,051
Employee Service Benefit	14,285	285	-	285
Total public works	8,048,753	8,208,429	8,201,036	7,393
Health and Welfare				
Health, House and Welfare Department	1,126,163	1,126,188	1,117,046	9,142
Employee Service Benefit	7,555	7,555	-	7,555
Veterans Advisory Center	60,228	61,135	59,353	1,782
Commission on Aging	285,742	287,081	283,827	3,254
Elderly Transportation	12,000	12,000	12,000	-
Human and Social Welfare	1,274,506	1,318,806	1,318,806	-
Employee Service Benefit	2,995	-	-	-
Total health and welfare	2,769,189	2,812,765	2,791,032	21,733
Education	100,161,196	101,235,196	100,773,443	461,753

(Continued)

CITY OF DANBURY, CONNECTICUT

**GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
Recreation	410,910	410,910	396,759	14,151
Tarrywile Park Authority	315,000	315,000	315,000	-
Cultural Commission	102,000	102,300	102,282	18
Lake Kenosia Commission	22,000	24,500	14,276	10,224
Ives Authority Performing Arts	-	75,000	75,000	-
Danbury Public Library	2,043,733	2,043,733	2,034,196	9,537
Long Ridge Library	6,000	6,000	6,000	-
Employee Service Benefit	700	400	-	400
Total culture and recreation	2,900,343	2,977,843	2,943,513	34,330
Employee Benefits	20,777,083	20,767,983	18,575,499	2,192,484
Debt Service				
Principal - bonds and notes	6,172,350	6,172,350	6,104,850	67,500
Interest - bonds	3,292,910	3,292,910	3,136,734	156,176
Total debt service	9,465,260	9,465,260	9,241,584	223,676
Contingency	400,000	23,724	-	23,724
Capital Outlay	-	360,756	35,245	325,511
Total expenditures	\$ 178,091,982	\$ 181,040,112	\$ 176,991,658	\$ 4,048,454

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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

Vision 21 and Vision 21² Bond Fund - to account for the proceeds of specific general obligation bonds for various projects to further develop the City.

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

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

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

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

Public Safety 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.

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

Century 21 PI Fund - to account for the proceeds of specific general obligation bonds for various projects throughout the City.

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

Permanent Fund

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

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

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CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2007

	Special Revenue				
	School Lunch Program	Community Development Block Grant	WIC Grant	Continuing Education	Railyard Parking Lease
ASSETS					
Cash and cash equivalents	\$ 134,498	\$ 933,203	\$ 38,315	\$ 1,232,662	\$ 19,640
Receivables:					
Accounts receivable, net	87,902	-	-	-	-
Federal and State government	426,470	-	-	-	-
Other	-	-	-	-	231
Inventories	45,916	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 694,786	\$ 933,203	\$ 38,315	\$ 1,232,662	\$ 19,871
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ 722,815	\$ 59,373	\$ 208	\$ -	\$ 1,300
Bond anticipation notes payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Unearned revenue	-	-	11,603	289,368	-
Due to other funds	-	422,115	26,504	-	2,817
Total liabilities	722,815	481,488	38,315	289,368	4,117
FUND BALANCES (DEFICITS)					
Reserved for library	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-
Reserved for inventories	45,916	-	-	-	-
Reserved for CDBG	-	451,715	-	-	-
Unreserved and undesignated	(73,945)	-	-	943,294	15,754
Total fund balances (deficits)	(28,029)	451,715	-	943,294	15,754
Total liabilities and fund balances (deficits)	\$ 694,786	\$ 933,203	\$ 38,315	\$ 1,232,662	\$ 19,871

Special Revenue							
Library Board Library Fund	Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport	State & Fed. School Projects	Miscellaneous Special Revenue
\$ 200,046	\$ 67,918	\$ 36,508	\$ 1,073,555	\$ 50,583	\$ 320,100	\$ 1,302,201	\$ 897,587
-	-	-	487,552	-	-	-	-
-	-	-	-	140,123	18,900	387,469	460,479
-	-	-	-	-	-	-	574
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,256,200
<u>\$ 200,046</u>	<u>\$ 67,918</u>	<u>\$ 36,508</u>	<u>\$ 1,561,107</u>	<u>\$ 190,706</u>	<u>\$ 339,000</u>	<u>\$ 1,689,670</u>	<u>\$ 4,614,840</u>
\$ 45,632	\$ 12,970	\$ 3,242	\$ 326	\$ 90,706	\$ 20,227	\$ 790,228	\$ 163,734
-	-	-	-	-	-	-	-
-	-	-	-	140,123	18,900	-	460,479
-	-	-	-	-	-	890,657	1,974,115
-	-	33,266	-	100,000	300,000	-	844,955
<u>45,632</u>	<u>12,970</u>	<u>36,508</u>	<u>326</u>	<u>330,829</u>	<u>339,127</u>	<u>1,680,885</u>	<u>3,443,283</u>
-	-	-	-	-	-	-	-
-	591	-	1,890	197,488	94,518	-	419,463
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>154,414</u>	<u>54,357</u>	<u>-</u>	<u>1,558,891</u>	<u>(337,611)</u>	<u>(94,645)</u>	<u>8,785</u>	<u>752,094</u>
<u>154,414</u>	<u>54,948</u>	<u>-</u>	<u>1,560,781</u>	<u>(140,123)</u>	<u>(127)</u>	<u>8,785</u>	<u>1,171,557</u>
<u>\$ 200,046</u>	<u>\$ 67,918</u>	<u>\$ 36,508</u>	<u>\$ 1,561,107</u>	<u>\$ 190,706</u>	<u>\$ 339,000</u>	<u>\$ 1,689,670</u>	<u>\$ 4,614,840</u>

(Continued)

CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET, Continued

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2007

	Capital Projects					
	Vision 21 and Vision 21 ²	City Projects	City Works/ Library Reconstruction	Danbury Neighborhood Bond	Head Start	Public Safety Bond
ASSETS						
Cash and cash equivalents	\$ 834,025	\$ 78,231	\$ 68,871	\$ 748,689	\$ 739,363	\$ 529,188
Receivables:						
Accounts receivable, net	-	-	-	-	-	-
Federal and State government	-	-	-	-	-	-
Other	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 834,025	\$ 78,231	\$ 68,871	\$ 748,689	\$ 739,363	\$ 529,188
LIABILITIES AND FUND BALANCES (DEFICITS)						
LIABILITIES						
Accounts payable	\$ 178,032	\$ 205,461	\$ 68,498	\$ 129,508	\$ -	\$ 366,288
Bond anticipation notes payable	-	1,250,000	-	-	692,000	-
Deferred revenue	-	-	373	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to other funds	238,519	-	-	2,092,600	-	1,002,957
Total liabilities	416,551	1,455,461	68,871	2,222,108	692,000	1,369,245
FUND BALANCES (DEFICITS)						
Reserved for library	-	-	-	-	-	-
Reserved for encumbrances	556,282	57,217	-	1,280,880	168,867	28,380,186
Reserved for inventories	-	-	-	-	-	-
Reserved for CDBG	-	-	-	-	-	-
Unreserved and undesignated	(138,808)	(1,434,447)	-	(2,754,299)	(121,504)	(29,220,243)
Total fund balances (deficits)	417,474	(1,377,230)	-	(1,473,419)	47,363	(840,057)
Total liabilities and fund balances (deficits)	\$ 834,025	\$ 78,231	\$ 68,871	\$ 748,689	\$ 739,363	\$ 529,188

Capital Projects			Permanent Fund	
Library Place Parking Garage	Century 21 PI	Magnet School Projects	Farioly Library	Totals
\$ 3,129,734	\$ 6,229,226	\$ 217,901	\$ 1,639,706	\$ 20,521,750
-	-	-	-	575,454
-	1,125,982	1,116,693	-	3,676,116
-	-	-	-	805
-	-	-	-	45,916
-	-	-	62,000	3,318,200
<u>\$ 3,129,734</u>	<u>\$ 7,355,208</u>	<u>\$ 1,334,594</u>	<u>\$ 1,701,706</u>	<u>\$ 28,138,241</u>
\$ 1,205,447	\$ 783,252	\$ 334,594	\$ -	\$ 5,181,841
-	1,956,000	-	-	3,898,000
-	1,125,982	1,116,693	-	2,862,550
-	-	-	-	3,165,743
34,456	66,836	1,000,000	62,000	6,227,025
<u>1,239,903</u>	<u>3,932,070</u>	<u>2,451,287</u>	<u>62,000</u>	<u>21,335,159</u>
-	-	-	1,353,132	1,353,132
-	17,304,437	82,224	200	48,544,243
-	-	-	-	45,916
-	-	-	-	451,715
<u>1,889,831</u>	<u>(13,881,299)</u>	<u>(1,198,917)</u>	<u>286,374</u>	<u>(43,591,924)</u>
<u>1,889,831</u>	<u>3,423,138</u>	<u>(1,116,693)</u>	<u>1,639,706</u>	<u>6,803,082</u>
<u>\$ 3,129,734</u>	<u>\$ 7,355,208</u>	<u>\$ 1,334,594</u>	<u>\$ 1,701,706</u>	<u>\$ 28,138,241</u>

CITY OF DANBURY, CONNECTICUT

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

For the Year Ended June 30, 2007

	Special Revenue				
	School Lunch Program	Community Development Block Grant	WIC Grant	Continuing Education	Railyard Parking Lease
REVENUES					
Federal and State governments	\$ 1,659,318	\$ 714,612	\$ 254,989	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	1,888,462	-	-	1,074,697	27,797
Investment income	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	3,547,780	714,612	254,989	1,074,697	27,797
EXPENDITURES					
General government	-	-	-	-	25,776
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	601,728	254,989	-	-
Education	3,607,690	-	-	1,043,550	-
Capital outlay	-	-	-	-	-
Debt service	-	95,000	-	-	-
Total expenditures	3,607,690	696,728	254,989	1,043,550	25,776
Revenues over (under) expenditures	(59,910)	17,884	-	31,147	2,021
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Bond anticipation note proceeds	-	-	-	-	-
Bond anticipation note payments	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Total revenue and other financing sources (uses) over (under) expenditures	(59,910)	17,884	-	31,147	2,021
FUND BALANCES					
(DEFICITS), beginning	31,881	433,831	-	912,147	13,733
FUND BALANCES					
(DEFICITS), ending	\$ (28,029)	\$ 451,715	\$ -	\$ 943,294	\$ 15,754

Special Revenue

Library Board Library Fund	Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport	State & Fed. School Projects	Miscellaneous Special Revenue
\$ -	\$ -	\$ 231,220	\$ -	\$ 404,946	\$ 233,957	\$ 13,993,537	\$ 555,037
-	13,166	-	-	-	-	-	-
-	2,195	-	2,289,634	-	-	-	123,523
-	1,444	-	10,111	-	-	-	-
116,638	-	-	-	-	91,378	-	132,367
116,638	16,805	231,220	2,299,745	404,946	325,335	13,993,537	810,927
-	-	-	-	262,949	72,617	-	439,588
-	202,376	-	1,852,219	-	-	-	134,862
-	-	-	-	-	-	-	163,020
82,946	-	-	-	-	-	-	187,829
-	-	231,220	-	-	-	-	272,143
-	-	-	-	-	-	13,991,822	44,109
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
82,946	202,376	231,220	1,852,219	262,949	72,617	13,991,822	1,241,551
33,692	(185,571)	-	447,526	141,997	252,718	1,715	(430,624)
-	205,051	-	-	-	-	-	1,600,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	205,051	-	-	-	-	-	1,600,000
33,692	19,480	-	447,526	141,997	252,718	1,715	1,169,376
120,722	35,468	-	1,113,255	(282,120)	(252,845)	7,070	2,181
\$ 154,414	\$ 54,948	\$ -	\$ 1,560,781	\$ (140,123)	\$ (127)	\$ 8,785	\$ 1,171,557

(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, 2007

	Capital Projects					
	Vision 21 and Vision 21 ²	City Projects	City Works/ Library Reconstruction	Danbury Neighborhood Bond	Head Start	Public Safety Bond
REVENUES						
Federal and State governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	4,155,194	556,437	3,981	2,499,321	98,278	5,800,057
Debt service	-	-	-	-	-	-
Total expenditures	4,155,194	556,437	3,981	2,499,321	98,278	5,800,057
Revenues over (under) expenditures	(4,155,194)	(556,437)	(3,981)	(2,499,321)	(98,278)	(5,800,057)
OTHER FINANCING SOURCES						
Transfers in	182,500	250,000	-	-	-	-
Bond anticipation note proceeds	8,357,500	-	-	5,000,000	308,000	5,000,000
Bond anticipation note payments	(5,650,000)	-	-	-	-	-
Total other financing sources (uses)	2,890,000	250,000	-	5,000,000	308,000	5,000,000
Total revenue and other financing sources (uses) over (under) expenditures	(1,265,194)	(306,437)	(3,981)	2,500,679	209,722	(800,057)
FUND BALANCES						
(DEFICITS), beginning	1,682,668	(1,070,793)	3,981	(3,974,098)	(162,359)	(40,000)
FUND BALANCES						
(DEFICITS), ending	\$ 417,474	\$ (1,377,230)	\$ -	\$ (1,473,419)	\$ 47,363	\$ (840,057)

Capital Projects			Permanent Fund	
Library Place Parking Garage	Century 21 PI	Magnet School Projects	Farioly Library	Totals
\$ -	\$ 2,780,985	\$ 2,765,187	\$ -	\$ 23,593,788
-	-	-	-	13,166
-	-	-	-	5,406,308
-	-	-	84,741	96,296
-	-	-	-	340,383
-	2,780,985	2,765,187	84,741	29,449,941
-	-	-	-	800,930
-	-	-	-	2,189,457
-	-	-	-	163,020
-	-	-	8,373	279,148
-	-	-	-	1,360,080
-	-	-	-	18,687,171
3,110,169	9,695,066	1,115,607	-	27,034,110
-	-	-	-	95,000
3,110,169	9,695,066	1,115,607	8,373	50,608,916
(3,110,169)	(6,914,081)	1,649,580	76,368	(21,158,975)
-	-	-	-	2,237,551
5,000,000	18,994,000	-	-	42,659,500
-	(10,000,000)	-	-	(15,650,000)
5,000,000	8,994,000	-	-	29,247,051
1,889,831	2,079,919	1,649,580	76,368	8,088,076
-	1,343,219	(2,766,273)	1,563,338	(1,284,994)
\$ 1,889,831	\$ 3,423,138	\$ (1,116,693)	\$ 1,639,706	\$ 6,803,082

CITY OF DANBURY, CONNECTICUT

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

For the Year Ended June 30, 2007

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Town clerk fees	\$ 11,000	\$ 11,000	\$ 13,166	\$ 2,166
City contribution	205,051	205,051	205,051	-
Other revenue	3,000	3,000	3,639	639
Total revenues	219,051	219,051	221,856	2,805
EXPENDITURES				
	219,051	219,051	202,376	16,675
Revenues over expenditures	\$ -	\$ -	\$ 19,480	\$ 19,480

CITY OF DANBURY, CONNECTICUT

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL - AMBULANCE FUND

For the Year Ended June 30, 2007

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,925,515	\$ 1,925,515	\$ 2,289,634	\$ 364,119
Other revenue	5,000	5,000	10,111	5,111
Total revenues	1,930,515	1,930,515	2,299,745	369,230
EXPENDITURES				
	1,930,515	1,930,515	1,852,219	78,296
Revenues over expenditures	\$ -	\$ -	\$ 447,526	\$ 447,526

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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.

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CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - PENSION TRUST FUNDS

June 30, 2007

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
ASSETS				
Cash and cash equivalents	\$ 7,397,368	\$ 433,087	\$ 379,994	\$ 3,707,022
Investments, at fair value				
Common Stock	49,923,932	2,922,853	2,564,530	25,018,241
Bonds and Notes	16,186,277	947,644	831,469	8,111,384
Mutual Funds	22,278,978	1,304,348	1,144,444	11,164,603
Private Hedge Fund	23,249,571	1,361,172	1,192,183	11,650,993
Total investments	111,638,758	6,536,017	5,732,626	55,945,221
Accrued interest and dividends	209,771	12,281	10,775	105,122
Pending sales	241,708	14,152	12,416	121,127
Total assets	119,487,605	6,995,537	6,135,811	59,878,492
LIABILITIES				
Pending purchases	1,773,831	103,527	91,486	888,635
Total liabilities	1,773,831	103,527	91,486	888,635
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 117,713,774	\$ 6,892,010	\$ 6,044,325	\$ 58,989,857

Post-1967 Fire	Post-1983 Police	Total
\$ 4,270,971	\$ 828,737	\$ 17,017,179
28,824,266	5,593,042	114,846,864
9,345,369	1,813,370	37,235,513
12,863,074	2,495,943	51,251,390
13,423,459	2,606,798	53,484,176
64,456,168	12,509,153	256,817,943
121,114	23,501	482,564
139,553	27,079	556,035
68,987,806	13,388,470	274,873,721
1,024,362	199,558	4,081,399
1,024,362	199,558	4,081,399
\$ 67,963,444	\$ 13,188,912	\$ 270,792,322

CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - PRIVATE PURPOSE TRUST FUND

June 30, 2007

	<u>Phoebe M. Harrison</u>
ASSETS	
Cash and cash equivalents	\$ 1,342
Total assets	<u>1,342</u>
LIABILITIES	
Other liabilities	<u>-</u>
Total liabilities	<u>-</u>
Net Assets Held in Trust	<u><u>\$ 1,342</u></u>

CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - AGENCY FUNDS

June 30, 2007

	Street Openings	School Activities	Danbury High School Scholarship	Downtown Special Services District	Security Lease Account	Danbury Permits	Total
ASSETS							
Cash and cash equivalents	\$ 1,167,645	\$ 573,662	\$ 362,446	\$ 54,648	\$ 9,377	\$ 1,326,626	\$ 3,494,404
Total assets	1,167,645	573,662	362,446	54,648	9,377	1,326,626	3,494,404
LIABILITIES							
Other liabilities	1,167,645	573,662	362,446	54,648	9,377	1,326,626	3,494,404
Total liabilities	1,167,645	573,662	362,446	54,648	9,377	1,326,626	3,494,404
Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN NET ASSETS - PENSION TRUST FUNDS

For the Year Ended June 30, 2007

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
Additions				
Contributions				
Employer	\$ -	\$ 857,000	\$ 910,000	\$ 713,000
Plan members	-	-	-	61,729
Total contributions	-	857,000	910,000	774,729
Investment Income				
Net appreciation (depreciation) in fair value of investments	13,535,483	706,703	201,527	6,719,001
Interest and dividends	3,626,657	220,448	569,108	1,811,395
	17,162,140	927,151	770,635	8,530,396
Less investment expenses:				
Investment management fees	702,326	42,267	34,061	349,129
Net investment income (loss)	16,459,814	884,884	736,574	8,181,267
Total additions	16,459,814	1,741,884	1,646,574	8,955,996
Deductions				
Benefits	5,024,246	1,514,574	1,249,528	3,085,325
Change in net assets	11,435,568	227,310	397,046	5,870,671
Net Assets Held in Trust for Pension Benefits and Other Purposes				
Beginning of year	106,278,206	6,664,700	5,647,279	53,119,186
End of year	\$ 117,713,774	\$ 6,892,010	\$ 6,044,325	\$ 58,989,857

Post-1967 Fire	Post-1983 Police	Total
\$ 342,180	\$ 611,070	\$ 3,433,250
324,886	321,891	708,506
667,066	932,961	4,141,756
7,754,426	1,371,883	30,289,023
2,071,027	389,913	8,688,548
9,825,453	1,761,796	38,977,571
393,522	77,377	1,598,682
9,431,931	1,684,419	37,378,889
10,098,997	2,617,380	41,520,645
2,340,727	279,571	13,493,971
7,758,270	2,337,809	28,026,674
60,205,174	10,851,103	242,765,648
\$ 67,963,444	\$ 13,188,912	\$ 270,792,322

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN NET ASSETS - PRIVATE PURPOSE TRUST FUND

For the Year Ended June 30, 2007

	<u>Phoebe M. Harrison</u>
Additions	
Investment Income	
Interest and dividends	\$ 44
Net investment income	<u>44</u>
Change in net assets	44
Net Assets Held in Trust	
Beginning of year	<u>1,298</u>
End of year	<u><u>\$ 1,342</u></u>

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
STREET OPENINGS				
Assets				
Cash	\$ 1,180,851	\$ 327,653	\$ 340,859	\$ 1,167,645
Liabilities				
Amounts held for others	\$ 1,180,851	\$ 327,653	\$ 340,859	\$ 1,167,645
SCHOOL ACTIVITIES				
Assets				
Cash	\$ 579,177	\$ 1,904,505	\$ 1,910,020	\$ 573,662
Liabilities				
Amounts held for others	\$ 579,177	\$ 1,904,505	\$ 1,910,020	\$ 573,662
DANBURY HIGH SCHOOL SCHOLARSHIP				
Assets				
Cash	\$ 336,384	\$ 69,911	\$ 43,849	\$ 362,446
Liabilities				
Amounts held for others	\$ 336,384	\$ 69,911	\$ 43,849	\$ 362,446
DOWNTOWN SPECIAL SERVICES				
Assets				
Cash	\$ 35,311	\$ 212,278	\$ 192,941	\$ 54,648
Liabilities				
Amounts held for others	\$ 35,311	\$ 212,278	\$ 192,941	\$ 54,648
SECURITY LEASE ACCOUNT				
Assets				
Cash	\$ 9,415	\$ 536	\$ 574	\$ 9,377
Liabilities				
Amounts held for others	\$ 9,415	\$ 536	\$ 574	\$ 9,377

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, Continued

AGENCY FUNDS

For the Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
DANBURY PERMITS				
Assets				
Cash	\$ 1,298,114	\$ 206,882	\$ 178,370	\$ 1,326,626
Liabilities				
Amounts held for others	\$ 1,298,114	\$ 206,882	\$ 178,370	\$ 1,326,626
ROGER'S GLENN/ROGERS PARK				
Assets				
Cash	\$ 7,500	\$ -	\$ 7,500	\$ -
Liabilities				
Amounts held for others	\$ 7,500	\$ -	\$ 7,500	\$ -
TOTAL AGENCY FUNDS				
Assets				
Cash	\$ 3,446,752	\$ 2,721,765	\$ 2,674,113	\$ 3,494,404
Liabilities				
Amounts held for others	\$ 3,446,752	\$ 2,721,765	\$ 2,674,113	\$ 3,494,404

**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, 2007

Governmental funds capital assets:

Land	\$ 48,123,128
Land improvements	8,367,586
Buildings and improvements	140,151,714
Machinery and equipment	27,592,657
Infrastructure	120,454,640
Construction in progress	<u>33,693,325</u>
Total governmental funds capital assets	<u><u>\$ 378,383,050</u></u>

CITY OF DANBURY, CONNECTICUT

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

June 30, 2007

	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 12,933,600	\$ -	\$ 12,524,638	\$ 4,466,299	\$ -	\$ -	\$ 29,924,537
Public Safety	5,545,431	18,700	4,223,819	8,580,007	-	8,882,226	27,250,183
Public Works	19,700	72,283	802,627	6,735,315	118,630,962	11,646,568	137,907,455
Health & Welfare	821,100	-	3,625,009	119,714	-	828,530	5,394,353
Education	5,431,900	5,732,391	104,959,151	5,275,167	42,969	9,911,547	131,353,125
Culture and Recreation	22,925,197	2,526,612	13,911,663	1,829,820	997,435	2,424,454	44,615,181
Other	446,200	17,600	104,807	586,335	783,274	-	1,938,216
Total	\$ 48,123,128	\$ 8,367,586	\$ 140,151,714	\$ 27,592,657	\$ 120,454,640	\$ 33,693,325	\$ 378,383,050

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, 2007

	Governmental Funds Capital Assets				Governmental Funds Capital Assets
	July 1, 2006	Additions	Deletions	Transfers	June 30, 2007
General Government	\$ 28,204,173	\$ 2,227,005	\$ (506,641)	\$ -	\$ 29,924,537
Public Safety	18,551,394	9,247,823	(239,740)	(309,294)	27,250,183
Public Works	130,015,246	8,274,524	(202,700)	(179,615)	137,907,455
Health and Welfare	5,399,853	-	(5,500)	-	5,394,353
Education	121,187,048	38,509,221	(152,200)	(28,190,944)	131,353,125
Culture and Recreation	43,486,452	2,820,403	(52,700)	(1,638,974)	44,615,181
Other	1,879,118	59,098	-	-	1,938,216
Total	\$ 348,723,284	\$ 61,138,074	\$ (1,159,481)	\$ (30,318,827)	\$ 378,383,050

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Other Schedules

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CITY OF DANBURY, CONNECTICUT

**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
GENERAL FUND**

For the Year Ended June 30, 2007

Grand List Year	Taxes Receivable July 1, 2006	Current Levy	Lawful Corrections	Transfers to Suspense	Balance to be Collected
2005	\$ -	\$135,638,428	\$ (1,626,993)	\$ -	\$ 134,011,435
2004	1,890,923	-	83,272	-	1,974,195
2003	745,668	-	44,589	-	790,258
2002	569,817	-	18,665	-	588,482
2001	485,232	-	6,128	(12,093)	479,267
2000	432,791	-	(4,015)	(6,775)	422,000
1999	411,152	-	(1,747)	(100)	409,306
1998	311,103	-	(6,405)	(75)	304,623
1997	218,661	-	(3,349)	(197,407)	17,905
1996	230,055	-	(5,990)	(206,808)	17,257
1995	28,486	-	(158)	(26,367)	1,961
1994	52	-	-	-	52
1993	53	-	-	-	53
1992	50	-	-	-	50
1991	16	-	-	-	16
1990	16	-	(16)	-	-
	5,324,075	135,638,428	(1,496,018)	(449,625)	139,016,860
Less allowance:	(1,500,000)	-	-	-	(1,500,000)
	<u>\$ 3,824,075</u>	<u>\$135,638,428</u>	<u>\$ (1,496,018)</u>	<u>\$ (449,625)</u>	<u>\$ 137,516,860</u>

Taxes	Interest	Lien Fees	Total	Taxes Receivable June 30, 2007
\$132,134,830	\$ 380,172	\$ 8,563	\$ 132,523,565	\$ 1,876,605
1,222,592	204,686	12,397	1,439,675	751,603
153,223	60,898	819	214,940	637,035
66,676	35,016	456	102,148	521,806
30,336	38,211	120	68,667	448,931
33,936	54,034	120	88,090	388,064
31,501	59,448	150	91,099	377,804
24,590	51,723	102	76,414	280,033
14,363	37,322	24	51,709	3,542
13,895	40,332	-	54,227	3,362
1,910	39,221	-	41,130	52
-	32,457	-	32,457	52
-	38,014	-	38,014	53
-	16,570	-	16,570	50
-	6,866	-	6,866	16
-	534	-	534	-
133,727,852	1,095,503	22,751	134,846,107	5,289,007
-	-	-	-	(1,500,000)
<u>\$133,727,852</u>	<u>\$ 1,095,503</u>	<u>\$ 22,751</u>	<u>\$ 134,846,107</u>	<u>\$ 3,789,007</u>

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Statistical Section

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 109

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 118

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. 124

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. 129

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. 132

CITY OF DANBURY, CONNECTICUT

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 103,874	\$ 105,468	\$ 115,002	\$ 136,424	\$ 140,826
Restricted	1,477	1,477	1,519	1,394	1,399
Unrestricted	11,463	6,619	17,675	15,317	22,130
Total governmental activities net assets	\$ 116,814	\$ 113,564	\$ 134,196	\$ 153,135	\$ 164,355
Business-type activities:					
Invested in capital assets, net of related debt	\$ 95,715	\$ 87,726	\$ 100,416	\$ 101,952	\$ 101,853
Unrestricted	(1,945)	6,477	(123)	7,619	15,525
Total business-type activities net assets	\$ 93,770	\$ 94,203	\$ 100,293	\$ 109,571	\$ 117,378
Primary government:					
Invested in capital assets, net of related debt	\$ 199,589	\$ 193,194	\$ 215,418	\$ 238,376	\$ 242,679
Restricted	1,477	1,477	1,519	1,394	1,399
Unrestricted	9,518	13,096	17,552	22,936	37,655
Total primary government net assets	\$ 210,584	\$ 207,767	\$ 234,489	\$ 262,706	\$ 281,733

GASB Statement No. 34 Implemented in Fiscal Year 2002

Source: City CAFR.

CITY OF DANBURY, CONNECTICUT

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses:					
Governmental activities:					
General Government	\$ 10,942,508	\$ 8,809,222	\$ 12,498,553	\$ 12,816,880	\$ 11,452,047
Public Safety	33,710,512	36,648,212	37,382,960	39,411,913	41,643,491
Public Works	10,178,026	9,290,186	11,246,585	12,292,573	14,733,747
Health and welfare	5,281,532	4,884,608	5,734,941	6,143,955	4,431,065
Culture and Recreation	5,662,056	5,085,626	4,516,159	4,425,455	4,924,517
Education	104,143,757	109,575,356	114,075,223	123,823,970	121,901,721
Other	746,206	1,117,770	1,632,640	1,004,811	39,999
Interest on long-term debt	2,664,230	3,183,369	3,696,603	3,100,300	3,086,056
Total governmental activities expenses	173,328,827	178,594,349	190,783,664	203,019,857	202,212,643
Business-type activities:					
Water	5,452,025	5,685,209	5,542,891	5,832,384	6,424,495
Sewer	7,679,746	7,932,356	8,475,896	8,408,066	8,651,216
Total business-type activities expenses	13,131,771	13,617,565	14,018,787	14,240,450	15,075,711
Total primary government expenses	186,460,598	192,211,914	204,802,451	217,260,307	217,288,354
Program revenue:					
Governmental activities:					
Charges for services:					
General Government	7,347,101	7,331,519	8,679,296	10,069,734	9,237,329
Public safety	96,414	169,473	146,526	403,675	358,545
Health and welfare	1,283,469	3,358,228	3,610,813	3,619,202	2,295,664
Culture and Recreation	19,580	-	-	-	-
Education	5,108,799	5,153,043	5,281,664	8,950,343	9,250,052
Other	-	49,525	148,575	148,575	148,575
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions:					
General Government	1,011,704	1,177,337	1,439,858	747,267	1,040,448
Public safety	290,982	761,254	243,419	492,472	240,056
Public works	283,586	176,203	398,753	4,884,441	3,428,076
Health and welfare	1,062,837	996,196	894,121	671,172	710,770
Culture and Recreation	381,184	192,262	280,916	388,621	384,633
Education	32,904,861	33,106,479	38,480,093	33,844,639	36,347,683
Capital grants and contributions:					
General government	512,983	437,775	528,074	333,950	404,946
Public safety	21,421	60,564	-	-	-
Public works	275,908	1,261,190	1,124,567	-	-
Culture and recreation	-	7,563,300	4,440,124	404,713	397,674
Education	1,078,385	1,719,813	-	17,632,102	2,765,187
Total governmental activities program revenue	51,679,214	63,514,161	65,696,799	82,590,906	67,009,638

CITY OF DANBURY, CONNECTICUT

Changes In Net Assets, Continued

Last Five Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Business-type activities:					
Charges for services:					
Water	4,280,950	5,254,670	6,724,942	9,409,315	8,235,807
Sewer	7,197,995	8,013,875	10,209,355	10,489,592	11,865,132
Operating grants and contributions:					
Water	179,215	-	-	-	-
Sewer	631,320	-	-	-	-
Capital grants and contributions:					
Water	1,126,556	184,604	1,768,890	1,336,408	1,676,546
Sewer	756,051	200,952	910,945	1,565,618	408,090
Total business-type activities					
program revenues	14,172,087	13,654,101	19,614,132	22,800,933	22,185,575
Total primary government					
program revenues	65,851,301	77,168,262	85,310,931	105,391,839	89,195,213
Net (expense) revenue:					
Governmental activities	(121,649,613)	(115,080,188)	(125,086,865)	(120,428,951)	(135,203,005)
Business-type activities	1,040,316	36,536	5,595,345	8,560,483	7,109,864
Total primary government					
net expense	(120,609,297)	(115,043,652)	(119,491,520)	(111,868,468)	(128,093,141)
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes	115,197,914	119,765,722	127,888,936	129,588,158	136,344,851
Grants and contributions not restricted to					
specific programs	7,726,595	6,993,752	16,494,489	7,496,197	7,541,729
Investment earnings	249,626	437,402	1,335,962	2,283,695	3,387,158
Loss on disposal of capital assets	(82,470)	(955,327)	-	-	(850,708)
Total governmental activities	123,091,665	126,241,549	145,719,387	139,368,050	146,423,030
Business-type activities:					
Grants and contributions not restricted to					
specific programs	-	-	-	-	-
Investment earnings	411,795	396,771	494,876	716,765	697,346
Total business-type activities	411,795	396,771	494,876	716,765	697,346
Total primary government	123,503,460	126,638,320	146,214,263	140,084,815	147,120,376
Changes in net assets:					
Governmental activities	1,442,052	11,161,361	20,632,522	18,939,099	11,220,025
Business-type activities	1,452,111	433,307	6,090,221	9,277,248	7,807,210
Total primary government	\$ 2,894,163	\$ 11,594,668	\$ 26,722,743	\$ 28,216,347	\$ 19,027,235

CITY OF DANBURY, CONNECTICUT

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

Function / Program	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
General Government	\$ 8,871,788	\$ 8,946,631	\$ 10,647,228	\$ 11,150,951	\$ 10,682,723
Public safety	408,817	991,291	389,945	896,147	598,601
Public works	559,494	1,437,393	1,523,320	4,884,441	3,428,076
Health and welfare	2,346,306	4,354,424	4,504,934	4,290,374	3,006,434
Culture and Recreation	400,764	7,755,562	4,721,040	793,334	782,307
Education	39,092,045	39,979,335	43,761,757	63,256,965	48,362,922
Other	-	49,525	148,575	148,575	148,575
Total governmental activities	51,679,214	63,514,161	65,696,799	85,420,787	67,009,638
Business-type activities:					
Water	5,586,721	5,439,274	8,493,832	10,745,723	9,912,353
Sewer	8,585,366	8,214,827	11,120,300	12,055,210	12,273,222
Total business-type activities	14,172,087	13,654,101	19,614,132	22,800,933	22,185,575
Total government	\$ 65,851,301	\$ 77,168,262	\$ 85,310,931	\$ 108,221,720	\$ 89,195,213

GASB Statement No. 34 implemented in fiscal year 2002.

Source: City CAFR.

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CITY OF DANBURY, CONNECTICUT

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

	Fiscal Year			
	1998	1999	2000	2001
General Fund:				
Reserved	\$ 3,729,340	\$ 3,343,860	\$ 3,129,235	\$ 2,037,841
Unreserved	13,492,743	9,853,325	7,135,325	6,064,400
Total General Fund	\$ 17,222,083	\$ 13,197,185	\$ 10,264,560	\$ 8,102,241
All Other Governmental Funds:				
Reserved	\$ 4,124,241	\$ 1,457,896	\$ 6,782,845	\$ 4,456,449
Unreserved, reported in:				
Special revenue funds	645,507	592,270	703,435	952,243
Capital projects funds	(9,590,602)	80,229	(7,187,845)	(13,419,639)
Permanent fund	-	-	-	50,760
Total all other government funds	\$ (4,820,854)	\$ 2,130,395	\$ 298,435	\$ (7,960,187)

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 788,134	\$ 1,576,475	\$ 1,080,103	\$ 1,697,289	\$ 1,348,297	\$ 6,915,844
11,406,086	11,216,189	11,761,929	18,228,923	22,959,075	21,403,829
\$ 12,194,220	\$ 12,792,664	\$ 12,842,032	\$ 19,926,212	\$ 24,307,372	\$ 28,319,673
\$ 1,781,367	\$ 1,546,726	\$ 1,531,958	\$ 2,521,632	\$ 17,235,283	\$ 50,395,006
1,437,016	1,642,245	1,364,284	2,229,784	1,174,142	2,981,388
(1,047,571)	(766,181)	(841,881)	(1,011,174)	(19,904,624)	(46,859,686)
57,062	54,189	20,050	41,834	210,205	286,374
\$ 2,227,874	\$ 2,476,979	\$ 2,074,411	\$ 3,782,076	\$ (1,284,994)	\$ 6,803,082

CITY OF DANBURY, CONNECTICUT

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

	Fiscal Year			
	1998	1999	2000	2001
Revenues:				
Property taxes, interest and liens, net	\$ 86,647,032	\$ 88,430,049	\$ 96,821,385	\$ 101,866,512
Intergovernmental	38,739,958	44,631,079	45,823,871	49,076,212
Licenses and permits	1,631,375	2,228,733	1,998,727	2,247,033
Charges for services	6,038,192	6,154,012	7,431,874	8,981,137
Fines and penalties	2,164,506	785,519	692,225	1,135,939
Interest and dividends	1,149,764	1,080,193	818,445	866,908
Other	2,613	4,218	19,176	64,250
Installment sale proceeds	-	-	-	-
Total revenues	136,373,440	143,313,803	153,605,703	164,237,991
Expenditures:				
General Government	10,176,570	10,742,321	10,395,415	12,653,610
Public safety	16,593,395	17,578,926	20,191,377	20,854,872
Public works	4,716,930	5,197,813	5,303,773	5,624,435
Health and welfare	1,251,948	1,269,738	1,316,862	1,320,489
Culture and Recreation	3,188,300	3,178,604	3,307,005	3,581,145
State & Federal Programs	11,309,563	15,021,159	15,640,417	15,006,761
Education	66,288,283	72,996,443	76,312,263	78,012,768
Pension and Other Employee Benefits	12,640,728	12,945,985	12,345,950	13,341,314
General and administrative	439,158	-	-	-
Capital outlay	17,475,811	9,304,853	5,443,392	15,552,856
Other	2,156,938	2,786,403	2,653,518	2,301,176
Debt service:				
Principal	4,099,201	4,327,112	4,677,112	5,307,112
Interest and other charges	2,835,607	3,089,595	2,947,090	2,757,677
Total expenditures	153,172,432	158,438,952	160,534,174	176,314,215
Excess of revenues (under) expenditures	(16,798,992)	(15,125,149)	(6,928,471)	(12,076,224)
Other financing sources (uses):				
Transfers in	690,155	831,368	744,869	2,505,311
Transfers out	(690,155)	(831,368)	(744,869)	(1,657,311)
Issuance of long-term debt	4,100,000	10,100,000	-	-
Issuance of bond anticipation notes	-	4,750,000	1,500,000	-
Repayment of bond anticipation notes	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium (discount) on long-term debt	-	-	-	-
Loan Proceeds	-	-	-	-
Lease Financing	2,360,004	3,201,500	663,886	796,523
Total other financing sources (uses)	6,460,004	18,051,500	2,163,886	1,644,523
Net changes in fund balance	\$ (10,338,988)	\$ 2,926,351	\$ (4,764,585)	\$ (10,431,701)
Debt service as a percentage of noncapital expenditures	5.4%	5.2%	5.2%	5.3%

Fiscal Year						
	2002	2003	2004	2005	2006	2007
\$	109,011,992	\$ 114,944,665	\$ 119,645,762	\$ 128,472,290	\$ 128,855,805	\$ 133,943,860
	50,225,184	47,651,256	50,623,295	54,169,459	69,473,699	60,140,780
	3,782,967	2,563,553	4,060,155	5,409,824	6,119,885	4,921,896
	8,932,383	8,767,480	7,716,872	8,406,607	9,130,663	9,236,606
	1,194,685	1,004,335	1,210,448	984,552	1,222,113	1,330,121
	474,148	274,676	467,277	1,368,920	2,357,383	3,483,455
	533,620	587,040	625,528	497,721	752,385	514,844
	-	-	-	2,625,000	2,625,000	2,625,000
	174,154,979	175,793,005	184,349,337	201,934,373	220,536,933	216,196,562
	11,977,569	8,409,966	8,780,297	8,796,865	8,772,110	9,248,019
	21,893,208	23,346,273	23,288,592	23,268,264	26,673,001	27,493,478
	5,778,129	6,200,904	7,411,398	7,698,331	8,139,775	8,383,455
	1,418,757	1,449,139	6,786,471	6,325,270	5,928,717	4,153,905
	3,776,041	3,933,541	4,146,224	3,903,134	3,160,072	3,206,705
	18,170,175	19,512,783	-	-	-	-
	81,568,606	83,887,723	106,145,585	114,626,317	121,160,848	126,004,516
	14,184,620	15,529,121	17,506,130	19,073,801	18,596,490	16,970,377
	-	-	-	-	-	-
	11,984,109	12,932,783	6,318,802	15,122,696	34,966,659	27,775,383
	2,146,876	2,248,533	1,560,649	896,108	-	-
	4,472,112	5,124,462	5,074,461	6,322,511	5,600,612	5,672,350
	2,445,012	2,668,995	2,219,285	2,877,558	2,668,668	3,136,734
	179,815,214	185,244,223	189,237,894	208,910,855	235,666,952	232,044,922
	(5,660,235)	(9,451,218)	(4,888,557)	(6,976,482)	(15,130,019)	(15,848,360)
	891,291	1,027,836	1,412,879	682,468	713,880	2,237,551
	(891,291)	(1,027,836)	(1,412,879)	(682,468)	(713,880)	(2,237,551)
	11,792,000	-	-	3,615,000	15,888,000	18,302,000
	-	12,320,000	4,220,000	10,202,000	10,202,000	24,357,500
	-	-	-	(3,615,000)	(10,202,000)	(15,650,000)
	-	1,190,000	14,048,000	-	-	-
	-	(1,177,816)	(14,955,050)	-	-	-
	-	50,527	1,188,599	-	745,035	313,112
	-	-	-	1,500,000	-	-
	1,123,620	2,023,824	1,913,468	1,156,397	239,398	721,128
	12,915,620	14,406,535	6,415,017	12,858,397	16,872,433	28,043,740
\$	7,255,385	\$ 4,955,317	\$ 1,526,460	\$ 5,881,915	\$ 1,742,414	\$ 12,195,380
	4.3%	4.7%	4.2%	5.0%	4.3%	4.5%

CITY OF DANBURY, CONNECTICUT

Tax Revenues by Source, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Real Estate	Motor Vehicle	Personal Property	Total
2001	85,969,916	8,909,949	7,250,777	102,130,642
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
Change 2001-2007	33%	24%	9%	31%

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	Residential Property	Commercial Property	Industrial Property	Miscellaneous Land	Personal Property	Motor Vehicle
1998	2,535,343,280	1,134,611,500	231,141,600	63,381,200	302,356,990	291,360,150
1999	2,556,139,390	1,139,562,100	231,078,900	63,254,000	302,770,730	294,477,120
2000	2,579,573,190	1,172,959,500	231,406,000	58,092,600	312,155,480	312,862,540
2001	2,333,980,800	1,061,299,700	264,548,900	50,114,450	338,053,100	346,765,170
2002	2,354,721,650	1,146,247,200	266,237,800	221,800	327,611,540	373,272,300
2003	2,409,642,150	1,158,498,600	267,362,000	243,900	334,632,140	391,644,580
2004	2,583,763,610	1,247,507,800	322,041,800	515,900	330,035,330	408,352,010
2005	2,915,705,960	1,233,618,100	319,303,100	376,300	329,968,950	401,484,930
2006	3,279,814,730	1,246,110,000	325,550,600	792,400	342,432,340	441,104,225
2007	3,688,875,780	1,280,991,100	321,574,700	793,800	357,497,870	453,490,220

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.

Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Assessed Value as a Percentage of Actual Value (1)
4,558,194,720	0.90	19.13	6,511,706,743	70.00%
4,457,282,240	0.60	19.13	6,367,546,057	70.00%
4,667,049,310	1.70	20.78	6,667,213,300	70.00%
4,394,762,120	(5.80)	23.19	6,278,231,600	70.00%
4,468,312,290	1.70	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	7.20	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	8.40	23.03	8,051,148,993	70.00%
6,103,223,470	8.30	22.20	8,718,890,671	70.00%

CITY OF DANBURY, CONNECTICUT

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

Taxpayer	2007			1998		
	Taxable Assessed Value ¹	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Danbury Mall Associates	\$ 121,644,600	1	1.99%	\$ 71,263,070	2	1.56%
Danbury Buildings, Inc.	82,659,740	2	1.35%	219,887,160	1	4.82%
Boehringer-Ingelheim	53,736,590	3	0.88%	47,616,130	4	1.04%
Avolonbay Communities, Inc.	37,936,680	4	0.62%	-	N/A	N/A
Melvyn, Mary & Seymour Powers Danbury Industrial Corp & MMP Realty	36,759,440	5	0.60%	65,136,610	3	1.43%
Connecticut Light & Power	34,661,690	6	0.57%	23,299,260	10	0.51%
WCI Communities, Inc.	34,096,600	7	0.56%	-	N/A	N/A
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center	28,588,150	8	0.47%	35,471,930	5	0.78%
BF Goodrich Aerospace	28,304,260	9	0.46%	27,922,740	6	0.61%
Ethan Allen Inn/Lake Avenue Associates	22,963,850	10	0.38%	24,114,330	8	0.53%
Total	\$ 481,351,600		7.89%	\$ 514,711,230		11.28%

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
1998	1996	87,748,032	86,607,308	98.70	1,137,362	87,744,670	99.99
1999	1997	87,189,876	85,097,319	97.60	2,089,015	87,186,334	99.99
2000	1998	96,977,466	95,619,781	98.60	1,077,652	96,697,433	99.71
2001	1999	101,895,249	99,857,344	98.00	1,660,101	101,517,445	99.63
2002	2000	108,588,084	107,176,438	98.70	1,023,582	108,200,020	99.64
2003	2001	115,150,456	113,192,898	98.30	1,508,627	114,701,525	99.61
2004	2002	118,824,972	117,993,198	99.30	270,629	118,263,827	99.56
2005	2003	128,446,048	126,519,357	98.50	1,108,155	127,627,512	99.51
2006	2004	128,951,428	127,017,517	98.50	556,928	127,574,445	99.42
2007	2005	134,112,457	132,134,830	98.53	-	132,134,830	98.53

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		Percentage of Assessed Property Value	Debt Per Capita	Business-Type Activities			Percentage of Personal Income	Total Debt Per Capita ⁽³⁾
	General Bonded Debt	Capital ⁽¹⁾ Leases			CWF ⁽²⁾ Notes Payable	General Obligation Bonds	Total Primary Government		
1998	47,550,000	3,631,859	1.12	760	39,062,133	14,305,000	\$ 104,548,992	8.04%	1,552
1999	53,410,000	5,660,918	1.33	897	36,442,750	25,895,000	\$ 121,408,668	7.53%	1,844
2000	52,320,000	4,936,413	1.23	765	33,823,369	27,075,000	\$ 118,154,782	6.44%	1,579
2001	47,600,000	3,966,015	1.17	686	31,203,987	25,520,000	\$ 108,290,002	5.88%	1,441
2002	55,007,000	3,417,069	1.31	766	28,584,605	24,918,000	\$ 111,926,674	5.99%	1,467
2003	50,009,500	3,624,928	1.18	699	25,965,223	23,315,000	\$ 102,914,651	5.48%	1,341
2004	58,126,800	3,496,381	1.26	792	23,345,842	21,873,200	\$ 106,842,223	5.61%	1,374
2005	56,009,450	3,451,078	1.14	764	20,726,460	21,595,400	\$ 101,782,388	5.34%	1,307
2006	60,967,100	2,574,247	1.13	809	18,107,078	20,452,900	\$ 102,101,325	4.26%	1,300
2007	79,672,250	2,097,605	1.34	1,031	15,487,697	26,027,750	\$ 123,285,302	4.60%	1,555

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.

¹ Capital leases was not added prior to June 30, 2007

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

³ See the schedule of Demographic and Economic Statistic on page 129 for personal income and population data.

CITY OF DANBURY, CONNECTICUT

**Direct Governmental Activities Debt
For the Year Ended June 30, 2007
(Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 79,652,250
Less school construction grants receivable - principal portion only	<u>2,242,676</u>
Total direct debt	<u><u>\$ 77,409,574</u></u>

*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)

	1998	1999	2000	2001
Debt limit	\$ 645,173	\$ 627,000	\$ 686,107	\$ 725,421
Total net debt applicable to limit ¹	48,339	53,368	50,542	55,199
Legal debt margin	596,834	573,632	635,565	670,222
Total net debt applicable to the limit as a percentage of debt limit	8.10%	9.30%	7.95%	8.24%

¹Net debt amounts for 1998 from Official Statements dated July 17, 1998.

	2002		2003		2004		2005		2006		2007
\$	773,947	\$	813,688	\$	852,713	\$	900,490	\$	902,119	\$	947,064
	59,411		61,598		91,110		86,554		77,042		71,737
	714,536		752,090		761,603		813,936		825,077		875,327
	8.31%		8.19%		11.96%		10.63%		9.34%		8.20%

CITY OF DANBURY, CONNECTICUT

COMPUTATION OF LEGAL DEBT LIMITATION

June 30, 2007

Total tax collections (including interest and lien fees) for the year ended June 30, 2007	\$ 134,915,436
Reimbursement for revenue loss:	
Tax relief for elderly	<u>379,481</u>
Base	<u>\$ 135,294,917</u>
Debt limit	<u><u>\$ 947,064,419</u></u>

Debt Limitation	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 304,413,563	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	608,827,127	-	-	-
3-3/4 times base	-	-	507,355,939	-	-
3-1/4 times base	-	-	-	439,708,480	-
3 times base	-	-	-	-	405,884,751
Total debt limitation	<u>304,413,563</u>	<u>608,827,127</u>	<u>507,355,939</u>	<u>439,708,480</u>	<u>405,884,751</u>
Debt as defined by statute:					
Bonds payable	54,612,250	25,040,000	41,515,447	1,310,000	-
Bond anticipation notes payable	21,200,000	1,000,000	5,700,000	-	-
Capital leases	1,162,339	935,266	-	-	-
Bonds authorized but not issued, issue dates not yet established	<u>57,753,000</u>	<u>5,642,000</u>	<u>11,040,090</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>134,727,589</u>	<u>32,617,266</u>	<u>58,255,537</u>	<u>1,310,000</u>	<u>-</u>
Debt Limitation in excess of indebtedness	<u><u>\$ 169,685,974</u></u>	<u><u>\$ 576,209,861</u></u>	<u><u>\$ 449,100,402</u></u>	<u><u>\$ 438,398,480</u></u>	<u><u>\$ 405,884,751</u></u>

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

CITY OF DANBURY, CONNECTICUT

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30	Population	Personal (1) Income Per Capita	Median Age	School Enrollment	Unemployment(*) Rate
1998	67,370	19,300	33	8,843	2.9%
1999	65,829	24,500	33	8,926	2.9%
2000	65,829	24,500	33	9,151	1.8%
2001	74,848	24,500	33	9,370	3.0%
2002	74,848	24,500	33	9,567	3.9%
2003	74,848	24,500	35	9,561	4.4%
2004	78,221	24,500	35.2	9,587	3.6%
2005	78,221	24,500	35.2	9,668	4.1%
2006	78,221	30,562	35.2	9,721	4.0%
2007	79,285	33,834	35.2	9,983	3.6%

Sources: City Records

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

(1) 2006 & 2007 U.S. Census Bureau adjusted for inflation

CITY OF DANBURY, CONNECTICUT

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

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Danbury Hospital	2,870	1	6.52%	2,872	1	8.03%
Boehringer-Ingelheim Pharmaceuticals	2,300	2	5.22	-	N/A	N/A
Cartus (formerly Cendant Mobility)	1,670	3	3.79	1,500	2	4.19
Danbury School Systems	1,425	4	3.24	1,111	4	3.11
G.E. Capital	1,200	5	2.73	1,156	3	3.23
Western CT State University	900	6	2.04	-	N/A	N/A
Pitney Bowes, Inc.	650	7	1.48	538	9	1.50
Scholastic	550	8	1.25	824	6	2.30
City of Danbury General Government	540	9	1.23	563	8	1.57
B. F. Goodrich	514	10	1.17	615	7	1.72

Sources: City Records

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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				
	2007	2006	2005	2004	2003
Governmental Services:					
Legislative	-	1	1	1	-
Mayor's Office	6	6	6	6	6
City Clerk	1	1	1	1	2
Registrars/Jury Committee	2	2	2	2	2
Finance/Insurance	15	15	15	14	18
Info Technology	4	4	4	4	5
Assessments	11	11	11	10	10
Tax Collector	11	11	11	11	11
Purchasing	3	3	3	3	4
Corporation Counsel (Legal)	4	4	4	4	4
Town Clerk	7	7	7	7	8
Permit Coordination	6	6	6	4	-
Building/ Civil Prep	9	9	8	10	12
Planning	6	7	7	7	10
Public Bldgs (Facilities Management)	14	14	14	14	16
Economic Development	1	1	1	-	-
Personnel	2	2	2	3	4
Recreation:					
General & Administrative	2	2	2	4	4
Parks	-	-	-	22	22
Forestry	-	-	-	-	-
Police:					
Officers	155	155	155	154	155
Civilians	8	6	6	6	6
Fire:					
Firefighters and Officers	108	109	109	108	109
Civilians	2	2	2	2	2
Public Works:					
Administration	7	6	6	5	5
Equipment Maintenance	7	7	7	7	7
Park Maintenance	19	19	19	-	-
Forestry	4	4	4	-	-
Street Sweeping, Snow Removal	23	23	23	23	25
Street Maintenance & Lighting	16	15	15	15	15
Recycling/Solid Waste	-	-	-	-	-
Traffic Control (Engineering)	3	3	3	3	3
Water:					
Administration	6	5	5	5	5
Transmission	16	16	15	16	15
Purification	11	11	11	12	12
Sewer Maintenance	-	-	-	-	-
Stormwater	-	-	-	-	-
Other Programs/Functions:					
Consumer Protection	1	-	-	-	-
UNIT	4	1	-	-	-
Engineering	11	12	11	11	12
Library	27	28	28	28	30
Health & Housing	11	13	13	13	14
Social Services	11	10	10	10	10
Airport	5	4	4	4	4
Total	559	555	551	549	567

Source: City Records

Full-Time Equivalent Employees as of June 30

2002	2001	2000	1999	1998
-	-	-	-	-
6	5	4	4	4
2	1	1	2	2
2	2	2	2	5
18	18	18	20	20
5	6	7	8	7
10	10	10	10	10
11	11	11	11	11
5	5	5	5	5
3	3	3	3	3
6	6	6	6	6
-	-	4	3	2
11	10	8	8	8
9	9	8	8	8
16	16	15	16	16
-	-	-	-	-
4	4	4	4	4
4	4	4	4	4
22	21	21	17	17
-	-	-	4	5
159	159	159	159	159
6	6	6	6	6
109	109	109	109	109
2	2	2	2	2
5	5	5	5	5
7	7	7	7	8
-	-	-	-	-
-	-	-	-	-
25	25	25	23	24
15	15	15	15	15
-	-	-	-	-
3	3	3	1	1
5	5	5	5	5
15	14	13	16	18
12	12	12	15	15
-	-	-	-	4
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
12	12	12	13	12
30	30	29	28	27
14	14	14	14	13
10	10	10	10	10
4	4	4	4	5
567	563	561	567	575

CITY OF DANBURY, CONNECTICUT

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

Function/Program	Calendar Year				
	1998	1999	2000	2001	2002
Police:					
Calls for service	47,330	64,421	78,120	79,147	78,982
Adult arrest	3,256	3,173	2,644	2,470	2,311
Juvenile arrest	633	693	643	412	345
Traffic citations	4,911	5,670	4,863	5,027	2,543
Fire:					
Total fire runs	2,457	1,912	3,143	2,826	2,861
Total rescue runs	2,436	2,797	2,876	3,077	2,742
Building safety:					
Total building permits**	774	1,029	2,272	2,755	1,331
Total value all permits**	\$ 63,325,797	\$ 80,308,285	\$ 101,976,231	\$ 103,622,809	\$ 96,171,210
Library, volumes in collection	95,234	95,234	95,234	117,995	117,995

Source: City Records

*Through September 30, 2007. Building permits through October 31, 2007.

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

Calendar Year				
2003	2004	2005	2006	2007*
81,354	81,374	77,500	60,970	66,418
2,292	2,299	2,133	2,097	1,631
375	397	405	426	287
1,771	2,023	1,687	3,201	6,290
2,851	2,792	2,753	2,111	2,339
2,781	3,068	3,183	2,414	2,730
1,317	1,620	1,622	1,583	1,332
\$ 67,853,574	\$ 132,045,142	\$ 166,334,991	\$ 155,415,832	\$ 186,779,314
113,483	111,950	112,812	114,415	117,874

CITY OF DANBURY, CONNECTICUT

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

Function/Program	1998	1999	2000	2001
Police:				
Stations	1	1	1	1
Fire, Fire Stations (Career)	4	4	4	4
Fire Stations (Volunteer)	12	12	12	12
Public Works:				
Buildings	4	4	4	4
Streets (Miles)	228	228	228	235
Street Lights	2,806	2,806	2,806	2,818
Parks & Recreation:				
Acreage	1,950	1,326	1,326	1,326
Parks	16	16	16	15
Golf Course	1	1	1	1
Baseball/Softball Diamonds	12	11	11	11
Ice Skating Pond	1	1	1	1
Soccer/Football/Lacrosse Fields	1	1	1	1
Basketball Courts	4	4	3	3
Tennis Courts	10	10	10	10
Spray Park	-	-	-	-
Swimming pools	4	4	3	3
Volleyball Courts	-	-	-	-
Parks with Playground Equipment	4	5	6	6
Picnic Shelters	2	2	2	2
Recreation Building	1	1	1	1
Banquet Hall	-	1	1	1
Band Shell	-	-	-	-
Public Buildings:				
City Buildings	10	10	10	10
Schools	17	17	17	17
Library:				
Facilities	1	1	1	1
Volumes	95,234	95,234	95,234	117,995
Water:*				
Lakes	-	-	-	-
Storage Capacity (MGPD)	2,933	2,933	2,933	2,933
Average Daily Consumption (MGPD)	7.00	7.15	7.78	8.24
Peak Consumption (MGPD)	11.75	9.00	9.00	9.60
Wastewater:				
Sanitary Sewers (miles)	111.50	115.50	117.90	119.70

Source: City Records

Calendar Year						
2002	2003	2004	2005	2006	2007	
1	1	1	1	1	1	
4	4	4	4	4	5	
12	12	12	12	12	12	
4	4	4	4	4	5	
235	235	238	238	238	241	
2,818	2,768	2,768	2,768	2,768	2,807	
1,326	1,326	1,326	1,326	1,326	1,326	
15	15	15	15	15	15	
1	1	1	1	1	1	
11	11	13	14	13	13	
1	1	1	1	-	-	
1	1	4	4	6	8	
3	3	3	3	2	2	
10	10	10	10	10	10	
-	-	-	-	-	2	
2	2	2	-	-	-	
-	-	-	-	-	6	
5	5	5	4	5	7	
1	1	1	1	1	1	
1	1	1	-	-	-	
1	1	1	1	1	1	
-	1	1	1	1	1	
10	11	12	12	12	13	
17	17	17	17	18	18	
1	1	1	1	1	1	
117,995	113,483	111,950	112,812	114,415	117,874	
-	-	-	-	-	-	
2,933	2,933	2,933	2,933	2,933	2,933	
8.06	7.61	7.52	7.48	7.40	7.20	
10.32	9,378.00	9.57	9.71	9.70	9.50	
120.30	123.00	124.00	128.80	132.30	140.00	

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