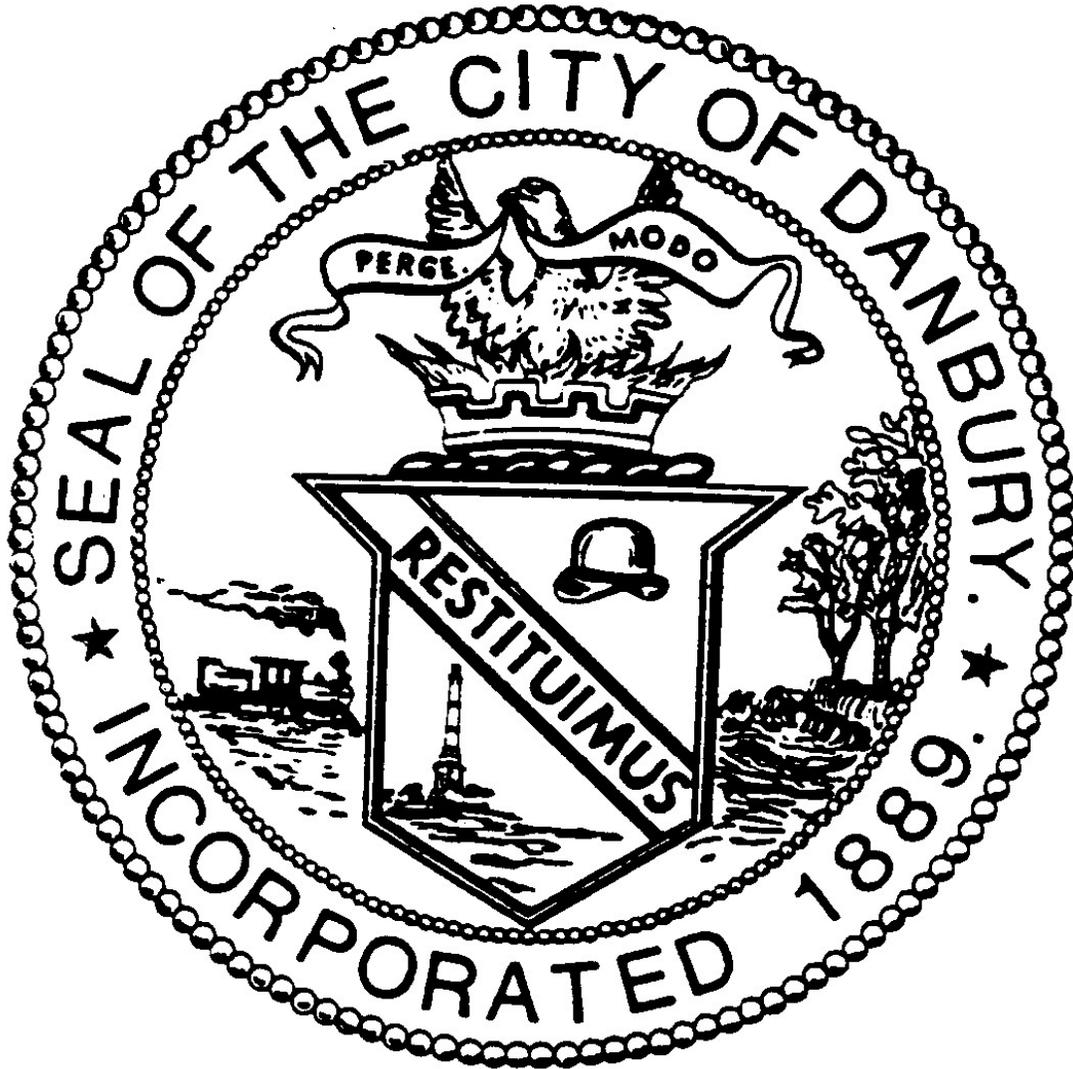


**CITY OF DANBURY, CONNECTICUT  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2003  
DEPARTMENT OF FINANCE  
DANBURY, CONNECTICUT**



**CITY OF DANBURY,  
CONNECTICUT**

**Comprehensive  
Annual Financial Report**

**for**

**The Fiscal Year Ended  
June 30, 2003**

***Prepared By:***

**City of Danbury Department of Finance**

**Dena Diorio**

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**Director of Finance**



**CITY OF DANBURY, CONNECTICUT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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## **Introductory Section**



December 30, 2003

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

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, 2003.

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, 2003, 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, 2003 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 Audit" 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 Federal and State Compliance 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 Census, Fairfield County is one of the five wealthiest counties in the United States and Danbury is one of the wealthiest cities, with a median household income of approximately \$53,664. The City of Danbury currently has a population of 74,848.

The City was incorporated in 1889, and operates under a Charter that was last revised in November 1990. 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 1,925 full-time municipal employees provide services to the Danbury community. The City is 44 square miles and has 235 miles of streets.

The City of Danbury has three component units, the Danbury Parking Authority, the Richter Park Authority, and the Tarrywile Park Authority. These Authorities are reported as discrete component units. 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 changes in financial position 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.

## FACTORS AFFECTING FINANCIAL 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. Recently, Danbury was ranked 12th among the top 25 metro areas in the U.S. Comparing the number of high tech jobs to the level of total employment, the Greater Danbury Area has almost two times the number of high tech jobs per capita than the national average. As of October 2003, the Danbury Labor Market Area (LMA) added 1,500 jobs over the prior year. This is the second largest increase of all seven LMA's for which data is available. Sectors showing the greatest growth were construction, leisure and hospitality, and education and health services totaling 1,300 jobs.

The City of Danbury's economy continues to grow despite last year's economic downturn. This is demonstrated through several new development projects in the City, both residential and commercial. As of November 2003, 1,037 residential building permits were issued, and 593 new housing units slated to begin construction.

In addition, the sale of the Union Carbide facility to private developers calls for a mixed-use development of residential, commercial and retail uses on the 545-acre site. The master plan for the site includes 2,230 housing units, 35,000 square feet of retail and community uses, 985,000 square feet for commercial use, 140,000 square feet of manufacturing, a 250,000 square foot conference center, and a 100-room hotel. Several corporations have already expressed interest in relocating to the new complex. Plans are also underway to construct a 4,500-seat minor league baseball stadium on the site that will have multiple recreational uses beyond baseball. 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, recently announced a 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 \$3.5 million to the project to assist with infrastructure improvements related to the expansion. 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. By 2007, the company expects 650 employees to occupy this space.

In the downtown area, several development projects are planned or are underway that support the revitalization of Danbury's central business district. These projects include the construction of a 28,000 square foot office building bringing approximately 115 new jobs to downtown, the construction of over 300 new housing units including the construction of a four-story apartment building, the renovation of Kennedy Park, renovation to the entrance and public plaza of the Danbury Public Library, and streetscape improvements along Main Street.

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 \$100 million within the next three years on construction activities. The expansion to the Observatory on the Westside campus was recently completed, and the university has broken ground on its new Science Building which is expected to be complete by December 2005. Other projects include a new Center for the Arts, a 600-car parking garage for the Midtown campus, and a new residence hall and parking garage on the Westside campus. The acquisition of the Roberts Avenue School will expand the Midtown campus by six acres and allow for continued growth of the University. These projects demonstrate the University's strong commitment to building on the educational successes in the Danbury area.

Building permit activity continues to demonstrate the vitality of the local economy. Through November 2003, 1,220 permits were issued for residential and commercial construction with a total valuation of \$59 million. While this is a slight reduction from calendar year 2002 when 1,331 permits were issued, the number of residential permits issued remained relatively constant, reflecting the City of Danbury as a desirable place to live. Unemployment in the City remains below the State average. At October 31, 2003, the Department of Labor reported 37,872 individuals employed in Danbury and 1,463 unemployed. Danbury's unemployment rate is 3.7% as compared to the State's rate of 4.5%.

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 City continues to enjoy a strong credit rating receiving a Aa2, and AA, from Moody's Investor's, and Standard and Poors respectively. Both 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 2003-2004.

- ◆ **Western Connecticut Academy of International Studies** – The State of Connecticut has selected Danbury as the home of a new magnet school that will focus 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 will serve 360 students in grades K-5, and will include students from New Fairfield, Newtown and Redding. The school will be constructed on the Westside campus of Western Connecticut State University and is scheduled to begin construction in Spring 2004. The Academy is fully funded by the State of Connecticut.
- ◆ **Construction of a New Senior Center**- In May 2003, the City finished construction on an 8,200 square-foot Senior Center that provides needed recreational space for the City's seniors. The facility includes a large meeting room for performances that can also become four separate classroom spaces, kitchen facilities, handicapped accessible restrooms and administrative offices. This facility complements the existing center, which will continue to be used for activities for senior citizens. The existing facility also underwent renovations, specifically a new tower roof in order to restore the landmark building in compliance with

state and federal guidelines. A second phase of construction is planned for the Senior Center and will include the construction of an 8,500 square-foot facility adjacent to the new Senior Center, that will include craft studios, conference and meeting rooms, and a multi-media room.

- ◆ **North Main Street Redevelopment and Downtown Streetscape Improvements** – This redevelopment project anticipates the acquisition of blighted properties on North Main Street for the construction of housing for Senior Citizens. Additional streetscape improvements including sidewalk replacements, safety lighting and traffic islands within the central business district will improve pedestrian and vehicular traffic flow. This also includes renovations to Library Plaza, which is currently under construction, and additional parking facilities for the Danbury Public Library which was complete in Winter 2003.
- ◆ **Construction of a Parking Garage in the Central Business District**- The project to construct an additional parking garage in the Central Business District is currently in design, and construction is scheduled to begin in 2004. The new garage is part of the Comprehensive Downtown Revitalization Plan and will ease the parking problems in the City's central business district.
- ◆ **Open Space Acquisition** – The City continues to emphasize the acquisition of open space as adding to the quality of life of its residents. Over the last year, the City acquired the Bennetts Farm Property. A total of 70 acres, the property may be used for educational activities and passive recreation.
- ◆ **21st Century Bond Package** – The City has developed a new bond proposal that is scheduled for referendum in March 2004. The package, totaling \$55.5 million, includes funds for the construction of a new elementary school, renovations and expansion of the City's two middle schools, the construction of a new fire station, improvements to parks and playgrounds, bridge and highway repairs and equipment purchases. This new bond package will provide needed funding to continue improvements to the City's infrastructure.

## **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. Over the next year, the City will begin 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 \$250,000 per claim and maintains an aggregate stop loss on these worker's compensation claims of \$1.5 million. The City is fully self-insured for all heart and hypertension liability. Employee medical benefits are fully insured, except for a small portion of the retiree population, which is self-insured.

### **Debt Management**

At year-end, the City had outstanding \$73,324,850 in general obligation bonds, \$26,126,558 outstanding in notes, \$16,370,000 in Bond Anticipation Notes and had \$19,202,090 in authorized but unissued debt.

### **CERTIFICATE OF ACHIEVMENT**

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, 2002. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a 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 15 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.

### **ACKNOWLEDGMENTS**

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,



Dena R. Diorio  
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, 2002

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**

Joseph L. Scozzafava

**Treasurer**

Daniel P. Jowdy

**City Clerk**

Jean Natale

**Common Council**

Vincent Nolan  
President

Kevin N. Barry  
Pauline R. Basso  
Scott Bingaman  
Georgette M. Burns  
Michael J. Calandrino  
Joe Cavo  
John J. Esposito  
Louise P. McMahon  
Shailesh Nagarsheth  
Robert R. Riley  
Wanda L. Payton

Thomas J. Saadi  
Mary G. Saracino  
Gregg W. Seabury  
Colleen A. Stanley  
Michael J. Steinerd  
Mary Teicholz  
Charles J. Trombetta  
Joel B. Urice  
Frederick L. Visconti

Dena Diorio  
Director of Finance

Daniel G. Garrick  
Asst. Director of Finance

Catherine Skurat  
Tax Collector

Colleen Velez  
Tax Assessor

Charles Volpe  
Purchasing Agent

Wade Anderson  
Manager, Info Technology

**Independent Auditors**

McGladrey & Pullen, LLP  
New Haven, Connecticut



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**Financial Section**



## 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, as of and for the year ended June 30, 2003, 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'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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 15 to the basic financial statements, the City adopted the infrastructure provision of GASB Statement No. 34 as of July 1, 2002.

In accordance with "Government Auditing Standards," we have also issued our report dated November 24, 2003 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 grants. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering 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 the Governmental Accounting Standards Board. 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, supplemental and combining and individual nonmajor fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental and combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and 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  
November 24, 2003

**City of Danbury, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2003**

As management of the City of Danbury, Connecticut (the "City"), 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, 2003. 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 \$210.6 million. Total net assets for Governmental Activities at fiscal year-end were \$116.8 million and total net assets for Business-Type Activities were \$93.8 million. Net assets for Business-Type Activities increased by \$1.5 million or 1.6%, while net assets for Governmental Activities increased by \$1.4 million or 1.2%. Of the City's total net assets at June 30, 2003, \$9.5 million or 4.5% is unrestricted and may be used to meet the City's obligation to citizens and creditors.
- ◆ On a government-wide basis, during the year, the City's net assets increased by \$2.9 million or 1.4%, from \$207.7 million to \$210.6 million. Government-wide expenses were \$186.5 million, while revenues were \$189 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 \$13.8 million, an increase of \$4,955,317 from the prior fiscal year. Fund balance increased from (\$5,505,822) to (\$1,398,054) in the Vision 21 and Vision 21-2 Fund. The change in fund balance is a product of the timing of resource flows into and out of the Vision 21 and Vision 21-2 Fund.
- ◆ At the end of the current fiscal year, fund balance for the general fund alone was \$12.8 million, an increase of \$598,444 from the prior fiscal year. Of the total general fund balance, \$11.2 million represents unreserved general fund balance. Unreserved general fund balance at year-end represent 7.3% of total general fund expenditures of \$153 million.
- ◆ The City of Danbury's total bonds and notes payable decreased by \$1.6 million or 1.4%. The decrease is due to an increase in the pay down of principal, and the timing of the City's last bond sale that occurred in July 2003, just after the close of the fiscal year. During the year, the City refinanced some of its existing debt resulting in present value savings of approximately \$102,000.

**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.

It is important to note that the City implemented the new reporting requirements outlined in GASB 34 effective July 1, 2001 (for the fiscal year ending June 30, 2002). The statements contained within this report as of June 30, 2003, therefore are the City of Danbury's second report using the new model.

### **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 16 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 and the Vision 21 and Vision 21 – 2 Bond Issues Fund, both of which are considered to be major funds. 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, Miscellaneous Special Revenue Fund, the City Projects Fund, the Cityworks/Library Reconstruction Fund, and the Farioly Permanent Fund. The Miscellaneous Special Revenue Fund is the consolidation of 55 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 and the special revenue funds.

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. Internal service funds are an accounting device used to accumulate and allocate certain costs internally among the City of Danbury's various functions. The City of Danbury closed its only internal service fund on June 30, 2001.

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 seven agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 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 29-71 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 Note 12 of this report.

### **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 \$210.6 million at June 30, 2003. This is an increase of \$2.9 million from the previous fiscal year.

**CITY OF DANBURY, CONNECTICUT**  
**NET ASSETS, (\$000s)**

	June 30, 2002*			June 30, 2003		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 37,161	\$ 5,990	\$ 43,151	\$ 33,376	\$ 4,942	\$ 38,318
Non-current	7,824	3,600	11,424	6,660	3,482	10,142
Capital assets	170,343	145,702	316,045	174,911	145,002	319,913
<b>Total Assets</b>	<b>215,328</b>	<b>155,292</b>	<b>370,620</b>	<b>214,947</b>	<b>153,426</b>	<b>368,373</b>
Current liabilities	25,138	9,472	34,610	16,050	12,995	29,045
Long-term liabilities outstanding	74,818	53,503	128,321	82,083	46,661	128,744
<b>Total Liabilities</b>	<b>99,956</b>	<b>62,975</b>	<b>162,931</b>	<b>98,133</b>	<b>59,656</b>	<b>157,789</b>
Net assets:						
Invested in capital assets, net of related debt	106,099	92,199	198,298	103,874	95,715	199,589
Restricted	1,477	-	1,477	1,477	-	1,477
Unrestricted	7,796	118	7,914	11,463	(1,945)	9,518
<b>Total Net Assets</b>	<b>\$ 115,372</b>	<b>\$ 92,317</b>	<b>\$ 207,689</b>	<b>\$ 116,814</b>	<b>\$ 93,770</b>	<b>\$ 210,584</b>

\*Amounts restated to show infrastructure.

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 \$210.6 million. This is up from last year's net assets of \$207.7 million. Total net assets for Governmental Activities at fiscal year-end were \$116.8 million (up from \$115.4 million in the previous year) and total net assets for Business-type activities were \$93.8 million (up from \$92.3 million in the previous year). Of the City's total net assets at June 30, 2003, \$9.5 million or 4.5% is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. This compares with last year's total unrestricted net assets of \$7.9 million or 3.8% unrestricted.

By far the largest portion of the City of Danbury's net assets (94.8%) 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.

**CITY OF DANBURY, CONNECTICUT  
CHANGES IN NET ASSETS (\$000s)**

	Year Ended June 30, 2002*			Year Ended June 30, 2003		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 16,270	\$ 12,547	\$ 28,817	\$ 13,855	\$ 11,479	\$ 25,334
Operating Grants and Contributions	37,143	166	37,309	35,935	811	36,746
Capital Grants and Contributions	1,163	3,924	5,087	1,889	1,883	3,772
General Revenues:						
Property Taxes	109,623	-	109,623	115,198	-	115,198
Grants not restricted to specific programs	8,850	732	9,582	7,727	-	7,727
Unrestricted investment earnings	445	428	873	249	412	661
<b>Total Revenues</b>	<b>173,494</b>	<b>17,797</b>	<b>191,291</b>	<b>174,853</b>	<b>14,585</b>	<b>189,438</b>
<b>Expenses:</b>						
General Government	13,377		13,377	11,024	-	11,024
Public Safety	32,215		32,215	33,711	-	33,711
Public Works	7,757	12,101	19,858	10,178	13,133	23,311
Health and Welfare	3,982		3,982	5,282	-	5,282
Culture and Recreation	3,553		3,553	5,662	-	5,662
Education	101,072		101,072	104,144	-	104,144
Other	1,702		1,702	746	-	746
Interest on long-term debt	2,194		2,194	2,664	-	2,664
<b>Total Expenses</b>	<b>165,852</b>	<b>12,101</b>	<b>177,953</b>	<b>173,411</b>	<b>13,133</b>	<b>186,544</b>
<b>Change in net assets</b>	<b>7,642</b>	<b>5,696</b>	<b>13,338</b>	<b>1,442</b>	<b>1,452</b>	<b>2,894</b>
<b>Net assets – beginning</b>	<b>48,069</b>	<b>86,622</b>	<b>134,691</b>	<b>115,372</b>	<b>92,318</b>	<b>207,690</b>
<b>Net assets - ending</b>	<b>\$ 55,711</b>	<b>\$ 92,318</b>	<b>\$ 148,029</b>	<b>\$ 116,814</b>	<b>\$ 93,770</b>	<b>\$ 210,584</b>

\* The statement for June 30, 2002 cannot be restated to reflect the inclusion of infrastructure assets in the financial statements. GASB 34 did not require that these assets be included as of June 30, 2002.

Danbury's net assets increased by \$2.9 million during the fiscal year, with net assets of Governmental Activities increasing by \$1.4 million, and net assets of Business-Type Activities increasing by \$1.5 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 outstripped increases in expenses.

**Government Activities**

For Governmental activities, more than 65.9% of the revenues were derived from property taxes (up from 62.3% in the prior year), followed by 29.6% from program revenues, then 4.4% from

unrestricted grants, and finally about .1% 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 2003 reflect an increase in the City's tax rate of 3.9% and growth in the total assessed value of property of 2.1%
- ◆ Investment earnings fell from almost \$428,000 in the prior fiscal year to \$250,000 for the fiscal year ending June 30, 2003. The reduction in interest and dividend earnings was the result of a slowing economy and the subsequent reduction to interest rates, which remain at 40 year lows.

For Governmental Activities, more than 60.1% of the City's expenditures relate to education, 19.4% relate to public safety, 6.4% for general government, 5.9% for public works, 3% for health and welfare, 3.3% for cultural and recreation, 1.5% for interest on long-term debt and finally .4% for other activities.

Major expenditure factors included:

- ◆ Employee benefit costs rose almost \$1.0 million or 15.5% due to rising health insurance costs.
- ◆ Costs associated with other types of insurance including worker's compensation, automobile, public liability, fire, and uninsured losses increased 11% over the prior year going from \$1,925,576 to \$2,138,244.
- ◆ Debt payments increased by \$876,332 or 11.8%. Debt payments from the City's bond sale in May 2002 began this year.
- ◆ Education increased \$4.4 million or 5.7% reflecting the rising cost of education.

### **Business-Type Activities**

Business-Type activities increased the City's net assets by \$1.5 million accounting for 50.2% of the total growth in the government's net assets. Key elements of this increase are as follows:

The Sewer Fund recorded septic and connection charges totaling \$887,420.

The Water and Sewer Funds recorded capital contributions of \$1,882,607, a reduction of \$2,041,163 from the prior year. Despite this reduction from the prior year, new capital contributions caused overall net assets in these funds to increase.

## **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 \$13.9 million. This includes a negative (deficit) fund balance of \$1.4 million in the Vision 21 and Vision 21-2 Bond Fund that will be eliminated through future debt issuance. The General Fund and Nonmajor Governmental Funds reported fund balances of \$12.8 million and \$2.5 million respectively. Approximately \$11.2 million of the General Fund's fund balance constitutes unreserved fund balance that is available for spending at the government's discretion. The remainder of the General Fund's fund balance, \$1.6 million, is reserved to liquidate contracts and purchase orders of the prior period, and is not available for new spending.

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 \$11.2 million while total fund balance reached \$12.8. 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 7.3% of total general fund expenditures, while total fund balance represents 8.4% of that same amount.

The fund balance of the City of Danbury's general fund increased by \$598,444 during the current fiscal year. Key factors in this increase are as follows:

- ◆ The adopted budget included a \$2,275,000 drawdown of fund balance. Strong revenue collections in several areas negated the use of fund balance.

The Vision 21 Bond Issue Fund has a total fund balance (deficit) of (\$1,398,054), an increase of \$4,107,168 from (\$5,505,822) in the prior year. The decrease in the deficit is due to the timing of the City's last bond sale which occurred in August 2003, just after the close of the fiscal year but prior to this report date and as such, \$12,320,000 of bond proceeds were recognized as other financing sources in the current fiscal year. As stated earlier, the remaining fund deficit will be eliminated through future debt issuance.

The Nonmajor Governmental Funds has a total fund balance of \$2.5 million, up from \$2.2 million in the prior year. The increase was primarily due to the timing of State and Federal reimbursement for grant programs.

**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 \$47.7 million. The fund experienced a net operating loss during the year of \$286,237, however, \$1.1 million in capital contributions resulted in the fund increasing its net assets by \$286,012. Unrestricted net assets at year-end totaled \$1.9 million

Net assets of the Sewer Fund at the end of the year were \$46.1 million. The fund experienced an operating income of \$284,457. That and capital contributions of \$756,051 helped to increase the fund's overall net assets by \$1.2 million. Unrestricted net assets of the Sewer Fund were a deficit of \$3.9 million. This is due a significant portion of the fund's net assets being invested in capital assets.

### **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$1.2 million. The major additional appropriations approved during the year are summarized below:

- ◆ \$552,600 additional appropriations to various departments throughout the City for snow removal and weather related expenses.
- ◆ \$179,059 additional appropriation for the Board of Education to offset reductions in anticipated revenue due to budget rescissions by the State of Connecticut.
- ◆ \$150,000 additional appropriation for litigation related expenses.
- ◆ \$99,562 additional appropriation to cover wage increases from the settlement of collective bargaining agreements.
- ◆ \$76,880 additional appropriation to purchase land as part of the City's initiative to increase open space.

During the year, actual revenues on a budgetary basis were \$149.4 million, which exceeded budgetary estimates by \$1.8 million. Charges for services exceeded budgetary estimates by \$2.3 million due primarily to revenue received from the sale of land to the State of Connecticut netting \$1.9 million. Revenues derived from licenses and permits exceeded estimates by \$66,554 due to higher than anticipated conveyance tax receipts and town clerk fees. Actual investment income was \$300,374 short of the \$550,000 that had been anticipated. The budget for investment income was predicated upon prevailing short-term interest rates in Spring 2002, which have continued to decline and remain at 40 year lows.

Actual expenditures on a budgetary basis totaled \$149.3 million, which were less than actual revenues on a budgetary basis by \$43,680.

## Capital Asset and Debt Administration

**Capital assets.** As of June 30, 2003, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to \$319.9 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 \$3.9 million or 1.2%.

### CITY OF DANBURY, CONNECTICUT CAPITAL ASSETS (net of depreciation)

	June 30, 2002			June 30, 2003		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 30,951,673	\$ 1,031,946	\$ 31,983,619	\$ 31,345,073	\$ 1,031,946	\$ 32,377,019
Land Improvements	387,709	-	387,709	6,616,630	-	6,616,630
Buildings and Improvements	66,821,523	76,767,018	143,588,541	69,101,861	74,469,086	143,570,947
Machinery and Equipment	5,572,333	146,284	5,718,617	7,096,682	400,284	7,496,966
Infrastructure	60,659,661	67,018,406	127,678,067	59,874,699	67,719,636	127,594,335
Other	-	342,679	342,679	-	343,740	343,740
Construction in Progress	5,950,327	334,325	6,284,652	876,152	1,037,817	1,913,969
<b>Total</b>	<b>\$ 170,343,226</b>	<b>\$ 145,640,658</b>	<b>\$ 315,983,884</b>	<b>\$ 174,911,097</b>	<b>\$ 145,002,509</b>	<b>\$ 319,913,606</b>

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

- ◆ Completion of the new Senior Center, and auditorium and field improvements at Danbury High School.
- ◆ Land acquisition and renovations to the City's parks.
- ◆ Infrastructure improvements including sidewalks, roads and bridges.

Additional information on the City of Danbury's capital assets can be found in note 7 on pages 45 to 48 of this report.

**Long-term debt.** At the end of the current fiscal year the City of Danbury had total bonded debt outstanding of \$73,324,850 million. 100% of this debt is backed by the full faith and credit of the city government.

**CITY OF DANBURY, CONNECTICUT  
LONG-TERM DEBT**

	June 30, 2002			June 30, 2003		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 55,007,000	\$ 24,918,000	\$ 79,925,000	\$ 50,009,500	\$ 23,315,350	\$ 73,324,850
Bond anticipation notes	8,670,000	-	8,670,000	16,370,000	-	16,370,000
Notes payable	248,446	28,584,605	28,833,051	161,335	25,965,223	26,126,558
<b>Total</b>	<b>\$ 63,925,446</b>	<b>\$ 53,502,605</b>	<b>\$ 117,428,051</b>	<b>\$ 66,540,835</b>	<b>\$ 49,280,573</b>	<b>\$ 115,821,408</b>

The City of Danbury's total debt decreased by \$1.6 or 1.4% during the current fiscal year. During the year, the City issued Bond Anticipation Notes totaling \$27,740,000, increasing its outstanding balance to \$36,410,000. Repayments over the course of the year totaling \$20,040,000 resulted in an outstanding balance at June 30, 2003 of \$16,370,000. The City also refinanced some of its existing debt to take advantage of favorable interest rates that resulted in present value savings of approximately \$102,000.

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, and AA from Standard and Poors.

The overall statutory debt limit for the City of Danbury is equal to seven times annual receipts from taxation or \$813,687,651. As of June 30, 2003, the City recorded bond and notes payable of \$66.5 million related to Governmental Activities and \$49.3 million related Business-Type Activities, well below its statutory debt limit.

Additional information on the City of Danbury's bond anticipation notes and long-term debt can be found in Notes 8 and 9 on pages 49-58 of this report.

**Cash Management Policies and Practices.** At June 30, 2003, the City had \$30.3 million in cash and cash equivalents. The City also had \$179.2 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% 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, 2003 were \$3,432,000.

As of June 30, 2003, the six plans had aggregate net assets of \$193.7 million, up slightly from \$193.5 million on June 30, 2002. 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 \$216.3 million, while the actuarial accrued liability was \$209.2. On an actuarial accrued basis, the City's liability was in the aggregate, 103% funded.

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

The City of Danbury has not been immune from the effects of the national economic downturn. As of June 2003, the unemployment rate for the Danbury Labor Market Area was 3.4% up slightly from 3.3% in the prior year. The City of Danbury's unemployment rate was 4.5% up from 3.9% at June 30, 2002. Connecticut's overall unemployment rate was 5.2% at June 30, 2003, up from 4.3% a year ago. Moreover, Connecticut state government is once again reporting revenue shortfalls that may translate into reductions in State aid to the City of Danbury and other municipalities in the State.

Nevertheless, the City of Danbury is well positioned to deal with the present economic downturn. Since June 30, 2003, unemployment rates in the Danbury Labor Market Area and the City of Danbury have dropped to 3.0% and 3.7% respectively. 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.

### **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, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total*
<b>Assets</b>			
Cash and cash equivalents	\$ 16,216,786	\$ 1,574,687	\$ 17,791,473
Receivables (net of allowances for collection losses):			
Property taxes	3,911,481	-	3,911,481
Unbilled services	-	1,753,927	1,753,927
Special assessments	-	456,469	456,469
Accounts receivable	376,439	-	376,439
Federal and state governments	437,316	-	437,316
Other	10,136,125	811,541	10,947,666
Inventories	69,552	345,228	414,780
Other assets	77,745	-	77,745
Internal balances	2,150,000	(2,150,000)	-
Noncurrent assets:			
Capital assets, net of accumulated depreciation	174,911,097	145,002,509	319,913,606
Special assessments receivable	-	3,481,972	3,481,972
Deferred charges, net of accumulated amortization	131,473	-	131,473
Federal and state government receivables	6,528,673	-	6,528,673
<b>Total assets</b>	<b>214,946,687</b>	<b>151,276,333</b>	<b>366,223,020</b>
<b>Liabilities</b>			
Accounts payable	5,526,339	479,510	6,005,849
Accrued liabilities	4,751,007	621,540	5,372,547
Unearned revenues	1,722,222	7,124,977	8,847,199
Bond anticipation notes payable	4,050,000	-	4,050,000
Noncurrent liabilities:			
Due within one year	7,283,831	4,197,032	11,480,863
Due in more than one year	74,799,346	45,083,541	119,882,887
<b>Total liabilities</b>	<b>98,132,745</b>	<b>57,506,600</b>	<b>155,639,345</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	103,874,275	95,714,349	199,588,624
Restricted for library	1,477,174	-	1,477,174
Unrestricted	11,462,493	(1,944,616)	9,517,877
<b>Total net assets</b>	<b>\$ 116,813,942</b>	<b>\$ 93,769,733</b>	<b>\$210,583,675</b>

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

\* After internal receivables and payables have been eliminated.

<b>Component Units</b>		
<b>Danbury Parking Authority</b>	<b>Richter Park Authority</b>	<b>Tarrywile Park Authority</b>
\$ 462,523	\$ 335,546	\$ 66,334
-	-	-
-	-	-
-	-	-
30,147	-	375
-	-	-
-	-	-
9,852	-	-
3,577	-	7,650
-	-	-
147,955	3,591,352	32,235
-	-	-
-	-	-
-	-	-
<u>654,054</u>	<u>3,926,898</u>	<u>106,594</u>
20,020	-	29,232
34,260	13,916	4,687
17,753	-	-
-	-	-
-	79,128	-
-	182,990	-
<u>72,033</u>	<u>276,034</u>	<u>33,919</u>
147,955	3,329,234	32,235
-	-	-
434,066	321,630	40,440
<u>\$ 582,021</u>	<u>\$ 3,650,864</u>	<u>\$ 72,675</u>

CITY OF DANBURY, CONNECTICUT

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2003

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ (10,942,508)	\$ 7,347,101	\$ 1,011,704	\$ 512,983
Public safety	(33,710,512)	96,414	290,982	21,421
Public works	(10,178,026)	-	283,586	275,908
Health and welfare	(5,281,532)	1,283,469	1,062,837	-
Culture and recreation	(5,662,056)	19,580	381,184	-
Education	(104,143,757)	5,108,799	32,904,861	1,078,385
Other	(746,206)	-	-	-
Interest on long-term debt	(2,664,230)	-	-	-
<b>Total governmental activities</b>	<b>(173,328,827)</b>	<b>13,855,363</b>	<b>35,935,154</b>	<b>1,888,697</b>
Business-type activities:				
Sewer	(7,679,746)	7,197,995	631,320	756,051
Water	(5,452,025)	4,280,950	179,215	1,126,556
<b>Total business-type activities</b>	<b>(13,131,771)</b>	<b>11,478,945</b>	<b>810,535</b>	<b>1,882,607</b>
<b>Total primary government</b>	<b>(186,460,598)</b>	<b>25,334,308</b>	<b>36,745,689</b>	<b>3,771,304</b>
<b>Component Units:</b>				
Danbury Parking Authority	(681,764)	696,049	2,767	-
Richter Park Authority	(1,681,035)	1,646,952	-	-
Tarrywile Park Authority	(392,611)	119,580	245,000	10,000
<b>Total component units</b>	<b>\$ (2,755,410)</b>	<b>\$ 2,462,581</b>	<b>\$ 247,767</b>	<b>\$ 10,000</b>

General revenues:  
Property taxes  
Grants and contributions not restricted to specific programs  
Unrestricted investment earnings  
Loss on disposal of capital assets  
Total general revenues  
Change in net assets  
Net assets - beginning, as restated (Note 15)  
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			
\$ (2,070,720)	\$ -	\$ (2,070,720)	\$ -	\$ -	\$ -			
(33,301,695)	-	(33,301,695)	-	-	-			
(9,618,532)	-	(9,618,532)	-	-	-			
(2,935,226)	-	(2,935,226)	-	-	-			
(5,261,292)	-	(5,261,292)	-	-	-			
(65,051,712)	-	(65,051,712)	-	-	-			
(746,206)	-	(746,206)	-	-	-			
(2,664,230)	-	(2,664,230)	-	-	-			
(121,649,613)	-	(121,649,613)	-	-	-			
-	905,620	905,620	-	-	-			
-	134,696	134,696	-	-	-			
-	1,040,316	1,040,316	-	-	-			
(121,649,613)	1,040,316	(120,609,297)	-	-	-			
-	-	-	17,052	-	-			
-	-	-	-	(34,083)	-			
-	-	-	-	-	(18,031)			
-	-	-	17,052	(34,083)	(18,031)			
115,197,914	-	115,197,914	-	-	-			
7,726,595	-	7,726,595	-	-	-			
249,626	411,795	661,421	9,175	4,195	781			
(82,470)	-	(82,470)	-	-	-			
123,091,665	411,795	123,503,460	9,175	4,195	781			
1,442,052	1,452,111	2,894,163	26,227	(29,888)	(17,250)			
115,371,890	92,317,622	207,689,512	555,794	3,680,752	89,925			
\$ 116,813,942	\$ 93,769,733	\$ 210,583,675	\$ 582,021	\$ 3,650,864	\$ 72,675			

CITY OF DANBURY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2003

	General	Vision 21 and Vision 21 <sup>2</sup>	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 7,673,171	\$ 3,019,563	\$ 5,524,052	\$ 16,216,786
Receivables (net of allowances for collection losses):		-	-	
Property taxes	3,911,481	-	-	3,911,481
Accounts receivable	-	-	358,316	358,316
State and federal governments	4,798,397	1,081,210	1,876,873	7,756,480
Other	1,036,772	-	45,394	1,082,166
Inventories	-	-	69,552	69,552
Other assets	77,746	-	-	77,746
Due from other funds	6,014,254	-	17,911	6,032,165
<b>Total assets</b>	<b>\$ 23,511,821</b>	<b>\$ 4,100,773</b>	<b>\$ 7,892,098</b>	<b>\$ 35,504,692</b>
<b>Liabilities</b>				
Accounts payable	\$ 4,316,983	\$ 748,827	\$ 1,287,574	\$ 6,353,384
Accrued wages	2,780,626	-	-	2,780,626
Due to other funds	16,111	1,850,000	2,016,054	3,882,165
Deferred revenues	3,605,437	-	961,491	4,566,928
Bond anticipation notes payable	-	2,900,000	1,150,000	4,050,000
<b>Total liabilities</b>	<b>10,719,157</b>	<b>5,498,827</b>	<b>5,415,119</b>	<b>21,633,103</b>
<b>Fund Balances (Deficits)</b>				
Reserved for:				
Inventories	-	-	69,552	69,552
Encumbrances	1,576,475	2,673,563	-	4,250,038
Permanent fund	-	-	1,477,174	1,477,174
Unreserved, reported in:				
General fund	11,216,189	-	-	11,216,189
Special revenue funds	-	-	1,642,245	1,642,245
Capital projects funds	-	(4,071,617)	(766,181)	(4,837,798)
Permanent fund	-	-	54,189	54,189
Total fund balances (deficits)	12,792,664	(1,398,054)	2,476,979	13,871,589
<b>Total liabilities and fund     balances (deficits)</b>	<b>\$ 23,511,821</b>	<b>\$ 4,100,773</b>	<b>\$ 7,892,098</b>	

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

Capital assets, net of accumulated depreciation of \$128,968,173, 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.	174,911,097
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized.	8,281,590
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(80,250,334)

Net assets of governmental activities \$ 116,813,942

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, 2003

	General	Vision 21 and Vision 21 <sup>2</sup>	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 114,944,665	\$ -	\$ -	\$ 114,944,665
State and federal governments	28,907,708	1,078,385	17,665,163	47,651,256
Licenses and permits	2,549,179	-	14,374	2,563,553
Charges for services	4,686,431	-	4,081,049	8,767,480
Fines and penalties	1,004,335	-	-	1,004,335
Investment income	249,626	-	25,050	274,676
Other	105,206	-	481,834	587,040
<b>Total revenues</b>	<b>152,447,150</b>	<b>1,078,385</b>	<b>22,267,470</b>	<b>175,793,005</b>
<b>EXPENDITURES</b>				
Current:				
General government	8,257,783	-	152,183	8,409,966
Public safety	21,119,089	-	2,227,184	23,346,273
Public works	6,200,904	-	-	6,200,904
Health and welfare	1,449,139	-	-	1,449,139
Culture and recreation	3,933,541	-	-	3,933,541
Education	83,256,220	-	631,503	83,887,723
State and federal programs	-	-	19,512,783	19,512,783
Pension and other employee benefits	15,529,121	-	-	15,529,121
Other	2,248,533	-	-	2,248,533
Debt service:				
Principal retirements	5,124,462	-	-	5,124,462
Interest and other changes	2,668,995	-	-	2,668,995
Capital outlay	3,181,618	9,352,617	398,548	12,932,783
<b>Total expenditures</b>	<b>152,969,405</b>	<b>9,352,617</b>	<b>22,922,201</b>	<b>185,244,223</b>
<b>Revenues under expenditures</b>	<b>(522,255)</b>	<b>(8,274,232)</b>	<b>(654,731)</b>	<b>(9,451,218)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	62,000	965,836	1,027,836
Transfers out	(965,836)	-	(62,000)	(1,027,836)
BAN proceeds	-	12,320,000	-	12,320,000
Refunding bonds issued	1,190,000	-	-	1,190,000
Payment to refunding agent	(1,177,816)	-	-	(1,177,816)
Premium on bonds issued	50,527	-	-	50,527
Lease proceeds	2,023,824	-	-	2,023,824
<b>Total other financing sources</b>	<b>1,120,699</b>	<b>12,382,000</b>	<b>903,836</b>	<b>14,406,535</b>
<b>Net change in fund balances</b>	<b>598,444</b>	<b>4,107,768</b>	<b>249,105</b>	<b>4,955,317</b>
<b>FUND BALANCES (DEFICITS), beginning</b>	<b>12,194,220</b>	<b>(5,505,822)</b>	<b>2,227,874</b>	<b>8,916,272</b>
<b>FUND BALANCES (DEFICITS), ending</b>	<b>\$ 12,792,664</b>	<b>\$ (1,398,054)</b>	<b>\$ 2,476,979</b>	<b>\$ 13,871,589</b>

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

**CITY OF DANBURY, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2003**

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Amounts reported for governmental activities in the statement of activities (pages 18-19) are different because:

Net change in fund balances – total governmental funds (page 21)	\$ 4,955,317
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.	4,650,341
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(82,470)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(847,096)
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.	(7,469,421)
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.	<u>235,381</u>
Change in net assets of governmental activities (page 19)	<u>\$ 1,442,052</u>

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, 2003**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 115,150,456	\$ 115,150,456	\$ 114,944,665	\$ (205,791)
Federal and state governments	26,006,599	26,106,161	25,821,708	(284,453)
Licenses and permits	2,482,625	2,482,625	2,549,179	66,554
Charges for services	1,914,691	2,437,536	4,686,431	2,248,895
Fines and penalties	811,425	811,425	1,004,335	192,910
Investment income	550,000	550,000	249,626	(300,374)
Other	50,237	50,237	105,206	54,969
<b>Total revenues</b>	<u>146,966,033</u>	<u>147,588,440</u>	<u>149,361,150</u>	<u>1,772,710</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,311,600	8,558,965	8,303,852	255,113
Public safety	20,957,594	21,452,716	21,319,959	132,757
Public works	5,631,311	6,308,260	6,208,842	99,418
Health and welfare	1,522,396	1,530,762	1,444,240	86,522
Culture and recreation	3,889,291	3,935,719	3,925,448	10,271
Education	81,782,852	81,942,158	81,920,189	21,969
Pension and other employee benefits	15,781,343	15,688,938	15,515,299	173,639
Other	2,246,051	2,478,350	2,186,004	292,346
Capital outlay	113,600	200,180	200,180	-
Contingency	680,000	-	-	-
Debt service:				
Principal retirements	5,624,462	5,624,462	5,624,462	-
Interest	2,700,533	2,700,533	2,668,995	31,538
<b>Total expenditures</b>	<u>149,241,033</u>	<u>150,421,043</u>	<u>149,317,470</u>	<u>1,103,573</u>
<b>Revenues over (under) expenditures</b>	<u>\$ (2,275,000)</u>	<u>\$ (2,832,603)</u>	43,680	<u>\$ 2,876,283</u>
<b>UNRESERVED FUND BALANCE, beginning</b>			<u>11,406,086</u>	
<b>Total unreserved budgetary fund balance</b>			11,449,766	
<b>Less: change in nonbudgetary accruals</b>			<u>(233,577)</u>	
<b>UNRESERVED FUND BALANCE, ending</b>			<u>\$ 11,216,189</u>	

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

**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**

**June 30, 2003**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 677,383	\$ 897,304	\$ 1,574,687
Receivables (net of allowances for collection losses):			
Unbilled services	752,963	1,000,964	1,753,927
Special assessments receivable	243,791	212,678	456,469
Other	261,907	549,634	811,541
Inventories	345,228	-	345,228
<b>Total current assets</b>	<b>2,281,272</b>	<b>2,660,580</b>	<b>4,941,852</b>
Noncurrent assets:			
Capital assets (net of accumulated depreciation)	64,659,591	80,342,918	145,002,509
Special assessments receivable	850,163	2,631,809	3,481,972
<b>Total noncurrent assets</b>	<b>65,509,754</b>	<b>82,974,727</b>	<b>148,484,481</b>
<b>Total assets</b>	<b>67,791,026</b>	<b>85,635,307</b>	<b>153,426,333</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accrued liabilities	535,132	86,408	621,540
Accounts payable	168,867	310,643	479,510
Due to other funds	550,000	1,600,000	2,150,000
Deferred revenues	-	7,124,977	7,124,977
Notes payable - current	-	2,619,382	2,619,382
<b>Total current liabilities</b>	<b>1,253,999</b>	<b>11,741,410</b>	<b>12,995,409</b>
Noncurrent liabilities:			
Notes payable (net of unamortized discount)	-	23,345,841	23,345,841
Bonds payable (net of unamortized discount)	18,824,350	4,491,000	23,315,350
<b>Total noncurrent liabilities</b>	<b>18,824,350</b>	<b>27,836,841</b>	<b>46,661,191</b>
<b>Total liabilities</b>	<b>20,078,349</b>	<b>39,578,251</b>	<b>59,656,600</b>
<b>NET ASSETS</b>			
Invested in capital assets (net of related debt)	45,827,654	49,886,695	95,714,349
Unrestricted (deficit)	1,885,023	(3,829,639)	(1,944,616)
<b>Total net assets</b>	<b>\$ 47,712,677</b>	<b>\$ 46,057,056</b>	<b>\$ 93,769,733</b>

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

CITY OF DANBURY, CONNECTICUT

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

For the Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 4,145,050	\$ 6,209,480	\$ 10,354,530
Septic and connection fees	-	887,420	887,420
Miscellaneous	135,900	101,095	236,995
<b>Total operating revenues</b>	<b>4,280,950</b>	<b>7,197,995</b>	<b>11,478,945</b>
<b>OPERATING EXPENSES</b>			
Salaries, benefits and claims	2,023,572	-	2,023,572
Materials and supplies	380,828	-	380,828
Depreciation	1,251,450	2,622,693	3,874,143
Utilities	298,095	-	298,095
Administration and operation	613,242	4,290,845	4,904,087
<b>Total operating expenses</b>	<b>4,567,187</b>	<b>6,913,538</b>	<b>11,480,725</b>
<b>Operating income (loss)</b>	<b>(286,237)</b>	<b>284,457</b>	<b>(1,780)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	151,316	260,479	411,795
Other income	179,215	631,320	810,535
Interest expense	(884,838)	(766,208)	(1,651,046)
<b>Total nonoperating revenues (expenses)</b>	<b>(554,307)</b>	<b>125,591</b>	<b>(428,716)</b>
<b>Net income (loss) before capital contributions</b>	<b>(840,544)</b>	<b>410,048</b>	<b>(430,496)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>1,126,556</b>	<b>756,051</b>	<b>1,882,607</b>
<b>Change in net assets</b>	<b>286,012</b>	<b>1,166,099</b>	<b>1,452,111</b>
<b>FUND NET ASSETS, beginning</b>	<b>47,426,665</b>	<b>44,890,957</b>	<b>92,317,622</b>
<b>FUND NET ASSETS, ending</b>	<b>\$ 47,712,677</b>	<b>\$ 46,057,056</b>	<b>\$ 93,769,733</b>

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

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 4,793,090	\$ 7,624,554	\$ 12,417,644
Payments to suppliers and personnel	(2,741,311)	(3,440,822)	(6,182,133)
<b>Net cash provided by operating activities</b>	<b>2,051,779</b>	<b>4,183,732</b>	<b>6,235,511</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Principal payments on debt	(1,233,500)	(2,988,532)	(4,222,032)
Interest paid on debt	(884,838)	(766,208)	(1,651,046)
Capital contributions	1,126,556	756,051	1,882,607
Purchase of property and equipment	(1,742,987)	(1,493,007)	(3,235,994)
<b>Net cash used in capital and related financing activities</b>	<b>(2,734,769)</b>	<b>(4,491,696)</b>	<b>(7,226,465)</b>
<b>Cash Flows From Investing Activities</b>			
Interest received on investments	151,316	260,479	411,795
<b>Net cash provided by investing activities</b>	<b>151,316</b>	<b>260,479</b>	<b>411,795</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(531,674)</b>	<b>(47,485)</b>	<b>(579,159)</b>
<b>Cash and Cash Equivalents</b>			
Beginning	1,209,057	944,789	2,153,846
Ending	\$ 677,383	\$ 897,304	\$ 1,574,687
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Operating income (loss)	\$ (286,237)	\$ 284,457	\$ (1,780)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,251,450	2,622,693	3,874,143
Other income	179,215	631,320	810,535
Changes in assets and liabilities:			
Decrease in accounts receivable	34,465	88,626	123,091
Decrease in other receivables	298,460	267,911	566,371
Increase in inventories	(40,981)	-	(40,981)
Increase in other assets	-	-	-
Increase in accrued expenses	65,407	188,729	254,136
Increase in due to other funds	550,000	600,000	1,150,000
Decrease in deferred revenue	-	(500,004)	(500,004)
<b>Net cash provided by operating activities</b>	<b>\$ 2,051,779</b>	<b>\$ 4,183,732</b>	<b>\$ 6,235,511</b>

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, 2003**

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,589,007	\$ 1,322	\$ 1,900,242
Investments, at fair value			
U.S. government obligations	40,168,564	-	-
Corporate bonds	28,049,818	-	-
Corporate stocks	108,008,807	-	-
Mutual funds	2,954,924	-	-
<b>Total investments</b>	<b>179,182,113</b>	<b>-</b>	<b>-</b>
Contribution receivable	3,432,000	-	-
Accrued interest and dividends	822,067	-	-
Pending sales	93,134	-	-
<b>Total assets</b>	<b>194,118,321</b>	<b>1,322</b>	<b>1,900,242</b>
<b>LIABILITIES</b>			
Pending purchases	411,602	-	-
Other liabilities	-	-	1,900,242
	411,602	-	1,900,242
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes</b>	<b>\$ 193,706,719</b>	<b>\$ 1,322</b>	<b>\$ -</b>

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

**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2003**

	Pension Trust Funds	Private Purpose Trust Fund
<b>Additions</b>		
Contributions		
Employer	\$ 3,432,000	\$ -
Plan members	637,921	-
<b>Total contributions</b>	<u>4,069,921</u>	<u>-</u>
Investment Income		
Net depreciation in fair value of investments	(440,365)	-
Interest and dividends	7,000,496	29
	<u>6,560,131</u>	<u>29</u>
Less investment expenses:		
Investment management fees	808,610	-
	<u>808,610</u>	<u>-</u>
<b>Net investment income</b>	<u>5,751,521</u>	<u>29</u>
<b>Total additions</b>	9,821,442	29
<b>Deductions</b>		
Benefits paid	9,643,160	-
	<u>9,643,160</u>	<u>-</u>
<b>Change in net assets</b>	178,282	29
<b>Net Assets</b>		
Beginning of year	193,528,437	1,293
	<u>193,528,437</u>	<u>1,293</u>
End of year	<u>\$ 193,706,719</u>	<u>\$ 1,322</u>

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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

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

**Reporting entity**

The City was created in 1889 and operates under an elected Mayor/Council form of government. The City's major operations include education services, health, social services, public safety, public roads, culture and recreation, public improvements, 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, 2003.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2003

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The Danbury Parking Authority (“Parking Authority”) is responsible for establishing and operating parking facilities within the City in a manner similar to a private business enterprise where the costs of providing services to the general public are financed through user charges. The Parking Authority is governed by members 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, 2003.

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, 2002.

Complete financial statements for each of the individual component units may be obtained at the entity’s 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 14 in the notes to financial statements.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the 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

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2003

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separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate 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. 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 government 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.

Property taxes, when levied for, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2003**

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

The City reports the following major proprietary funds:

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

The *Sewer Fund* accounts for the operations of the City's wastewater treatment system. The City, through U.S. Filter Operating Services, Inc. ("U.S. Filter"), operates its own sewage treatment plant, sewage pumping stations, and collection system. It is independent in terms of its relationship to other City functions. U.S. Filter finances all aspects of the sewage system operations and recovers such costs through direct charges to the users of the service.

Additionally, the City reports the following fiduciary 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 groups and agencies. Agency funds have no measurement focus and are reported on the accrual basis of accounting.

## **CITY OF DANBURY, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued** **June 30, 2003**

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Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary 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 business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the funds are charges to customers for services. Operating expenses for the funds include the cost of operations and maintenance, provision for doubtful accounts, 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 government'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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

#### **Property taxes**

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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2003**

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**Cash equivalents**

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

**Investments**

Investments, all of which are held in the pension trust funds, are recorded at fair value based on quoted market prices. The City's investments are in its Pension Trust Funds.

**Inventories**

Inventories of governmental fund types are stated at cost 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) 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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such 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.

As permitted under GASB Statement No. 34 prospective reporting of general infrastructure assets in the statement of net assets is required beginning July 1, 2001. Retroactive reporting of all major general infrastructure assets is required no later than the fiscal year beginning July 1, 2005. The City has retroactively reported its infrastructure as of June 30, 2002.

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.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

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

<b>Assets</b>	<b>Years</b>
Buildings and improvements	20-50
Land improvements	40-50
Distribution and collection systems	50-100
Infrastructure	30-50
Machinery and equipment	5-20
Vehicles	10
Other	10
Furniture and fixtures	10

**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 amounts expected to be paid with available resources, for example, as a result of employee resignations and retirements.

**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.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2003

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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.

#### **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.

#### **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.

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

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

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2003

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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.

*Unreserved Fund Balance* - indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

**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 \$(80,250,334) difference are as follows:

Bonds payable	\$ (62,329,500)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	128,473
Add: Issuance premium (to be amortized over life of debt)	(131,473)
Deferred revenue	2,854,780
Capital leases payable	(3,624,928)
Notes payable	(161,335)
Compensated absences and other liabilities	(1,120,166)
Landfill closure	(14,223,958)
Other liabilities	(625,000)
Accrued expenses	<u>(1,017,227)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ (80,250,334)</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2003

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$4,650,341 difference are as follows:

Capital outlay	\$ 12,897,488
Depreciation expense	<u>(8,247,147)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,650,341</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.” The details of this \$(82,470) difference are as follows:

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	<u>\$ (82,470)</u>
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Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(7,469,421) difference are as follows:

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2003

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Debt issued or incurred:	
Issuance of general refunding bonds	\$ (1,190,000)
Issuance of bond anticipation notes	(12,320,000)
Plus premiums	(76,700)
Less bond issuance costs	50,527
Capital leases	(2,023,824)
Principal repayments:	
General obligation debt	6,187,500
Capital lease	1,815,965
Notes	87,111
	<hr/>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (7,469,421)</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 \$245,470 difference are as follows:

Landfill Closure	\$ 340,393
Compensated absences and other liabilities	(787,390)
Other liabilities	625,000
Accrued interest payable	67,467
	<hr/>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 245,470</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.
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, 2003**

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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 \$1,180,000 and also increased budgeted revenues approximately \$622,000.
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, 2003, the continued appropriations include various public improvement projects.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2003**

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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:

	General Fund	
	Revenues	Expenditures, Encumbrances and Transfers Out
Balance, budgetary basis	\$ 149,361,150	\$ 149,317,470
Encumbrances		
June 30, 2002	-	788,134
June 30, 2003	-	(1,576,475)
Net Refunding Activity	-	62,711
State Teachers’ Retirement on-behalf payments, not recognized for budgetary purposes	3,086,000	3,086,000
Purchases of equipment under capital lease obligations, not recognized for budgetary purposes	-	2,023,824
Accruals not recognized for budgetary purposes	-	233,577
Balance, GAAP basis – Fund Basis	\$ 152,447,150	\$ 153,935,241

**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.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2003

**Note 4. Cash, Cash Equivalents and Investments**

Cash and cash equivalents consist of the following types of accounts at June 30, 2003:

	Primary Government	Component Units
Deposits	\$ 25,645,002	\$ 864,403
MBIA*	49,756	-
Union Savings Bank Money Market*	2,013,286	-
Fleet Cash Management Fund*	2,574,000	-
<b>Total cash and cash equivalents</b>	<b>\$ 30,282,044</b>	<b>\$ 864,403</b>

\* These amounts are not subject to risk categorization since the City does not own identifiable securities.

As of June 30, 2003, the carrying amount of the City's deposits totaled \$25,645,002 with a bank balance of \$20,077,708. The carrying amount of the component units' deposits totaled \$864,403 with bank balances totaling \$898,945.

The insured and collateral status of the year-end bank balance was as follows:

	Primary Government	Component Units
Covered by federal depository insurance or by collateral held by the City's agent in the City's name	\$ 800,000	\$ 650,148
Uninsured and uncollateralized, except as described below	19,277,708	248,797
	<u>\$ 20,077,708</u>	<u>\$ 898,945</u>

The uninsured and uncollateralized balance is partially protected under provisions of the Connecticut General Statutes, which provide for protection against loss in excess of deposit insurance through assessment against segregated collateral required to be maintained by all qualified public depositories in the amount of 10% to 120% of their outstanding public deposits depending on the bank's financial strength as shown by its risk-based capital ratio. At June 30, 2003, approximately \$2,000,000 of uninsured deposits were collateralized under these statutes. It is unclear whether the collateral required for public deposits would stand if challenged by the FDIC since there is no perfected security agreement between the depository and the depositor as required by federal laws.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

The level of the City's deposits varies significantly throughout the year as a result of higher cash flows during certain periods of the year. As a result, uninsured, uncollateralized amounts at those times were significantly higher than at year-end.

The City's investments as of June 30, 2003 consisted of the following:

	Carrying and Fair Value	Risk Category
<b>Pension Funds:</b>		
Equities Portfolio:		
Corporate stocks	<u>\$ 108,008,807</u>	3
Debt Portfolio:		
U.S. Government obligations	40,168,564	3
Corporate bonds	<u>28,049,818</u>	3
<b>Total</b>	<u>68,218,382</u>	
Investments Not Subject to Categorization:		
Mutual Funds	<u>2,954,924</u>	*
<b>Total Pension Trust Fund Investments</b>	<u><u>\$ 179,182,113</u></u>	

\* These investments are excluded from risk classification because specific securities related to the City cannot be identified.

The preceding risk category 3 is defined as uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

Investment securities are separately held by the City's pension trust funds. All of the pension plan assets are being held in trust by Fleet National Bank ("Fleet"), as custodian. All pension fund investment activity is being handled by two investment management firms.

State statutes allow the City to invest in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two ratings categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The pension and other trust funds may also be invested in certain real estate mortgages, in certain savings banks or savings and loan

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

**Note 5. Receivables – Fund Basis**

Receivables at June 30, 2003, including the applicable allowances for collection losses, are as follows:

	General	Vision 21 and Vision 21 <sup>2</sup> Bond Issue	Water	Sewer	Nonmajor and Other Funds	Totals
Property taxes	\$ 5,411,481	\$ -	\$ -	\$ -	\$ -	\$ 5,411,481
Accounts receivable	-	-	-	-	358,316	358,316
Unbilled services	-	-	909,460	1,086,915	-	1,996,375
Special assessments	-	-	243,791	212,678	-	456,469
Federal and state governments	4,798,397	1,081,210	-	-	1,876,873	7,756,480
Other	1,036,772	-	261,907	549,634	45,394	1,893,707
<b>Total gross receivables</b>	<b>11,246,650</b>	<b>1,081,210</b>	<b>1,415,158</b>	<b>1,849,227</b>	<b>2,280,583</b>	<b>17,872,828</b>
Allowance for collection losses	(1,500,000)	-	(156,497)	(85,951)	-	(1,742,448)
<b>Total net receivables</b>	<b>\$ 9,746,650</b>	<b>\$ 1,081,210</b>	<b>\$ 1,258,661</b>	<b>\$ 1,763,276</b>	<b>\$ 2,280,583</b>	<b>\$ 16,130,380</b>

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

As of June 30, 2003, interfund receivables and payables that resulted from various interfund transactions were as follows:

	General	Vision 21 and Vision 21 <sup>2</sup> Bond Issue	Water	Sewer	Nonmajor and Other Funds	Totals
Due to:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 16,111	\$ 16,111
Vision 21 Bond Issue Fund	1,850,000	-	-	-	-	1,850,000
Water	550,000	-	-	-	-	550,000
Sewer	1,600,000	-	-	-	-	1,600,000
Nonmajor and Other Funds	2,014,254	-	-	-	1,800	2,016,054
<b>Total</b>	<b>\$ 6,014,254</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,911</b>	<b>\$ 6,032,165</b>

The balance of \$6,014,254 due to the General Fund is a result of short-term advances from the General Fund to the other funds.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2003**

Interfund transfers during the year ended June 30, 2003 were as follows:

	Transfers In:		
	Nonmajor Governmental	Vision 21 and 21 <sup>2</sup> Bond Fund	Total
Transfers out:			
General fund	\$ 965,836	\$ 62,000	\$ 1,027,836

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

**Note 7. Capital Assets**

Capital asset activity for the year ended June 30, 2003 was as follows:

	Beginning Balance, As Restated Note 15	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 30,951,673	\$ 393,400	\$ -	\$ -	\$ 31,345,073
Construction in progress	5,950,327	1,823,562	(6,897,737)	-	876,152
Total capital assets, not being depreciated	36,902,000	2,216,962	(6,897,737)	-	32,221,225
Capital assets, being depreciated:					
Land improvements	559,023	6,406,626	-	365,435	7,331,084
Buildings and improvements	103,893,612	4,315,994	(2,380)	-	108,207,226
Machinery and equipment	14,749,414	5,024,367	(767,550)	-	19,006,231
Infrastructure	135,678,770	1,831,276	(31,107)	(365,435)	137,113,504
Total capital assets being depreciated	254,880,819	17,578,263	(801,037)	-	271,658,045
Less accumulated depreciation for:					
Land improvements	171,314	177,705	-	-	349,019
Buildings and improvements	37,072,089	2,034,846	(1,570)	-	39,105,365
Machinery and equipment	9,177,081	3,418,358	(685,890)	-	11,909,549
Infrastructure	75,019,109	2,616,238	(31,107)	-	77,604,240
Total accumulated depreciation	121,439,593	8,247,147	(718,567)	-	128,968,173
Total capital assets, being depreciated, net	133,441,226	9,331,116	(82,470)	-	142,689,872
Governmental activities capital assets, net	\$ 170,343,226	\$ 11,548,078	\$ (6,980,207)	\$ -	\$ 174,911,097

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2003

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,031,946	\$ -	\$ -	\$ 1,031,946
Construction in progress	334,325	703,492		1,037,817
Total capital assets, not being depreciated	1,366,271	703,492	-	2,069,763
Capital assets, being depreciated:				
Buildings and improvements	100,010,532	122,373	-	100,132,905
Machinery and equipment	768,774	290,924	-	1,059,698
Distribution and collection systems	80,974,731	2,015,132	-	82,989,863
Vehicles	734,177	104,073	-	838,250
Other	829,701	-	-	829,701
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	183,605,619	2,532,502	-	186,138,121
Less accumulated depreciation for:				
Buildings and improvements	23,243,514	2,420,305	-	25,663,819
Machinery and equipment	622,490	36,924	-	659,414
Distribution and collection systems	13,956,325	1,313,902	-	15,270,227
Vehicles	734,177	29,940	-	764,117
Other	588,458	58,070	-	646,528
Furniture and fixtures	186,268	15,002	-	201,270
Total accumulated depreciation	39,331,232	3,874,143	-	43,205,375
Total capital assets, being depreciated, net	144,274,387	(1,341,641)	-	142,932,746
Business-type capital assets, net	\$ 145,640,658	\$ (638,149)	\$ -	\$ 145,002,509

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

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

<b>Governmental activities:</b>	
General government	\$ 1,974,834
Public safety	726,004
Public works, including depreciation of general infrastructure assets	2,771,826
Health and welfare	36,129
Culture and recreation	389,689
Education	2,323,431
Other	<u>25,234</u>
Total depreciation expense – governmental activities	<u>\$ 8,247,147</u>
<b>Business-type activities:</b>	
Sewer	\$ 2,622,693
Water	<u>1,251,450</u>
Total depreciation expense – business-type activities	<u>\$ 3,874,143</u>

**Discretely presented component units**

Activity for the Danbury Parking Authority for the year ended June 30, 2003, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 62,907	\$ -	\$ -	\$ 62,907
Machinery and equipment	349,619	81,712	-	431,331
Computer equipment	20,670	-	-	20,670
Total capital assets, being depreciated	<u>433,196</u>	<u>81,712</u>	<u>-</u>	<u>514,908</u>
Less accumulated depreciation for:				
Buildings and improvements	54,830	1,353	-	56,183
Machinery and equipment	266,259	27,448	-	293,707
Computer equipment	14,705	2,358	-	17,063
Total accumulated depreciation	<u>335,794</u>	<u>31,159</u>	<u>-</u>	<u>366,953</u>
Total capital assets, being depreciated, net	<u>\$ 97,402</u>	<u>\$ 50,553</u>	<u>\$ -</u>	<u>\$ 147,955</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

Activity for the Richter Park Authority for the year ended December 31, 2002 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 1,923,501	\$ 65,364	\$ -	\$ 1,988,865
Improvements	3,308,489	45,835	-	3,354,324
Machinery and equipment	598,176	77,336	-	675,512
Totals, capital assets being depreciated	<u>5,830,166</u>	<u>188,535</u>	<u>-</u>	<u>6,018,701</u>
Less accumulated depreciation for:				
Buildings	667,462	77,450	-	744,912
Improvements	1,090,329	92,838	-	1,183,167
Machinery and equipment	449,577	49,693	-	499,270
Total accumulated depreciation	<u>2,207,368</u>	<u>219,981</u>	<u>-</u>	<u>2,427,349</u>
Total capital assets, being depreciated, net	<u>\$ 3,622,798</u>	<u>\$ (31,446)</u>	<u>\$ -</u>	<u>\$ 3,591,352</u>

Activity for the Tarrywile Park Authority for the year ended June 30, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 84,985	\$ -	\$ -	\$ 84,985
Machinery and equipment	22,745	-	-	22,745
Furniture and fixtures	83,042	-	-	83,042
Computer equipment	4,625	-	-	4,625
Totals, capital assets being depreciated	<u>195,397</u>	<u>-</u>	<u>-</u>	<u>195,397</u>
Less accumulated depreciation for:				
Buildings	50,509	4,156	-	54,665
Machinery and equipment	19,161	-	-	19,161
Furniture and fixtures	83,042	1,669	-	84,711
Computer equipment	4,163	462	-	4,625
Total accumulated depreciation	<u>156,875</u>	<u>6,287</u>	<u>-</u>	<u>163,162</u>
Total capital assets, being depreciated, net	<u>\$ 38,522</u>	<u>\$ (6,287)</u>	<u>\$ -</u>	<u>\$ 32,235</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2003**

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

The City has \$16,370,000 of bond anticipation notes outstanding as of June 30, 2003. The bond anticipation notes bear interest at 1.5%.

Bond anticipation note transactions for the year ended June 30, 2003 were as follows:

Outstanding, July 1, 2002	\$ 8,670,000
Borrowings	27,740,000
Repayments	<u>(20,040,000)</u>
Outstanding, June 30, 2003	<u>\$ 16,370,000</u>

Subsequent event

In August 2003, the City issued \$12,925,000 in general obligation bonds. The bonds bear interest at 3.25% to 4.75% and mature in August 2019. Of the \$16,370,000 bond anticipation notes outstanding, \$12,320,000 was refinanced with August 2003 issue and is considered long-term debt in the government-wide financial statements, and other financing sources in the Governmental Fund financial statements.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2003

**Note 9. Long-Term Debt**

Long-term liability activity for the year ended June 30, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$55,007,000	\$ 1,190,000	\$ 6,187,500	\$50,009,500	\$ 4,987,350
Notes payable	248,446	-	87,111	161,335	87,111
Bond anticipation notes	-	12,320,000	-	12,320,000	-
<b>Total bonds and notes payable</b>	<b>55,255,446</b>	<b>13,510,000</b>	<b>6,274,611</b>	<b>62,490,835</b>	<b>5,074,461</b>
Capital leases	3,417,069	2,023,824	1,815,965	3,624,928	1,210,870
Landfill post-closure monitoring	14,564,351	-	340,393	14,223,958	173,500
Compensated absences	331,066	1,005,478	218,088	1,118,456	200,000
Other liabilities	1,250,000	-	625,000	625,000	625,000
<b>Governmental activity         long-term liabilities</b>	<b>\$74,817,932</b>	<b>\$16,539,302</b>	<b>\$ 9,274,057</b>	<b>\$82,083,177</b>	<b>\$ 7,283,831</b>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds	\$24,918,000	\$ -	\$ 1,602,650	23,315,350	\$ 1,577,650
Notes payable	28,584,605	-	2,619,382	25,965,223	2,619,382
<b>Total bonds and notes payable</b>	<b>53,502,605</b>	<b>-</b>	<b>4,222,032</b>	<b>49,280,573</b>	<b>4,197,032</b>
<b>Business-type activity         long-term liabilities</b>	<b>\$53,502,605</b>	<b>\$ -</b>	<b>\$ 4,222,032</b>	<b>\$49,280,573</b>	<b>\$ 4,197,032</b>

Notes payable

The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2003:

	<u>Outstanding Amount</u>
General obligation promissory note at an interest rate of 6% per annum, payable quarterly. The note financed the City's Cross Street Bridge Project. Equal principal payments are made in September of each year until 2003.	\$ 50,000

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

	<u>Outstanding Amount</u>
General obligation promissory note, at an interest rate of 6% per annum, payable quarterly. The note financed the Triangle St. Bridge project. Equal principal payments are made in December of each year until 2005.	111,335
	<u>\$ 161,335</u>

General obligation bonds

As of June 30, 2003, the outstanding general obligation bonded indebtedness of the City, payable from its governmental activities, was as follows:

	<u>Outstanding Amount</u>
\$4,800,000 C.D. Parks Property general obligation bonds issued September 15, 1985 due in annual installments of \$240,000; final maturity September 15, 2005; interest at 8.1% to 8.3%	\$ 720,000
\$13,290,000 Public Improvement general obligation bonds issued August 1, 1986 due in annual installments of \$700,000 (\$260,000 final installment); final maturity September 15, 2005; interest at 8.1% to 8.3%	1,660,000
\$8,250,000 School Code Compliance and Public Improvement general obligation bonds (\$400,000 used for special assessment projects) issued February 1, 1988 due in annual installments of \$425,000 to \$450,000; final maturity February 1, 2007; interest at 6.2% to 6.7%	1,565,000
\$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%	8,150,000
\$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%	955,000

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2003

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	<u>Outstanding Amount</u>
\$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%	9,730,000
\$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%	895,000
\$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%	2,950,000
\$10,100,000 Public Improvement general obligation bonds issued August 1, 1998 due in annual installments of \$505,000; final maturity August 1, 2018; interest at 4.0% to 5.5%	8,080,000
\$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%	2,975,000
\$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%	11,139,500
\$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%	<u>1,190,000</u>
	<u>\$ 50,009,500</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

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At June 30, 2003, 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%	\$ 715,000
\$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%	1,705,000
\$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%	1,100,000
\$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%	1,260,000
\$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%	900,000
\$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%	4,600,000
\$12,395,000 Water general obligation bonds issued August 1, 1998 due in annual installments of \$615,000 to \$620,000; final maturity August 1, 2019; interest at 4.1% to 5.5%	9,920,000
\$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%	850,000
\$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%	1,360,000

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2003

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	<u>Outstanding Amount</u>
\$953,000 Water and Sewer general obligation bonds issued May 15, 2002, due in annual installments of \$47,650; final maturity May 15, 2022; interest at 3.5% to 5.0%	905,350
<b>Total general obligation bonds</b>	<u>23,315,350</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%	689,058
\$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, 2014; interest at 2.0%	25,031,599
\$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, 2015; interest at 2.0%	244,566
<b>Total notes payable</b>	<u>25,965,223</u>
	<u>\$ 49,280,573</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2003**

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

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Payments	Principal	Interest	Total Payments
2004	\$ 5,074,461	\$ 2,335,423	\$ 7,409,884	\$ 4,197,032	\$ 1,569,341	\$ 5,766,373
2005	5,009,462	2,090,457	7,099,919	4,197,032	1,449,703	5,646,735
2006	4,564,312	1,850,498	6,414,810	4,197,032	1,329,578	5,526,610
2007	3,917,350	1,643,120	5,560,470	4,197,032	1,208,012	5,405,044
2008	3,592,350	1,460,286	5,052,636	4,197,032	1,085,139	5,282,171
2009	3,527,350	1,295,287	4,822,637	4,116,466	959,452	5,075,918
2010	3,522,350	1,128,985	4,651,335	4,122,189	831,366	4,953,555
2011	3,362,350	963,460	4,325,810	4,122,189	705,604	4,827,793
2012	3,362,350	804,172	4,166,522	4,122,189	579,291	4,701,480
2013	3,237,350	644,202	3,881,552	4,122,189	452,131	4,574,320
2014	2,422,350	509,281	2,931,631	1,846,585	341,647	2,188,232
2015	1,457,350	396,256	1,853,606	1,420,056	260,681	1,680,737
2016	1,387,350	326,475	1,713,825	1,117,650	195,132	1,312,782
2017	1,387,350	259,744	1,647,094	1,117,650	139,487	1,257,137
2018	1,387,350	192,486	1,579,836	1,117,650	83,796	1,201,446
2019	1,207,350	128,965	1,336,315	797,650	35,317	832,967
2020	702,350	81,909	784,259	177,650	10,278	187,928
2021	527,350	52,485	579,835	47,650	4,765	52,415
2022	522,350	26,118	548,468	47,650	2,383	50,033
Total	<u>\$50,170,835</u>	<u>\$16,189,609</u>	<u>\$ 66,360,444</u>	<u>\$49,280,573</u>	<u>\$11,243,103</u>	<u>\$ 60,523,676</u>

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, 2003 was approximately \$1,142,275. Additional payments aggregating approximately \$8,406,000 are expected to be received through the bonds' maturity dates.

2003 General Obligation Refunding Bond – In-Substance Defeasance

On May 1, 2003, the City issued \$1,190,000 of general obligation bonds with interest rates ranging from 2.0% to 4.0% which were used to advance refund portions of the outstanding principal amounts of general obligations bonds of the City dated February 1, 1990 (the "Refunding Bonds"). The net proceeds of \$1,177,816 (after payment of \$62,711 in underwriters fees and other costs), were placed in an irrevocable trust fund under an Escrow Agreement between the City and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations have maturities and interest rates sufficient to pay

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

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principal and interest payments and redemption premiums on the Refunding Bonds on the dates the payments are due.

The City advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$102,099.

The balance for the escrow account was \$1,177,816 at June 30, 2003. The balance of the defeased bonds was approximately \$1,150,000 at June 30, 2003. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

**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 \$14,223,958, 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, 2003. 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.

**Capital lease obligations**

Capital assets carried at approximately \$4,000,000 net accumulated depreciation is being acquired under capital lease arrangements.

Future minimum lease payments under capital leases are as follows:

2004	\$ 1,246,961
2005	971,078
2006	789,743
2007	578,555
2008 and thereafter	<u>699,000</u>
Less amount representing interest	<u>(660,409)</u>
	<u>\$ 3,624,928</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2003**

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**Other long-term liability**

During the year ended June 30, 2000, the City took title to a partially completed ice rink due to default of the developer. The property collateralized a mortgage (in default) with a balance of \$4,700,000. Under a forbearance agreement, the lender agreed not to exercise its rights under its mortgage agreement, including foreclosure. In August of 2001, the City's construction was completed and the property was sold for \$4,700,000. Under a consent to sell the property, the mortgagor agreed to pay \$3,450,000 for settlement in full. At June 30, 2003, the amount outstanding was \$625,000 and is recorded as a liability of the City and will be paid from the General Fund.

**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, 2002:

Beginning balance	\$ 341,246
Deductions	<u>(79,128)</u>
Ending balance	<u>\$ 262,118</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%.

In 1997, the City of Danbury advanced to the Authority \$299,423 from the City's long-term capital improvement bond proceeds. This loan is payable to the City in eight annual installments of \$37,461 until 2006.

The Authority borrowed \$100,000 in November 1998 to finance the purchase of real estate adjacent to the Richter Park property. The principal is payable in annual installments of \$20,000 in November of each year until 2003 with interest payable annually at 8.0%.

The future principal amortization is as follows:

Year ending December 31,	
2003	\$ 79,128
2004	59,128
2005	58,862
2006	21,667
2007	21,667
2008	<u>21,666</u>
	<u>\$ 262,118</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

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**Authorized but unissued bonds**

Bonds authorized but unissued at June 30, 2003 are as follows:

General Purpose	\$ 17,388,000
Sewer	1,309,090
Water	505,000
Total	<u>\$ 19,202,090</u>

**Legal Debt Limit**

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

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 261,542,459	\$ 60,437,500	\$ 201,104,959
Unfunded Pension Benefit Obligation	\$ 348,723,279	\$ -	\$ 348,723,279
Schools	\$ 523,084,919	\$ 14,923,941	\$ 508,160,978
Sewers	\$ 435,904,099	\$ 27,120,223	\$ 408,783,876
Urban renewal	\$ 377,783,552	\$ -	\$ 377,783,552

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$813,687,651.

**Note 10. Commitments and Contingencies**

Lawsuits

There are several personal injury, negligence, personnel and other related lawsuits pending against the City. The outcome and eventual liability of the City, if any, in these cases is not known at this time. For certain cases, where there is a reasonable possibility that a loss has been incurred, the City estimated its possible exposure could be \$6.0 million. Based upon consultation with legal counsel, the City's management estimates that potential claims against the City not covered by insurance, resulting from such litigation would not materially affect the financial position of the City except for the following case:

## **CITY OF DANBURY, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

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#### **Accashian Et. Al. vs. City of Danbury**

A claim dated September 24, 1997 was brought against the City by 350 plaintiffs claiming damages as a result of alleged intolerable odor, groundwater pollution and air quality problems at the municipal landfill. Given the large number of plaintiffs and scope of the complaint, the City is unable to make an assessment of the potential exposure or the likelihood of any loss and the ultimate effect on the City's financial position.

#### **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").

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 44,500 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 U.S. Filter Operating Services, Inc. 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, 2003 is \$7,124,977 and is recorded as deferred revenue in the Sewer Enterprise Fund.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2003**

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Under the Agreement, the City pays an annual base fee of approximately \$3,300,000 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, 2003, 14 retired employees received benefit payments. Payments totaled approximately \$535,700 during the year ended June 30, 2003.

**Note 11. Fund Deficits**

The City has the following fund deficits at June 30, 2003 and expects to eliminate the deficits in the future as follows:

Fund	Deficit June 30, 2003	Plan for Eliminating Deficit
Capital Projects:		
City Projects	\$ 785,001	Through future debt issuance
Vision 21 and Vision 21 <sup>2</sup> Bond	\$ 1,398,054	Through future debt issuance
Special Revenue:		
Community DevelopmentBlock Grant	\$ 46,730	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.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2003**

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

The City's plans, including the employer and employee obligations to contribute, are established under the authority of Chapter 14 of the City's Code of Ordinances. The City's plans, by policy, (i) require biennial actuarial valuations (as of January 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, 2003**

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	402	45	40	63	40	4
Terminated employees Entitled to future benefits	147	-	-	-	-	-
Current employees	<u>609</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>105</u>	<u>106</u>
Total number of participants	<u>1,158</u>	<u>45</u>	<u>40</u>	<u>105</u>	<u>145</u>	<u>110</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 65, 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	Final base salary	Final base salary	Final base salary	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			
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, 2003**

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-	4% of earnings	5% of earnings	4% of earnings	5% of earnings	4% of earnings
Employer	\$-0-	\$971,000	\$877,000	\$635,000	\$639,000	\$310,000
Authority under which benefit provisions established	City code of ordinances					
<b><u>Funding Status and Progress</u></b>						
Date of actuarial valuation	1/1/02	1/1/02	1/1/02	1/1/01	1/1/01	1/1/03
Significant actuarial assumptions						
Investment rate of return	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Projected annual salary increases*	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Post retirement benefit increases*	5.0%, 15% every 5 years	5.0%	5.0%	5.0%	5.0%	5.0%
* including inflation of	4.0%-5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
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	1983 GAM Set back 6 years for females	1983 GAM Set back 6 years for females	1983 GAM Set back 6 years for females
Actuarial asset valuation method	Fair value smoothed					
Funding Policy	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial
Actuarial cost method	Projected unit credit cost					
Amortization method	Level Dollar Amount Open	Level Dollar Amount Closed				
Remaining amortizing period	10 years	13 years	13 years	15 years	15 years	16 years
Authority under which contributions are established	Common Council					

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
 June 30, 2003

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SCHEDULE OF EMPLOYER CONTRIBUTIONS

	Year Ended June 30,	Annual Required Contribution	Percentage Contributed
General Employees:	2003	\$ -	- %
	2002	-	-
	2001	-	-
	2000	235,000	100
	1999	282,000	100
	1998	559,000	100
Pre-1967 Police:	2003	\$ 971,000	100%
	2002	820,000	100
	2001	1,133,000	100
	2000	1,082,000	100
	1999	1,090,000	100
	1998	1,218,000	100
Pre-1967 Fire:	2003	\$ 877,000	100%
	2002	761,000	100
	2001	996,000	100
	2000	933,000	100
	1999	981,000	100
	1998	1,078,000	100
Post-1967 Police:	2003	\$ 635,000	100%
	2002	765,000	100
	2001	808,000	100
	2000	986,000	100
	1999	1,240,000	100
	1998	1,350,000	100
Post-1967 Fire:	2003	\$ 639,000	100%
	2002	560,000	100
	2001	472,000	100
	2000	821,000	100
	1999	992,000	100
	1998	1,031,000	100
Post-1983 Police:	2003	\$ 310,000	100%
	2002	341,000	100
	2001	291,000	100
	2000	263,000	100
	1999	256,000	100
	1998	193,000	100

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
 June 30, 2003

SCHEDULE OF PLAN NET ASSETS  
 JUNE 30, 2003

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Totals
<b>ASSETS</b>							
<b>Cash and cash equivalents</b>	\$ 4,873,547	\$ 295,571	\$ 178,553	\$ 2,370,687	\$ 2,638,210	\$ 232,439	\$ 10,589,007
<b>Investments, at fair value</b>							
U.S. Government obligations	18,397,202	1,124,720	923,877	8,917,421	9,519,950	1,285,394	40,168,564
Corporate Bonds	12,846,817	785,395	645,146	6,227,060	6,647,807	897,593	28,049,818
Corporate Stocks	49,468,034	3,024,246	2,484,203	23,977,955	25,598,087	3,456,282	108,008,807
Mutual Funds - Equities	1,353,355	82,738	67,963	655,993	700,317	94,558	2,954,924
<b>Total investments</b>	<b>82,065,408</b>	<b>5,017,099</b>	<b>4,121,189</b>	<b>39,778,429</b>	<b>42,466,161</b>	<b>5,733,827</b>	<b>179,182,113</b>
Contributions receivable	-	971,000	877,000	635,000	639,000	310,000	3,432,000
Accrued interest and dividends	376,506	23,018	18,908	182,499	194,830	26,306	822,067
Pending Sales	42,655	2,608	2,142	20,676	22,073	2,980	93,134
<b>Total Assets</b>	<b>87,358,116</b>	<b>6,309,296</b>	<b>5,197,792</b>	<b>42,987,291</b>	<b>45,960,274</b>	<b>6,305,552</b>	<b>194,118,321</b>
<b>LIABILITIES</b>							
Pending Purchases	190,416	11,641	9,562	92,298	98,534	9,151	411,602
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 87,167,700</b>	<b>\$ 6,297,655</b>	<b>\$ 5,188,230</b>	<b>\$ 42,894,993</b>	<b>\$ 45,861,740</b>	<b>\$ 6,296,401</b>	<b>\$ 193,706,719</b>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2003

SCHEDULE OF CHANGES IN  
PLAN NET ASSETS  
YEAR ENDED JUNE 30, 2003

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Totals
<b>Additions</b>							
Contributions							
Employer	\$ -	\$ 971,000	\$ 877,000	\$ 635,000	\$ 639,000	\$ 310,000	\$ 3,432,000
Plan members	-	-	-	89,051	334,613	214,257	637,921
<b>Total contributions</b>	-	971,000	877,000	724,051	973,613	524,257	4,069,921
Investment Income (Loss)							
Net depreciation in fair value of investments	(222,869)	(42,577)	(33,716)	(96,751)	(60,463)	16,011	(440,365)
Interest and dividends	3,317,897	213,720	177,982	1,498,326	1,583,067	209,504	7,000,496
	3,095,028	171,143	144,266	1,401,575	1,522,604	225,515	6,560,131
Less Investment Expenses:							
Investment management fees	493,717	18,186	18,159	127,108	132,201	19,239	808,610
<b>Investment loss</b>	2,601,311	152,957	126,107	1,274,467	1,390,403	206,276	5,751,521
<b>Total additions</b>	2,601,311	1,123,957	1,003,107	1,998,518	2,364,016	730,533	9,821,442
<b>Deductions</b>							
Benefits paid	3,150,126	1,546,811	1,332,740	2,114,449	1,396,218	102,816	9,643,160
<b>Total deductions</b>	3,150,126	1,546,811	1,332,740	2,114,449	1,396,218	102,816	9,643,160
<b>Net (decrease)</b>	(548,815)	(422,854)	(329,633)	(115,931)	967,798	627,717	178,282
<b>Net Assets Held in Trust for Pension Benefits</b>							
Beginning of year	87,716,515	6,720,509	5,517,863	43,010,924	44,893,942	5,668,684	193,528,437
End of year	\$ 87,167,700	\$ 6,297,655	\$ 5,188,230	\$ 42,894,993	\$ 45,861,740	\$ 6,296,401	\$ 193,706,719

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2003

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:						
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) %
1/1/94	47,244,021	44,662,512	(2,581,509)	105.8 %	19,288,723	(13.4) %
Pre-1967 Police:						
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 %
1/1/94	5,099,454	16,518,397	11,418,943	30.9 %	429,055	2,661.4 %
Pre-1967 Fire:						
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 %
1/1/94	4,179,621	14,402,324	10,222,703	29.0 %	386,730	2,643.4 %
Post-1967 Police:						
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 %
1/1/95	21,339,684	29,568,847	8,229,163	72.2 %	3,095,662	265.8 %
Post-1967 Fire:						
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 %
1/1/95	20,768,169	23,548,837	2,780,668	88.2 %	4,301,797	64.6 %
Post-1983 Police:						
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 %
1/1/95	1,391,378	1,555,404	164,026	89.5 %	2,147,373	7.6 %

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2003

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#### 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 financial statements of the Plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7% of their annual earnings to the plan. The City does not, and is not legally responsible to, contribute to the plan.

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

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$3,086,000 for the year ended June 30, 2003.

#### **Note 13. 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. From 1992 to 1997, the City operated under an administrative services only (self-insurance) plan for its basic health care, major medical and dental programs, excluding hospitalization. The plan covered substantially all City employees and retirees, except for Board of Education and certain union employees. During 1998, the City purchased commercial insurance to end its medical self-insurance program for active employees. Retirees are still covered by the City's medical self-insurance program. Dental benefits continued to be covered by the City's self-insurance program for both active and retired employees.

During the fiscal year ended June 30, 1994, the Board of Education established a minimum premium insurance plan for its basic health care, major medical and dental programs, including hospitalization, for Board of Education employees and retirees. These benefits are provided through insurance companies, and include deductibles, and other limitations, and may be amended or changed periodically. The plan covered approximately 200 Board of Education

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2003**

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retirees, the cost of which is covered in full by the State of Connecticut Teachers' Retirement Board and/or individual retirees.

At June 30, 2001, the Board of Education reported its management activities in the Board of Education Risk Management Internal Service Fund. Claims expenses and liabilities were reported when it was probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses included an estimate of claims that have been incurred but not reported ("IBNR"). Effective July 1, 2001, the Board of Education was no longer self-insured for health care claims.

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
2003	\$ 268,343	\$ 1,366,604	\$ 1,432,000	\$ 202,947
2002	2,068,343	(546,792)	1,253,208	268,343

**Note 14. 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 \$48,800 to supplement Candlewood's operating revenues for the year ended June 30, 2003 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 \$645,300 to supplement HART's operating revenues for the year ended June 30, 2003 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.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2003

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

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

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

**Note 15. Implementation of New Accounting Pronouncements**

As allowed under GASB No. 34, the City elected in 2002 to record infrastructure on a prospective basis at adoption. However, during the year ended June 30, 2003, the City restated its beginning fixed asset balance to include all infrastructure.

As a result of the City recording all its infrastructure for the fiscal year ended June 30, 2003, the following restatement was made to beginning net asset for governmental activities:

***Government-wide financial statements.*** Beginning net assets for governmental activities was determined as follows:

Governmental activities net assets as of June 30, 2002, as previously reported	\$ 55,710,840
Add: infrastructure capital assets not previously capitalized as of June 30, 2002	134,628,468
Deduct: accumulated depreciation as of June 30, 2002 on above infrastructure assets	<u>(74,967,418)</u>
Governmental activities net assets, restated, as of July 1, 2002	<u>\$ 115,371,890</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2003**

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**Note 16. Issued But Not Effective Professional Standards**

The Governmental Accounting Standards Board (GASB) has issued two statements not yet implemented by the City. The statements which might impact the City are as follows:

- ◆ Statement No. 39, “Determining Whether Certain Organizations are Component Units- an amendment of GASB Statement No. 14,” issued May 2002, will be effective for the fiscal year ending June 30, 2004. Statement No. 39 provides new guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government.
- ◆ Statement No. 40, “Deposit and Investment Risk Disclosures,” issued March 31, 2003, will be effective for the fiscal year ending June 30, 2005. Statement No. 40 imposes new standards for disclosing deposits and investments. The statement addresses common deposit and investment risks related to credit risk, interest rate risk, and foreign currency risk. The statement’s effect on the financial statements will limit the deposit and investment disclosure to categorizing deposits that are not covered by depository insurance and investment securities that are uninsured.

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



**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.

**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 Projects** – to account for construction 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.

**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.

## ***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 libraries.



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CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2003

	Special Revenue			
	School Lunch Program	Community Development Block Grant	WIC Grant	Continuing Education
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,733	\$ 25,000	\$ 19,752	\$ 917,598
Receivables:				
Accounts receivable, net	-	-	-	-
Federal and State government	222,116	15,507	-	-
Other	27,271	-	-	-
Inventories	69,552	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 325,672</b>	<b>\$ 40,507</b>	<b>\$ 19,752</b>	<b>\$ 917,598</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 255,615	\$ 81,623	\$ 8,635	\$ -
Bond anticipation notes payable	-	-	-	-
Deferred revenue	-	-	807	303,840
Due to other funds	-	5,614	10,310	-
<b>Total liabilities</b>	<b>255,615</b>	<b>87,237</b>	<b>19,752</b>	<b>303,840</b>
<b>FUND BALANCES (DEFICITS)</b>				
Reserved for library	-	-	-	-
Reserved for inventories	69,552	-	-	-
Unreserved and undesignated	505	(46,730)	-	613,758
<b>Total fund balances (deficits)</b>	<b>70,057</b>	<b>(46,730)</b>	<b>-</b>	<b>613,758</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 325,672</b>	<b>\$ 40,507</b>	<b>\$ 19,752</b>	<b>\$ 917,598</b>

Special Revenue

Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport Projects	State & Fed. School Projects	Miscellaneous Special Revenue
\$ 57,248	\$ 19,064	\$ 395,393	\$ 164,692	\$ 70,220	\$ 375,793	\$ 1,457,586
1,920	-	356,396	-	-	-	-
-	-	-	137,057	402,457	458,081	641,655
-	-	-	-	-	-	18,123
-	-	-	-	-	-	-
-	-	-	-	-	-	17,911
<u>\$ 59,168</u>	<u>\$ 19,064</u>	<u>\$ 751,789</u>	<u>\$ 301,749</u>	<u>\$ 472,677</u>	<u>\$ 833,874</u>	<u>\$ 2,135,275</u>
\$ 8,860	\$ 3,436	\$ 108,889	\$ 54,956	\$ 12,588	\$ 445,038	\$ 208,143
-	-	-	-	-	-	-
-	-	-	-	-	380,051	276,793
-	15,628	-	246,793	450,000	-	1,287,709
<u>8,860</u>	<u>19,064</u>	<u>108,889</u>	<u>301,749</u>	<u>462,588</u>	<u>825,089</u>	<u>1,772,645</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
50,308	-	642,900	-	10,089	8,785	362,630
<u>50,308</u>	<u>-</u>	<u>642,900</u>	<u>-</u>	<u>10,089</u>	<u>8,785</u>	<u>362,630</u>
\$ 59,168	\$ 19,064	\$ 751,789	\$ 301,749	\$ 472,677	\$ 833,874	\$ 2,135,275

(Continued)

CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET, Continued  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2003

	Capital Projects	City Works/ Library Reconstruction	Permanent Fund  Farioly Library	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 373,450	\$ 103,346	\$ 1,538,177	\$ 5,524,052
Receivables:				
Accounts receivable, net	-	-	-	358,316
Federal and State government	-	-	-	1,876,873
Other	-	-	-	45,394
Inventories	-	-	-	69,552
Due from other funds	-	-	-	17,911
<b>Total assets</b>	<u>\$ 373,450</u>	<u>\$ 103,346</u>	<u>\$ 1,538,177</u>	<u>\$ 7,892,098</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 8,451	\$ 84,526	\$ 6,814	\$ 1,287,574
Bond anticipation notes payable	1,150,000	-	-	1,150,000
Deferred revenue	-	-	-	961,491
Due to other funds	-	-	-	2,016,054
<b>Total liabilities</b>	<u>1,158,451</u>	<u>84,526</u>	<u>6,814</u>	<u>5,415,119</u>
<b>FUND BALANCES (DEFICITS)</b>				
Reserved for library	-	-	1,477,174	1,477,174
Reserved for inventories	-	-	-	69,552
Unreserved and undesignated	(785,001)	18,820	54,189	930,253
<b>Total fund balances (deficits)</b>	<u>(785,001)</u>	<u>18,820</u>	<u>1,531,363</u>	<u>2,476,979</u>
<b>Total liabilities and fund balances (deficits)</b>	<u>\$ 373,450</u>	<u>\$ 103,346</u>	<u>\$ 1,538,177</u>	<u>\$ 7,892,098</u>

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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, 2003

	Special Revenue			
	School Lunch Program	Community Development Block Grant	WIC Grant	Continuing Education
<b>REVENUES</b>				
Federal and State governments	\$ 1,335,836	\$ 736,955	\$ 223,486	\$ -
Licenses and permits	-	-	-	-
Charges for services	1,935,082	-	-	745,714
Investment income	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>3,270,918</b>	<b>736,955</b>	<b>223,486</b>	<b>745,714</b>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Public safety	-	783,685	-	-
State and Federal programs	3,277,078	-	223,486	-
Education	-	-	-	631,503
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>3,277,078</b>	<b>783,685</b>	<b>223,486</b>	<b>631,503</b>
<b>Revenues over (under) expenditures</b>	<b>(6,160)</b>	<b>(46,730)</b>	<b>-</b>	<b>114,211</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<b>(6,160)</b>	<b>(46,730)</b>	<b>-</b>	<b>114,211</b>
(Increase) decrease in reserve for inventories or encumbrances	(7,297)	-	-	-
<b>Net change in unreserved fund balances</b>	<b>(13,457)</b>	<b>(46,730)</b>	<b>-</b>	<b>114,211</b>
<b>UNRESERVED FUND BALANCES (DEFICITS), beginning</b>	<b>13,962</b>	<b>-</b>	<b>-</b>	<b>499,547</b>
<b>UNRESERVED FUND BALANCES (DEFICITS), ending</b>	<b>\$ 505</b>	<b>\$ (46,730)</b>	<b>\$ -</b>	<b>\$ 613,758</b>

Special Revenue							
Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport Projects	State & Fed. School Projects	Miscellaneous Special Revenue	
\$ -	\$ 192,327	\$ -	\$ 359,224	\$ 240,227	\$ 12,339,257	\$ 2,237,851	
14,374	-	-	-	-	-	-	
-	-	1,283,469	-	-	-	116,784	
129	-	906	-	-	-	145	
-	-	-	-	-	-	481,834	
14,503	192,327	1,284,375	359,224	240,227	12,339,257	2,836,614	
-	-	-	-	-	-	125,440	
-	-	1,430,007	-	-	-	13,492	
229,974	192,327	-	359,224	175,662	12,339,658	2,715,374	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
229,974	192,327	1,430,007	359,224	175,662	12,339,658	2,854,306	
(215,471)	-	(145,632)	-	64,565	(401)	(17,692)	
244,092	-	221,744	-	-	-	-	
-	-	-	-	-	-	-	
244,092	-	221,744	-	-	-	-	
28,621	-	76,112	-	64,565	(401)	(17,692)	
-	-	-	-	-	-	-	
28,621	-	76,112	-	64,565	(401)	(17,692)	
21,687	-	566,788	-	(54,476)	9,186	380,322	
\$ 50,308	\$ -	\$ 642,900	\$ -	\$ 10,089	\$ 8,785	\$ 362,630	

(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, 2003

	Capital Projects	CityWorks/ Library Reconstruction	Permanent Fund Farioly Library	Totals
<b>REVENUES</b>				
Federal and State governments	\$ -	\$ -	\$ -	\$ 17,665,163
Licenses and permits	-	-	-	14,374
Charges for services	-	-	-	4,081,049
Investment income	-	-	23,870	25,050
Other	-	-	-	481,834
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>23,870</u>	<u>22,267,470</u>
<b>EXPENDITURES</b>				
General government	-	-	26,743	152,183
Public safety	-	-	-	2,227,184
State and Federal programs	-	-	-	19,512,783
Education	-	-	-	631,503
Capital outlay	360,692	37,856	-	398,548
<b>Total expenditures</b>	<u>360,692</u>	<u>37,856</u>	<u>26,743</u>	<u>22,922,201</u>
<b>Revenues over (under) expenditures</b>	<u>(360,692)</u>	<u>(37,856)</u>	<u>(2,873)</u>	<u>(654,731)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	500,000	-	-	965,836
Transfers out	(62,000)	-	-	(62,000)
<b>Total other financing sources (uses)</b>	<u>438,000</u>	<u>-</u>	<u>-</u>	<u>903,836</u>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<u>77,308</u>	<u>(37,856)</u>	<u>(2,873)</u>	<u>249,105</u>
(Increase) decrease in reserve for inventories or encumbrances	-	-	-	(7,297)
<b>Net change in unreserved fund balances</b>	<u>77,308</u>	<u>(37,856)</u>	<u>(2,873)</u>	<u>241,808</u>
<b>UNRESERVED FUND BALANCES (DEFICITS), beginning</b>	<u>(862,309)</u>	<u>56,676</u>	<u>57,062</u>	<u>688,445</u>
<b>UNRESERVED FUND BALANCES (DEFICITS), ending</b>	<u>\$ (785,001)</u>	<u>\$ 18,820</u>	<u>\$ 54,189</u>	<u>\$ 930,253</u>

CITY OF DANBURY, CONNECTICUT

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

For the Year Ended June 30, 2003

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Town clerk fees	\$ 10,000	\$ 10,000	\$ 11,989	\$ 1,989
City contribution	199,542	244,092	244,092	-
Other revenue	2,700	2,700	2,514	(186)
<b>Total revenues</b>	<b>212,242</b>	<b>256,792</b>	<b>258,595</b>	<b>1,803</b>
<b>EXPENDITURES</b>				
	212,242	256,792	229,974	26,818
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,621</b>	<b>\$ 28,621</b>

CITY OF DANBURY, CONNECTICUT

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL - AMBULANCE FUND

For the Year Ended June 30, 2003

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 1,153,142	\$ 1,153,142	\$ 1,283,469	\$ 130,327
Other revenue	221,744	221,744	222,650	906
<b>Total revenues</b>	<b>1,374,886</b>	<b>1,374,886</b>	<b>1,506,119</b>	<b>131,233</b>
<b>EXPENDITURES</b>				
	1,374,886	1,438,519	1,430,007	8,512
<b>Revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ (63,633)</b>	<b>\$ 76,112</b>	<b>\$ 139,745</b>

**Fiduciary Funds**

## *Fiduciary 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 Funds** – No restrictions have been placed on these funds 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.

**Danbury High School Athletic Fund** - to account for funds received from sporting events. Funds are used to purchase new equipment for the Athletic Department.

**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**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**June 30, 2003**

	Pension Trust Funds			
	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,873,547	\$ 295,571	\$ 178,553	\$ 2,370,687
Investments, at fair value				
U.S. government obligations	18,397,202	1,124,720	923,877	8,917,421
Corporate bonds	12,846,817	785,395	645,146	6,227,060
Corporate stocks	49,468,034	3,024,246	2,484,203	23,977,955
Mutual funds	1,353,355	82,738	67,963	655,993
<b>Total investments</b>	<b>82,065,408</b>	<b>5,017,099</b>	<b>4,121,189</b>	<b>39,778,429</b>
Contribution receivable	-	971,000	877,000	635,000
Accrued interest and dividends	376,506	23,018	18,908	182,499
Pending sales	42,655	2,608	2,142	20,676
<b>Total assets</b>	<b>87,358,116</b>	<b>6,309,296</b>	<b>5,197,792</b>	<b>42,987,291</b>
<b>LIABILITIES</b>				
Pending purchases	190,416	11,641	9,562	92,298
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>190,416</b>	<b>11,641</b>	<b>9,562</b>	<b>92,298</b>
<b>Net Assets Held in Trust for Pension</b>				
<b>Benefits</b> (a schedule of funding progress is presented in Note 12)	<b>\$ 87,167,700</b>	<b>\$ 6,297,655</b>	<b>\$ 5,188,230</b>	<b>\$ 42,894,993</b>

Pension Trust Funds			Private Purpose Trust	Agency Funds		
Post-1967 Fire	Post-1983 Police	Total Pension Trust Funds	Phoebe M. Harrison	Street Openings	School Activities	Danbury High School Scholarship
\$ 2,638,210	\$ 232,439	\$ 10,589,007	\$ 1,322	\$ 420,363	\$ 392,832	\$ 272,065
9,519,950	1,285,394	40,168,564	-	-	-	-
6,647,807	897,593	28,049,818	-	-	-	-
25,598,087	3,456,282	108,008,807	-	-	-	-
700,317	94,558	2,954,924	-	-	-	-
42,466,161	5,733,827	179,182,113	-	-	-	-
639,000	310,000	3,432,000	-	-	-	-
194,830	26,306	822,067	-	-	-	-
22,073	2,980	93,134	-	-	-	-
45,960,274	6,305,552	194,118,321	1,322	420,363	392,832	272,065
98,534	9,151	411,602	-	-	-	-
-	-	-	-	420,363	392,832	272,065
98,534	9,151	411,602	-	420,363	392,832	272,065
\$ 45,861,740	\$ 6,296,401	\$ 193,706,719	\$ 1,322	\$ -	\$ -	\$ -

(Continued)

**CITY OF DANBURY, CONNECTICUT**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS, Continued**  
**FIDUCIARY FUNDS**

**June 30, 2003**

	Agency Funds					Total Fiduciary Funds
	Danbury High School Athletic	Downtown Special Services District	Security Lease Account	Danbury Permits	Total Agency Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 33	\$ 72,988	\$ 6,179	\$ 735,782	\$ 1,900,242	\$ 12,490,571
Investments, at fair value						
U.S. government obligations	-	-	-	-	-	40,168,564
Corporate bonds	-	-	-	-	-	28,049,818
Corporate stocks	-	-	-	-	-	108,008,807
Mutual funds	-	-	-	-	-	2,954,924
<b>Total investments</b>	-	-	-	-	-	179,182,113
Contribution receivable	-	-	-	-	-	3,432,000
Accrued interest and dividends	-	-	-	-	-	822,067
Pending sales	-	-	-	-	-	93,134
<b>Total assets</b>	33	72,988	6,179	735,782	1,900,242	196,019,885
<b>LIABILITIES</b>						
Pending purchases	-	-	-	-	-	411,602
Other liabilities	33	72,988	6,179	735,782	1,900,242	1,900,242
<b>Total liabilities</b>	33	72,988	6,179	735,782	1,900,242	2,311,844
<b>Net Assets Held in Trust for Pension</b>						
<b>Benefits</b> (a schedule of funding progress is presented in Note 11)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,708,041

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**CITY OF DANBURY, CONNECTICUT**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**For the Year Ended June 30, 2003**

	Pension Trust Funds			
	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>Additions</b>				
Contributions				
Employer	\$ -	\$ 971,000	\$ 877,000	\$ 635,000
Plan members	-	-	-	89,051
<b>Total contributions</b>	<b>-</b>	<b>971,000</b>	<b>877,000</b>	<b>724,051</b>
Investment Income				
Net appreciation (depreciation) in fair value of investments	(222,869)	(42,577)	(33,716)	(96,751)
Interest and dividends	3,317,897	213,720	177,982	1,498,326
	3,095,028	171,143	144,266	1,401,575
Less investment expenses:				
Investment management fees	493,717	18,186	18,159	127,108
<b>Net investment income (loss)</b>	<b>2,601,311</b>	<b>152,957</b>	<b>126,107</b>	<b>1,274,467</b>
<b>Total additions (reductions)</b>	<b>2,601,311</b>	<b>1,123,957</b>	<b>1,003,107</b>	<b>1,998,518</b>
<b>Deductions</b>				
Benefits	3,150,126	1,546,811	1,332,740	2,114,449
<b>Change in net assets</b>	<b>(548,815)</b>	<b>(422,854)</b>	<b>(329,633)</b>	<b>(115,931)</b>
<b>Net Assets Held in Trust For Pension Benefits</b>				
Beginning of year	87,716,515	6,720,509	5,517,863	43,010,924
End of year	\$ 87,167,700	\$ 6,297,655	\$ 5,188,230	\$ 42,894,993

Pension Trust Funds			Private Purpose Trust	Total Fiduciary Funds
Post-1967 Fire	Post-1983 Police	Total Pension Trust Funds	Phoebe M. Harrison	
\$ 639,000	\$ 310,000	\$ 3,432,000	\$ -	\$ 3,432,000
334,613	214,257	637,921	-	637,921
973,613	524,257	4,069,921	-	4,069,921
(60,463)	16,011	(440,365)	-	(440,365)
1,583,067	209,504	7,000,496	29	7,000,525
1,522,604	225,515	6,560,131	29	6,560,160
132,201	19,239	808,610	-	808,610
1,390,403	206,276	5,751,521	29	5,751,550
2,364,016	730,533	9,821,442	29	9,821,471
1,396,218	102,816	9,643,160	-	9,643,160
967,798	627,717	178,282	29	178,311
44,893,942	5,668,684	193,528,437	1,293	193,529,730
\$ 45,861,740	\$ 6,296,401	\$ 193,706,719	\$ 1,322	\$ 193,708,041

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**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, 2003**

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Governmental funds capital assets:

Land	\$ 31,345,073
Land improvements	6,965,649
Buildings and improvements	108,207,226
Machinery and equipment	19,006,231
Infrastructure	137,478,939
Construction in progress	876,152
<b>Total governmental funds capital assets</b>	<b><u><u>\$ 303,879,270</u></u></b>

**CITY OF DANBURY, CONNECTICUT**

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

**June 30, 2003**

	Land	Improvements	Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 13,293,100	\$ -	\$ 12,063,809	\$ 2,971,023	\$ -	\$ -	\$ 28,327,932
Public Safety	2,683,168	-	3,160,856	5,907,742	1,875,653	189,111	13,816,530
Public Works	-	72,282	751,807	6,289,759	133,907,274	683,273	141,704,395
Health & Welfare	311,100	-	3,610,241	93,000	-	3,768	4,018,109
Education	5,060,600	5,685,628	75,976,353	2,050,983	-	-	88,773,564
Culture and Recreation	9,644,505	1,573,174	12,567,433	1,134,066	547,303	-	25,466,481
Other	352,600	-	76,727	559,658	783,274	-	1,772,259
<b>Total</b>	<b>\$ 31,345,073</b>	<b>\$ 7,331,084</b>	<b>\$ 108,207,226</b>	<b>\$ 19,006,231</b>	<b>\$ 137,113,504</b>	<b>\$ 876,152</b>	<b>\$ 303,879,270</b>

**CITY OF DANBURY, CONNECTICUT**

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

**For the Year Ended June 30, 2003**

	Governmental				Governmental	
	Funds					Funds
	Capital Assets					
July 1, 2002					June 30, 2003	
	As Restated	Additions	Deletions	Transfers		
General Government	\$ 30,448,207	\$ 743,325	\$ (163,600)	\$ (2,700,000)	\$ 28,327,932	
Public Safety	12,464,550	1,549,493	(197,513)	-	13,816,530	
Public Works	137,692,257	4,148,182	(136,044)	-	141,704,395	
Health and Welfare	1,599,503	2,418,606	-	-	4,018,109	
Education	84,220,917	2,154,147	(301,500)	2,700,000	88,773,564	
Culture and Recreation	23,804,325	1,664,536	(2,380)	-	25,466,481	
Other	1,553,060	219,199	-	-	1,772,259	
<b>Total</b>	<b>\$ 291,782,819</b>	<b>\$ 12,897,488</b>	<b>\$ (801,037)</b>	<b>\$ -</b>	<b>\$ 303,879,270</b>	

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**Other Schedules**



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**CITY OF DANBURY, CONNECTICUT**

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

**For the Year Ended June 30, 2003**

Grand List Year	Taxes Receivable July 1, 2002	Current Levy	Lawful Corrections	Transfers to Suspense	Balance to be Collected
2001	\$ -	\$114,261,028	\$ 1,349,770	\$ -	\$ 115,610,798
2000	2,146,263	-	118,367	-	2,264,630
1999	872,002	-	79,783	-	951,785
1998	580,574	-	(5,902)	-	574,672
1997	333,644	-	(1,482)	-	332,162
1996	324,241	-	8,627	-	332,868
1995	324,228	-	(978)	(59,262)	263,988
1994	253,068	-	(470)	(50,230)	202,368
1993	170,736	-	1,333	(167,909)	4,160
1992	551	-	(501)	-	50
1991	508	-	(492)	-	16
1990	16	-	-	-	16
1989	16	-	-	-	16
1988	15	-	-	-	15
1987	14	-	-	(14)	-
	5,005,876	114,261,028	1,548,055	(277,415)	120,537,544
Less allowance:	(1,500,000)	-	-	-	(1,500,000)
	<u>\$ 3,505,876</u>	<u>\$114,261,028</u>	<u>\$ 1,548,055</u>	<u>\$ (277,415)</u>	<u>\$ 119,037,544</u>

Taxes	Interest	Lien Fees	Total	Taxes Receivable June 30, 2003
\$ 113,153,911	\$ 390,255	\$ 9,353	\$ 113,553,519	\$ 2,456,887
1,470,582	259,650	11,977	1,742,209	794,048
343,955	109,397	1,104	454,456	607,830
107,694	59,714	3,096	170,504	466,978
16,517	11,902	144	28,563	315,645
14,105	12,590	96	26,791	318,763
10,858	9,333	48	20,239	253,130
4,350	4,459	-	8,809	198,018
4,091	3,577	24	7,692	69
-	2,210	-	2,210	50
-	1,768	-	1,768	16
-	1,502	-	1,502	16
-	2,331	-	2,331	16
-	2,726	-	2,726	15
-	1,320	-	1,320	-
115,126,063	872,734	25,842	116,024,639	5,411,481
-	-	-	-	(1,500,000)
<u>\$ 115,126,063</u>	<u>\$ 872,734</u>	<u>\$ 25,842</u>	<u>\$ 116,024,639</u>	<u>\$ 3,911,481</u>

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**Statistical Section**



**A. GENERAL FUND REVENUES AND EXPENDITURES**

**CITY OF DANBURY, CONNECTICUT**

**GENERAL FUND REVENUES BY SOURCE**

**Last Ten Fiscal Years**

**(Thousands)**

	Property Taxes	Federal & State Governments	Licenses and Permits	Investment Income	Charges for Services	Fines, Penalties and Other	Total
2003	\$ 114,945	\$ 25,822	\$ 2,549	\$ 250	\$ 4,686	\$ 1,109	\$ 149,361
2002	109,012	26,280	3,740	428	5,721	1,335	146,516
2001	101,867	38,023	2,233	854	5,211	1,136	149,324
2000	96,821	34,556	1,986	792	3,910	692	138,757
1999	88,430	34,981	2,211	1,068	3,496	785	130,971
1998	86,647	33,164	1,618	1,047	3,210	2,165	127,851
1997	88,994	28,720	1,339	1,141	5,064	1,281	126,539
1996	85,259	27,837	1,169	966	9,292	1,332	125,855
1995	86,755	28,791	1,134	713	6,686	1,510	125,589
1994	81,608	30,223	1,164	440	3,078	1,663	118,176

**Note:** Revenues are shown on budgetary basis.

**Source:** City of Danbury Department of Finance.

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**CITY OF DANBURY, CONNECTICUT**

**GENERAL FUND EXPENDITURES BY FUNCTION**

**Last Ten Fiscal Years**

**(Thousands)**

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	General Government	Public Safety	Public Works	Health and Welfare	Culture and Recreation	State and Federal Programs	Education
2003	\$ 8,304	\$ 21,320	\$ 6,209	\$ 1,444	\$ 3,926	\$ -	\$ 81,920
2002	8,458	20,312	5,512	1,426	3,748	-	77,489
2001	7,391	19,227	5,658	1,301	3,458	12,016	73,943
2000	7,041	18,994	5,380	1,323	3,442	9,804	72,093
1999	6,547	17,561	5,318	1,271	3,190	10,733	69,220
1998	6,492	16,593	4,717	1,252	3,188	6,831	66,288
1997	5,990	15,801	5,224	1,666	3,106	6,614	64,729
1996	5,454	15,286	5,547	1,978	2,944	5,654	62,487
1995	5,214	15,096	5,167	2,303	3,028	5,948	59,369
1994	5,069	14,665	4,978	2,603	2,734	8,499	59,919

**Note:** Expenditures are shown on the budgetary basis.

**Source:** City of Danbury Department of Finance.

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	Pension and Other Employee Benefits	Other	Capital Outlay	Debt Service	Total
\$	15,515	\$ 2,186	\$ 200	\$ 8,293	\$ 149,317
	14,203	2,152	455	7,417	141,172
	13,265	2,119	4,429	7,565	150,372
	12,424	1,793	814	7,624	140,732
	12,866	1,943	1,999	7,233	137,881
	12,641	2,157	10,371	6,935	137,465
	12,978	1,839	1,877	7,055	126,879
	12,033	1,624	4,063	7,407	124,477
	11,355	1,802	1,988	7,451	118,721
	12,253	1,793	935	5,568	119,016

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## **B. PROPERTY VALUES AND TAXES**

## CITY OF DANBURY, CONNECTICUT

### PROPERTY TAX LEVIES AND COLLECTIONS – GENERAL FUND

#### Last Ten Fiscal Years

Fiscal Year Ending 6/30	Net Taxable Grand List	Tax Rate (Mills)	Original Tax Levy	Current Tax Collections <sup>(1)</sup>	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections
2003	\$4,562,023,370	25.24	\$ 115,150,456	\$ 113,153,911	98.3%	\$ 1,972,152	\$ 115,126,063
2002	4,468,312,290	24.30	108,588,084	107,187,016	98.7%	2,404,401	109,591,417
2001	4,394,762,120	23.19	101,895,249	99,856,330	98.0%	2,272,412	102,128,742
2000	4,667,049,310	20.78	96,977,466	95,589,426	98.6%	1,293,079	96,882,505
1999	4,588,090,240	19.13	87,189,876	86,637,239	99.4%	1,903,764	88,541,003
1998	4,558,194,720	19.13	87,748,032	85,131,080	97.0%	4,037,070	89,168,150
1997	4,518,020,290	19.13	86,429,728	84,127,148	97.3%	2,751,417	86,878,565
1996	4,444,257,600	19.13	85,030,892	82,046,035	96.5%	3,077,922	85,123,957
1995	4,389,993,410	19.54	85,795,552	82,735,410	96.4%	3,861,271	86,596,681
1994	4,377,270,671	18.57	81,284,529	77,394,522	95.2%	3,880,165	81,274,687

(1) The amount collected to the end of each fiscal year represents collections of twelve months. Taxes for the fiscal year are levied on the Grand List of October 1, and are due and payable in four equal installments, July 1, October 1, January 1, and April 1. Failure to pay an installment within one month of the installment due date makes the installment delinquent (effective July 1, 1982 P.A. 82-141 of the 1982 Connecticut General Assembly). If the installment is not paid by August 1, the tax becomes delinquent and a penalty of 1-1/2% per month (18% per annum) is charged from the due date on the tax.

**Note:** The City of Danbury is not subject to property taxes of overlapping governments and is not obligated for special assessment debt.

**Source:** City of Danbury, Tax Collector's Office.

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Percent of Total Tax Collections to Original Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Tax Levy
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100.0%	\$ 5,411,481	4.7%
100.9%	5,005,879	4.6%
100.2%	5,576,494	5.5%
99.9%	4,990,229	5.1%
101.5%	3,431,666	3.9%
101.6%	4,065,924	4.6%
100.5%	6,629,765	7.7%
100.1%	7,271,426	8.6%
100.9%	7,804,461	9.1%
100.0%	8,783,685	10.8%

**CITY OF DANBURY, CONNECTICUT**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years**

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Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value
2003	\$4,562,023,370	\$ 6,517,176,243
2002	4,468,312,290	6,383,303,271
2001*	4,394,762,120	6,278,231,600
2000	4,667,049,310	6,667,213,300
1999	4,588,090,240	6,554,414,629
1998	4,558,194,720	6,511,706,743
1997	4,518,020,290	6,454,314,700
1996	4,444,257,600	6,348,939,429
1995	4,389,993,410	6,271,419,157
1994	4,377,270,671	6,253,243,816

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\* Values were changed to reflect revaluation implemented in fiscal year 2001.

**Source:** City of Danbury, Tax Assessor's Office.

**CITY OF DANBURY, CONNECTICUT**

**PRINCIPAL TAXPAYERS**

**June 30, 2003**

Name	Nature of Business	Net Taxable Valuation <sup>(1)</sup>	Percent of Net Taxable Grand List <sup>(1)</sup>
Danbury Mall Associates	Shopping Mall	\$118,862,700	2.420%
Danbury Buildings, Inc.	Real Estate Investor	81,429,720	1.660%
Boehringer-Ingelheim	Research Center	45,951,090	0.940%
B.F. Goodrich Aerospace	Electronics	32,890,900	0.700%
Connecticut Light & Power	Public Utilities	31,429,170	0.640%
Avalonbay Communities, Inc.	Land Developer	27,983,710	0.570%
Melvin, Mary & Seymour Powers and Danbury Industrial Corp.	Industrial Park	25,615,030	0.520%
Hawley, Ervie, Germantown Plaza Assoc.	Shopping Center and Land Developer	24,253,830	0.500%
Ethan Allen Inn/Lake Ave. Association	Hotel	23,868,890	0.490%
Urstadt & Biddle Properties	Shopping Center	21,129,310	0.430%
	Total	<u>\$433,414,350</u>	<u>8.87%</u>

<sup>(1)</sup> Based on a net taxable grand list 10/1/02 of \$4,892,216,450.

Source: Assessor's Office, City of Danbury.

**CITY OF DANBURY, CONNECTICUT**

**PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS  
Last Ten Fiscal Years**

Calendar Year	Residential Construction		Commercial Construction		Industrial Construction		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2002	1,062	\$57,004,872	236	\$32,725,840	33	\$ 6,440,498	1,331	\$ 96,171,210
2001	2,160	56,853,403	582	29,916,109	15	16,853,297	2,757	103,622,809 <sup>(2)</sup>
2000	1,823	62,484,901	426	29,746,777	23	9,744,553	2,272	101,976,231 <sup>(2)</sup>
1999	802	37,221,107	227	43,087,178	-	-	1,029	80,308,285
1998	763	43,964,940	9	18,989,896	2	370,961	774	63,325,797
1997	203	19,151,324	53	18,907,047	1	500,000	257	38,558,371
1996	111	10,362,330	49	25,346,500	2	2,533,000	162	38,241,830
1995	112	9,511,704	59	16,520,605	5	1,905,000	176	27,937,309
1994	129	10,268,557	30	8,858,654	4	707,000	163	19,834,211
1993	125	11,012,217	31	17,544,972	5	2,077,000	161	30,634,189

<sup>(1)</sup> Federal Deposit Insurance Corporation (FDIC)

<sup>(2)</sup> Building permits for 2000 and 2001 include electrical and mechanical permits.

**Source:** City of Danbury, Assessor's Office and Federal Deposit Insurance Corporation

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Property Values		
Assessed	Estimated Actual	Bank <sup>(1)</sup> Deposits (000's)
\$ 4,468,312,290	\$ 6,383,303,271	\$ 1,331,243
4,394,762,120	6,278,303,271	1,260,101
4,667,049,310	6,667,213,300	1,267,805
4,588,090,240	6,554,414,629	1,240,956
4,558,194,720	6,511,557,486	1,103,688
4,518,020,290	6,454,314,700	1,058,551
4,444,257,600	6,348,939,429	1,056,036
4,389,993,410	6,271,419,157	1,069,407
4,377,270,671	6,253,243,816	1,101,974
4,359,049,650	6,227,213,786	585,657

**CITY OF DANBURY, CONNECTICUT**

**SPECIAL ASSESSMENT COLLECTIONS**

**Last Ten Fiscal Years**

Fiscal Year	Total Assessment	Advance Assessments Collected	Current Assessment Due	Current and Prior Assessments Collected	Ratio of Current and Prior Assessments Collected to Current Amount Due	Total Assessments Collected	Total Assessments Outstanding
<u>Sewer Assessments</u>							
2003	\$ 248,387	\$ 70,084	\$ 212,158	\$ 241,652	113.9%	\$ 311,736	\$ 2,844,487
2002	1,795,690	254,705	216,319	194,878	90.1%	449,583	2,907,805
2001	-	4,912	120,268	125,689	104.5%	130,601	1,561,703
2000	-	13,431	125,277	119,499	95.4%	132,930	1,692,304
1999	205,475	28,210	131,661	124,994	94.9%	153,204	1,825,671
1998	44,236	82,567	127,297	116,795	91.8%	199,362	1,772,958
1997	1,030,519	151,364	140,820	198,252	141.8%	349,616	1,928,087
1996	713,403	156,057	172,962	14,200	8.2%	170,257	1,247,184
1995	437,744	52,327	121,063	7,193	5.9%	59,520	715,253
1994	-	72,618	77,736	20,788	26.7%	93,406	329,473
<u>Water Assessments</u>							
2003	\$ -	\$ 46,040	\$ 77,208	\$ 76,719	99.4%	\$ 122,759	\$ 1,093,954
2002	-	44,805	79,507	79,269	99.7%	124,074	1,222,351
2001	305,229	74,317	80,027	79,672	99.6%	153,989	1,340,786
2000	-	38,388	70,641	64,208	90.9%	102,596	1,189,546
1999	1,397,892	47,151	73,857	58,599	79.3%	105,750	1,292,142

## **C. LONG-TERM DEBT**

**CITY OF DANBURY, CONNECTICUT**

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND  
NET BONDED DEBT PER CAPITA**

**Last Ten Fiscal Years**

Fiscal Year	Net Bonded Debt	Assessed Value	Ratio of Net Bonded Debt To Assessed Value	Population	Debt Per Capita
2003	\$ 50,009,500	\$4,562,023,370	1.10%	74,848	\$ 668
2002	55,007,000	4,468,312,290	1.23%	74,848	735
2001	47,600,000	4,394,762,120	1.08%	74,848	636
2000	52,320,000	4,667,049,310	1.12%	65,829	795
1999	53,410,000	4,588,090,240	1.16%	65,829	811
1998	47,550,000	4,558,194,720	1.04%	67,370	706
1997	47,470,000	4,518,020,290	1.05%	67,370	705
1996	51,490,000	4,444,257,600	1.16%	67,370	764
1995	55,700,000	4,389,993,410	1.27%	66,464	838
1994	58,120,000	4,377,270,671	1.33%	66,464	874

**Source:** City of Danbury, Department of Finance, U.S. Department of Commerce, Bureau of Census and State of Connecticut Department of Health

**CITY OF DANBURY, CONNECTICUT**

**RATIO OF DEBT SERVICE EXPENDITURES FOR GENERAL  
BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES**

**Last Ten Fiscal Years**

Fiscal Year Ended 6/30	Total General Fund Expenditures	Long-Term Debt Service			Ratio of Total Debt Service To Total Expenditures
		Principal	Interest	Total	
2003	\$ 149,317,470	\$ 5,624,462	\$ 2,668,995	\$ 8,293,457	5.6%
2002	141,173,874	4,972,112	2,445,012	7,417,124	5.3%
2001	150,371,667	4,807,112	2,757,677	7,564,789	5.0%
2000	140,732,271	4,677,112	2,947,090	7,624,202	5.4%
1999	137,881,245	4,319,201	2,912,698	7,231,899	5.2%
1998	137,465,569	4,099,201	2,835,607	6,934,808	5.0%
1997	126,879,031	4,099,200	2,956,003	7,055,203	5.6%
1996	124,475,987	4,252,088	3,154,541	7,406,629	6.0%
1995	118,723,017	4,157,089	3,293,867	7,450,956	6.3%
1994	119,015,959	2,997,088	2,570,678	5,567,766	4.7%

**Source:** City of Danbury, Department of Finance – Budgetary Basis

**CITY OF DANBURY, CONNECTICUT**

**DEBT ADMINISTRATION**

**June 30, 2003**

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position for municipal management, citizens, and investors. This data for the City at June 30, 2003 was as follows:

Population <sup>(4)</sup>		74,848	
Net Taxable Grand List (10/1/02)	\$	4,892,216,450	
2002 Equalized Net Taxable Grand List <sup>(3)</sup>	\$	7,357,096,958	
Estimated Full Value (70%)	\$	6,988,880,643	
1999 Income per capita	\$	24,500	
		Total Debt	Total Net Debt
Per Capita	\$	1,594	\$ 823
Ratio to Net Taxable Grand List		2.43%	1.25%
Ratio to Estimated Full Value		1.70%	0.88%
Ratio of Debt Per Capita to 1999 Income Per Capita		6.50%	3.35%
Ratio of Equalized Net Taxable Grand List		1.62%	0.83%

**Debt Statement  
June 30, 2003**

<b>Long-term debt <sup>(1)</sup></b>			
General Purpose	\$	26,679,500	
Schools		23,330,000	
Water		18,824,350	
Sewers		30,456,223	
Capital Leases		3,624,928	
Total Long-Term Debt			<u>102,915,001</u>
<b>Short-term debt <sup>(2)</sup></b>			
Bond Anticipation Notes			<u>16,370,000</u>
Total direct debt			119,285,001
Less: Amount to be provided by State of Connecticut		8,406,059	
Self-Supporting Sewer Debt		30,456,223	
Self-Supporting Water Debt		18,824,350	
			<u>57,686,632</u>
Total overall net debt			<u><u>\$ 61,598,369</u></u>

<sup>(1)</sup> Long-term debt does not include \$14,564,351 of landfill closure and postclosure costs payable and the \$302,660 of accrued employee benefits as of June 30, 2003, or the \$161,335 State Local Bridge Loan from the State of Connecticut.

<sup>(2)</sup> Bond anticipation notes of \$16,370,000 are for general purposes.

<sup>(3)</sup> Office of Policy and Management, State of Connecticut

<sup>(4)</sup> State of Connecticut, Department of Health and U.S. Department of Commerce, Bureau of Census

CITY OF DANBURY, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

June 30, 2003

**Computation of Basis for Debt**

Tax collections for the year ended June 30, 2003 (including interest and lien fees less refunds)	\$ 115,852,586
Tax relief for the elderly	388,507
	<u>\$ 116,241,093</u>

Debt Limitation	General Purpose	Urban Renewal	Sewer	Schools	Unfunded Pension
2 ¼ times basis	\$ 261,542,459	\$ -	\$ -	\$ -	\$ -
3 ¼ times basis	-	377,783,552	-	-	-
3 ¾ times basis	-	-	435,904,099	-	-
4 ½ times basis	-	-	-	523,084,919	-
3 times basis	-	-	-	-	348,723,279
<b>Debt limitation</b>	<u>261,542,459</u>	<u>377,783,552</u>	<u>435,904,099</u>	<u>523,084,919</u>	<u>348,723,279</u>
<b>Indebtedness:</b>					
Bonds and Notes payable	26,679,500	-	27,120,223	23,330,000	-
Bonds authorized and unissued	17,388,000	-	-	-	-
Short-Term Notes payable	16,370,000	-	-	-	-
Indebtedness	<u>60,437,500</u>	<u>-</u>	<u>27,120,223</u>	<u>23,330,000</u>	<u>-</u>
Less School Construction Grants	-	-	-	(8,406,059)	-
Debt Limitation in excess of indebtedness	<u>\$ 201,104,959</u>	<u>\$ 377,783,552</u>	<u>\$ 408,783,876</u>	<u>\$ 508,160,978</u>	<u>\$ 348,723,279</u>

**Notes:** With certain exclusions as set forth in Chapter 109 of the General Statutes, bonds and notes causing the aggregate indebtedness of the City to exceed seven times the annual receipts from taxation (\$813,687,651 as of June 30, 2003) may not be issued for any purpose.

Sewer assessment debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$3,336,000 of outstanding sewer assessment bonds and notes and \$1,309,090 of authorized unissued sewer assessment debt.

Excludes \$18,824,350 of Water bonds outstanding and \$505,000 of authorized/unissued water debt per Connecticut General Statutes, \$3,624,928 in capital leases, \$14,564,351 of landfill closure, \$302,660 of accrued employee benefits, and \$161,335 State Local Bridge Loan from the State of Connecticut.

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## **D. DEMOGRAPHIC DATA**

**CITY OF DANBURY, CONNECTICUT**

**DEMOGRAPHIC DATA**

**June 30, 2003**

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**MAJOR EMPLOYERS**

<u>Name</u>	<u>Number of Employees</u>
Danbury Hospital	2,591
Cendant Mobility	1,388
Danbury School System	1,377
G.E. Capital	1,153
Western CT State University	897
Pitney Bowes, Inc.	750
Boehringer-Ingelheim Pharmaceuticals	676
Scholastic	618
Goodrich	565
City of Danbury General Government	550

**Source:** Danbury Chamber of Commerce

**CITY OF DANBURY, CONNECTICUT**

**DEMOGRAPHIC DATA, Continued**  
**June 30, 2003**

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**POPULATION AND DENSITY**

Historical			
Year	Population	% Increase	Density
1950	30,337	8.7%	689
1960	39,382	29.8%	895
1970	51,066	29.7%	1,154
1980	60,470	18.4%	1,374
1990	65,585	8.5%	1,491
2000	74,848	14.1%	1,701

**Source:** U.S. Department of Commerce, Bureau of Census and State of Connecticut, Department of Health

**AGE DISTRIBUTION OF THE POPULATION**

Age	City of Danbury		State of Connecticut	
	2001	Percent	2001	Percent
Under 5	4,900	6.5%	223,344	6.5%
5-14	8,821	11.8%	485,731	14.3%
15-24	10,148	13.6%	404,198	11.9%
25-44	26,493	35.4%	1,032,689	30.3%
45-64	16,250	21.7%	789,420	23.2%
65 & Over	8,236	11.0%	470,183	13.8%
	<u>74,848</u>	<u>100.0%</u>	<u>3,405,565</u>	<u>100.0%</u>
Median Age	<u>35</u>		<u>37.4</u>	

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

**CITY OF DANBURY, CONNECTICUT**

**DEMOGRAPHIC DATA, Continued**

**June 30, 2003**

**INCOME DISTRIBUTION**

	<u>City of Danbury</u>		<u>State of Connecticut</u>	
	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>
Less than \$10,000	684	3.8%	33,423	3.8%
\$10,000 to \$14,999	452	2.5%	23,593	2.7%
\$15,000 to \$24,999	1,341	7.4%	63,262	7.1%
\$25,000 to \$34,999	1,695	9.3%	75,413	8.5%
\$35,000 to \$49,999	2,721	15.0%	120,134	13.6%
\$50,000 to \$74,999	4,299	23.7%	198,924	22.5%
\$75,000 to \$99,999	2,988	16.5%	141,981	16.0%
\$100,000 to \$149,999	2,561	14.1%	132,177	14.9%
\$150,000 to \$199,000	790	4.4%	42,472	4.8%
\$200,000 or more	615	3.3%	54,368	6.1%
	<u>18,146</u>	<u>100.0%</u>	<u>885,747</u>	<u>100.0%</u>

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

**INCOME LEVELS**

	<u>City of Danbury</u>	<u>State of Connecticut</u>
Per Capita Income, 1999	\$ 24,500	\$ 28,766
Per Capita Income, 1989	19,300	20,189
Per Capita Income, 1987	14,472	16,094
Median Family Income, 1999	53,664	53,935
Percent Below Poverty	5.9%	5.6%

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

**CITY OF DANBURY, CONNECTICUT**

**DEMOGRAPHIC DATA, Continued**

**June 30, 2003**

**EMPLOYMENT BY INDUSTRY**

<u>Sector</u>	<u>City of Danbury</u>		<u>State of Connecticut</u>	
	<u>2000</u>		<u>2000</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, Forestry, Fisheries, Mining	69	0.3%	7,445	0.5%
Construction	3,811	9.5%	99,913	6.0%
Transportation and Warehousing, Utilities	1,213	3.0%	64,662	3.9%
Manufacturing	7,323	18.3%	246,607	14.8%
Wholesale trade	1,181	2.9%	53,231	3.2%
Retail trade	5,039	12.6%	185,633	11.2%
Finance, Insurance, Real Estate	2,529	6.3%	163,568	9.8%
Information	1,602	4.0%	55,202	3.3%
Professional, Scientific, Management Services	4,656	11.6%	168,334	10.1%
Educational, Health and Social Services	6,893	17.2%	366,568	22.0%
Arts, Entertainment, Recreation	2,780	6.9%	111,424	6.7%
Other services (except Public Administration)	2,165	5.4%	74,499	4.5%
Public Administration	809	2.0%	67,354	4.0%
<b>Total Labor Force, Employed</b>	<b>40,070</b>	<b>100.0%</b>	<b>1,664,440</b>	<b>100.0%</b>

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

**CITY OF DANBURY, CONNECTICUT**

**DEMOGRAPHIC DATA, Continued**

**June 30, 2003**

**UNEMPLOYMENT DATA**

	City of Danbury		Percentage Unemployed		
			Danbury		
	Employed	Unemployed	City of Danbury	Labor Market	State of Connecticut
June 1, 2003	37,656	1,758	4.5%	3.4%	5.2%
<u>Annual Averages</u>					
2002	36,346	1,473	3.9%	3.3%	4.3%
2001	34,711	1,086	3.0%	2.5%	3.3%
2000	36,010	662	1.8%	1.5%	2.3%
1999	34,738	1,034	2.9%	2.3%	3.2%
1998	34,718	1,046	2.9%	2.3%	3.4%
1997	34,508	1,589	4.4%	3.4%	5.1%
1996	34,114	1,774	4.9%	3.9%	5.7%
1995	33,830	1,683	4.7%	3.7%	5.5%
1994	34,837	2,022	5.5%	4.3%	5.6%
1993	36,318	2,391	6.2%	4.8%	6.2%

**Source:** U.S. Department of Labor and Employment Security Division, Labor Department, State of Connecticut

## **E. MISCELLANEOUS STATISTICS**

## CITY OF DANBURY, CONNECTICUT

### MISCELLANEOUS STATISTICS

June 30, 2003

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Date of Incorporation	1889
Form of Government	Mayor/Council
Area	44 square miles
Miles of Streets	238
Number of Street Lights	2768

#### *City of Danbury Services and Facilities:*

Fire Protection:	
Number of Stations	16
Number of Firemen and Officers (includes approximately 150 volunteers)	259

Police Protection:	
Number of Stations	1
Number of Policemen and Officers	148
Nonuniformed employees	6

Education (K through 12):	
Attendance Centers	17
Number of Classrooms	425
Number of Teachers	832
Number of Students	9771

Building Permits Issued, 2002	1062
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Recreation and Culture:	
Number of Parks	15 with 561 developed acres
Municipal Golf Course	1
Number of Libraries	1
Number of Volumes	113,483

Employees (other than police and fire):	
Classified Service	216
Exempt	79