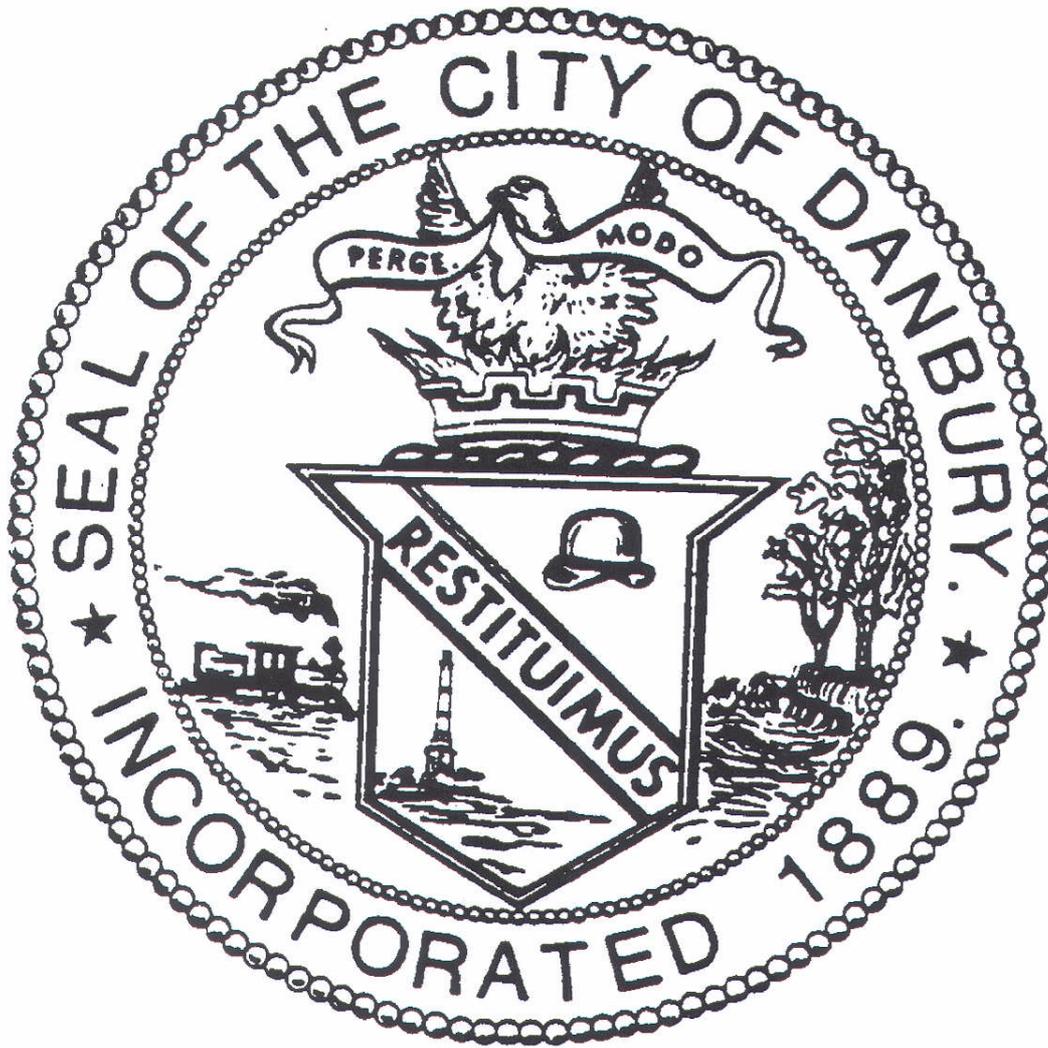


**CITY OF DANBURY, CONNECTICUT  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2006  
DEPARTMENT OF FINANCE  
DANBURY, CONNECTICUT**



**CITY OF DANBURY,  
CONNECTICUT**

**Comprehensive  
Annual Financial Report**

**for**

**The Fiscal Year Ended  
June 30, 2006**

***Prepared By:***

**City of Danbury Department of Finance**

**Dena Diorio**

**Director of Finance and Personnel**



**CITY OF DANBURY, CONNECTICUT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**TABLE OF CONTENTS**

---

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	i-viii
GFOA Certificate of Achievement .....	ix
Principal City Officials .....	x
Organization Chart.....	xi
<hr/>	
<b>II. FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	1-2
Management’s Discussion and Analysis .....	3-13
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Assets .....	16-17
Statement of Activities .....	18-19
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Governmental Funds .....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances – Budgetary Basis – Budget and Actual – General Fund .....	23
Statement of Net Assets – Proprietary Funds.....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds .....	25
Statement of Cash Flows – Proprietary Funds .....	26
Statement of Fiduciary Net Assets – Fiduciary Funds .....	27
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	28
Notes to Financial Statements.....	29-71

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**CITY OF DANBURY, CONNECTICUT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**TABLE OF CONTENTS**

---

**II. FINANCIAL SECTION, Continued**

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

**GENERAL FUND**

General Fund Expenditures and Encumbrances - Budgetary Basis - Budget and Actual .....	73-75
---	-------

**NONMAJOR GOVERNMENTAL FUNDS**

Combining Balance Sheet .....	78-81
Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances (Deficits).....	82-85
Schedule of Revenues and Expenditures – Budget & Actual – Animal Control Fund.....	86
Schedule of Revenues and Expenditures – Budget & Actual – Ambulance Fund.....	87

**PENSION TRUSTS, PRIVATE PURPOSE TRUSTS AND AGENCY FUNDS**

Statement of Net Assets - Pension Trust Funds .....	90-91
Statement of Net Assets - Private Purpose Trust Fund .....	92
Statement of Net Assets - Agency Funds.....	94-95
Statement of Changes in Net Assets - Pension Trust Funds .....	96-97
Statement of Changes in Net Assets - Private Purpose Trust Fund .....	98
Statement of Changes in Assets and Liabilities - Agency Funds.....	99-100

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Schedule By Category .....	101
Schedule By Function and Activity.....	102
Schedule of Changes By Function and Activity .....	103

**CITY OF DANBURY, CONNECTICUT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**TABLE OF CONTENTS**

---

**OTHER SCHEDULES**

Schedule of Property Taxes Levied, Collected and Outstanding -  
General Fund ..... 106-107

**III. STATISTICAL SECTION**

Net Assets By Component ..... 109  
Changes in Net Assets ..... 110-111  
Program Revenues by Function/Program ..... 112  
Fund Balances, Governmental Funds ..... 114-115  
Changes in Fund Balances, Governmental Funds ..... 116-117  
Tax Revenues by Source, Governmental Funds ..... 118  
Assessed Value and Estimated Actual Value of Taxable Property ..... 120-121  
Principal Property Taxpayers ..... 122  
Property Tax Levies and Collections ..... 123  
Ratios of General Bonded Debt Outstanding by Type ..... 124  
Direct Governmental Activities Debt ..... 125  
Legal Debt Margin Information ..... 126-127  
Computation of Legal Debt Limitation ..... 128  
Demographic and Economic Statistics ..... 129  
Principal Employers-Current Year and Nine Years Ago ..... 130  
Full-Time Equivalent City Government Employees By  
    Functions/Programs ..... 132-133  
Operating Indicators By Function/Program ..... 134-135  
Capital Assets Statistics By Function/Program ..... 136-137



## **Introductory Section**



October 27, 2006

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

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

Connecticut State Statutes require that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Danbury, Connecticut for the fiscal year ended June 30, 2006.

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, 2006, 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, 2006 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **PROFILE OF THE GOVERNMENT**

Danbury is the largest city in Northern Fairfield County. Transversed by I-84 and Route 7, and adjacent to I-684, Danbury is easily accessible to New York City, Hartford and Norwalk, all of which are within 60 miles.

According to the 2000 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 78,221.

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 1,979 full-time municipal employees provide services to the Danbury community. The City is 44 square miles and has 238 miles of streets.

The City of Danbury has three component units, 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 results of operations from those of the primary government.

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

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

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

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

**Local Economy:** Danbury's economy is diverse, with services, manufacturing and trade being the leading components. As of September 2006, total employment in the Danbury Labor Market Area (LMA) was 69,200 jobs, an increase of 400 over the same period in the prior year. While no significant growth was seen over the last year, service providing industries added 600 jobs that were offset by a small decline in retail trade.

The City of Danbury continues to enjoy economic growth through residential and commercial development. As of October 2006, 1,324 residential building permits were issued, and several hundred new housing units were under construction. In fact, as of September 2006, housing permit activity in Danbury exceeded that of any other city or town in the State of Connecticut.

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

Boehringer Ingelheim, a pharmaceutical company headquartered in the Danbury area, and with a major presence in the City of Danbury, continues its major expansion of its facilities. Plans call for a \$500 million building project that is expected to create 500-700 new jobs over the next six years. The expansion will consist of new laboratories to support research and development in the immunological, inflammatory and cardiovascular areas. The State of Connecticut has committed \$3.0 million to the project to assist with infrastructure improvements related to the expansion. This portion of the project is currently under design. The new Kilo Lab and the 87,000 square foot Physical Sciences Building are currently under construction. The 4,500 square foot expansion of the main building is in the approval process. As part of this expansion, Boehringer Ingelheim signed a ten-year lease for 229,000 square feet of space in Danbury, which will house its medical department and support functions. Construction on the leased space is expected to be complete in January 2007, and employees have already occupied the space where renovations

have been completed. By 2007, the company expects a total of 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. Two large housing projects are planned which will bring market rate housing to the area. The first project, currently under construction, will bring 115 market rate units downtown. The second project, slated to begin in 2007, calls for 588 units to be built. The special exception for the project has been approved and the developer is currently seeking approval of the project by the State Traffic Commission. The introduction of market rate housing to the downtown area will result in additional retail and commercial development to complement this residential development. Several new restaurants have either opened or plan to open in the central business district by the end of the year. Additional projects include streetscape improvements along North Main, South Main, West and White Streets, all of which will encourage pedestrian traffic in the central business district.

The State of Connecticut continues to make major investments in Western Connecticut State University, which has its two campuses in the City of Danbury. It is anticipated that the University will spend over \$194 million over the next five years on construction activities. The expansion to the Observatory on the Westside campus was recently completed, and construction is underway on a \$48 million Science Building. Other projects under construction include the \$12.6 million parking garage for the Midtown campus, a \$31 million project for a new residence hall and parking garage on the Westside campus, as well as a new Student Center for the Westside campus expected to cost \$17.9 million. Finally, the \$84 million Center for the Arts on the Westside campus is in the design stage and is expected to be complete in 2010. 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.

Danbury Hospital, the City's largest employer with approximately 3,200 employees continues to expand its services and has been the recipient of several accreditations and designations. The hospital was recognized by Solucient, a national firm that analyzes health care quality, as one of the Top 100 hospitals citing better patient safety, shorter length of stay and lower mortality rates than other teaching hospitals in its peer group. In addition, the hospital was recently awarded full approval status as an accredited center for weight loss surgery. This accreditation places Danbury Hospital as the only center in Connecticut, and one of only two nationally to earn A1 status from the American College of Surgeons. In 2005, Danbury Hospital was granted certification by the State of Connecticut to provide advanced cardiac care services to include open-heart surgery and has since created the Praxair Regional Heart and Vascular Center. The program continues to expand, and the hospital's non-invasive vascular laboratory received accreditation in all five areas of vascular testing. This designation places the lab in the top two percent in the country for testing for vascular disease. In addition, construction continues on a 60,000 square foot out-patient diagnostic center due to open in 2007. The center will include surgical offices, ultrasound, imaging & radiology, and cardiology testing. The relocation of these services will result in more patient beds in the main facility. The new facility also includes a new parking structure with 650 spaces.

Building permit activity continues to demonstrate the vitality of the local economy. Through October 2006, 1,497 permits were issued for residential and commercial construction with a total

valuation of \$138.7 million. This is slightly higher than one year ago when 1,378 permits were issued with a total valuation of \$128 million. Unemployment in the City remains below the State average. As of September 30, 2006, the Department of Labor reported 42,249 individuals employed in Danbury and 1,495 unemployed. Danbury's unemployment rate was 3.4%, a decline from 3.9% from 2005. The unemployment rate for the State of Connecticut was 4.5% and the national unemployment rate was 4.4%. The Danbury Labor Market Area (LMA) which includes the Greater Danbury Area posted an unemployment rate of 3.4%, the lowest of all the LMA's in the State of Connecticut.

Retail sales in Danbury continue to rank as one of the highest in the State of Connecticut which can be attributed to the popular Danbury Fair Mall, which is one of the largest in New England. The mall, which totals 1.5 million square feet offers more than 200 shops and services, is a destination place for many residents of the East Coast. In October 2006, the Macerich Company which owns the mall announced that the property will undergo a complete renovation starting in 2007. Improvements include new stone and porcelain flooring, new lighting fixtures, and stained-wood accents. In addition, the center court fountain will be replaced with a central common area and additional seating. Renovations are expected to be complete by Spring 2008.

Other retail and commercial expansions include a new Lowes Home Improvement Center which opened in summer 2006. MannKind Bio Pharmaceuticals Corporation is beginning a 172,000 square foot expansion of an existing building that will be used for the production of a new insulin drug. The corporation anticipates obtaining FDA approval of the new drug in 2007 and the project is expected to generate 400 new jobs. The Shelter Rock Business Center is undergoing a 120,000 square foot expansion and renovation that will include office, manufacturing and warehouse space.

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

### **Major Initiatives**

There are several initiatives that were recently undertaken, some of which will continue into Fiscal Year 2006-2007.

- ◆ Western Connecticut Academy of International Studies – The State of Connecticut 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 serves 360 students in grades K-5, and includes students from New Fairfield, Newtown and Redding. The school was constructed on the Westside campus of Western Connecticut State University and opened for the 2006 school year. The Academy is fully funded by the State of Connecticut.

- ◆ Middle School Construction Projects – The City recently completed a \$7.4 million renovation project at Broadview Middle School. Renovations included additional classroom space, the addition of an auditorium and music classrooms, and the expansion of the cafeteria, gymnasium media center and locker rooms. The \$8.5 million renovation project at Rogers Park Middle School is underway. Improvements include additional classroom space and renovations to the cafeteria, auditorium, media center, gymnasium, science labs, bathrooms and roof work.
- ◆ Roberts Avenue Replacement School– As part of its expansion plans, Western Connecticut State University purchased the Roberts Avenue Elementary School located adjacent to its campus. The design phase for the replacement school is now complete, and the City is preparing to put the project out for bid by the end of the year.
- ◆ New Head Start Facility- The City recently purchased the Immanuel Lutheran School and is in the design stages of converting this building into a new school for the Head Start Program. By creating this new facility, the City will gain twelve additional classrooms in its various elementary schools that will allow for the introduction of all day kindergarten. The project is currently under review by the State of Connecticut.
- ◆ Downtown Parking Garage- In May 2006, the voters approved an additional \$6.6 million for the construction of a new parking garage in the City’s central business district, in addition to the \$5 million approved by the voters in a prior referendum. The garage will hold 385 vehicles and will provide needed parking in the City’s downtown. Construction is underway and is expected to take twelve months to complete.
- ◆ New Public Safety Facilities– In May 2006, voters approved \$49.2 million for various public safety related projects including the construction of a new state-of-the-art police headquarters to be located on North Main Street. Using seed money approved by the voters in 2004, the City has acquired most of the property needed for the facility and demolition is being planned for the remaining buildings on the site. Preliminary design is underway and once commenced; construction is expected to be complete in 2009. In addition, funding is in place to build a new fire station on the City’s west side, to provide enhanced fire protection in that area. The project is currently in construction and is scheduled to be complete in spring 2007. The bond also includes funding for the replacement of aging fire equipment and \$2 million for the upgrade of public safety communication equipment including radios, mobile data terminals and transmission equipment for emergency responders.
- ◆ Water & Sewer Facility Improvements – Over the last two year, the voters approved \$18.5 million for various improvements to the City’s water and sewer facilities. Projects include nitrogen removal at the wastewater treatment plant, replacement of water meters and the implementation of a radio read system, water main replacements, sewer line and pump station upgrades, and water plant and distribution system improvements. These projects are in various stages of completion. This is the first major capital improvement program for these facilities in several years.

## **Risk Management**

The City has a comprehensive Risk Management Program designed to identify and control exposure the City may have to financial loss. The program includes safety programs within City departments, risk management controls, purchasing all insurance for the City including worker's compensation, property and liability, disability, dental, life and health insurance. The Risk Manager is also responsible for purchasing employee bonds for various positions as required by State statutes. Over the years, since the establishment of this position, the City has been able to increase its insurance coverage at no cost in many instances. The City has begun the development of an extensive safety and loss control program to help reduce claims in various categories including workers compensation, auto and general liability.

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

## **Debt Management**

At year-end, the City had outstanding \$81,420,000 in general obligation bonds, \$18,107,078 outstanding in notes, \$36,600,000 in Bond Anticipation Notes and had \$130,553,090 in authorized but unissued debt.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Danbury, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Danbury has received a Certificate of Achievement in each of the last 19 fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Dena Diorio". The signature is written in black ink and is positioned above the printed name and title.

Dena R. Diorio

Director of Finance & Personnel

# 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, 2005

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.



A handwritten signature in black ink, appearing to read "Thomas J. Hanrahan".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**Principal Officials  
City of Danbury, Connecticut**

**Mayor**

Mark D. Boughton

**Town Clerk**

Lori A. Kaback

**Treasurer**

Daniel P. Jowdy

**City Clerk**

Jean Natale

**Common Council**

Joseph A. Cavo  
President

Pauline R. Basso  
Michael J. Calandrino  
Benjamin Chianese  
Ted A. Cutsumpas  
N. Jane Diggs  
John J. Esposito  
James H. Johnson  
Louise P. McMahon  
Sahilesh Nagarseth  
Duane E. Perkins

Robert T. Riley  
Paul T. Rotello  
Thomas J. Saadi  
Mary G. Saracino  
Gregg W. Seabury  
Colleen A. Stanley  
Lynn H. Taborsak  
Mary Teicholz  
Charles J. Trombetta  
Frederick L. Visconti

Dena Diorio  
Director of Finance and Personnel

Daniel G. Garrick  
Asst. Director of Finance

Scott Ferguson  
Tax Collector

Colleen Burke  
Tax Assessor

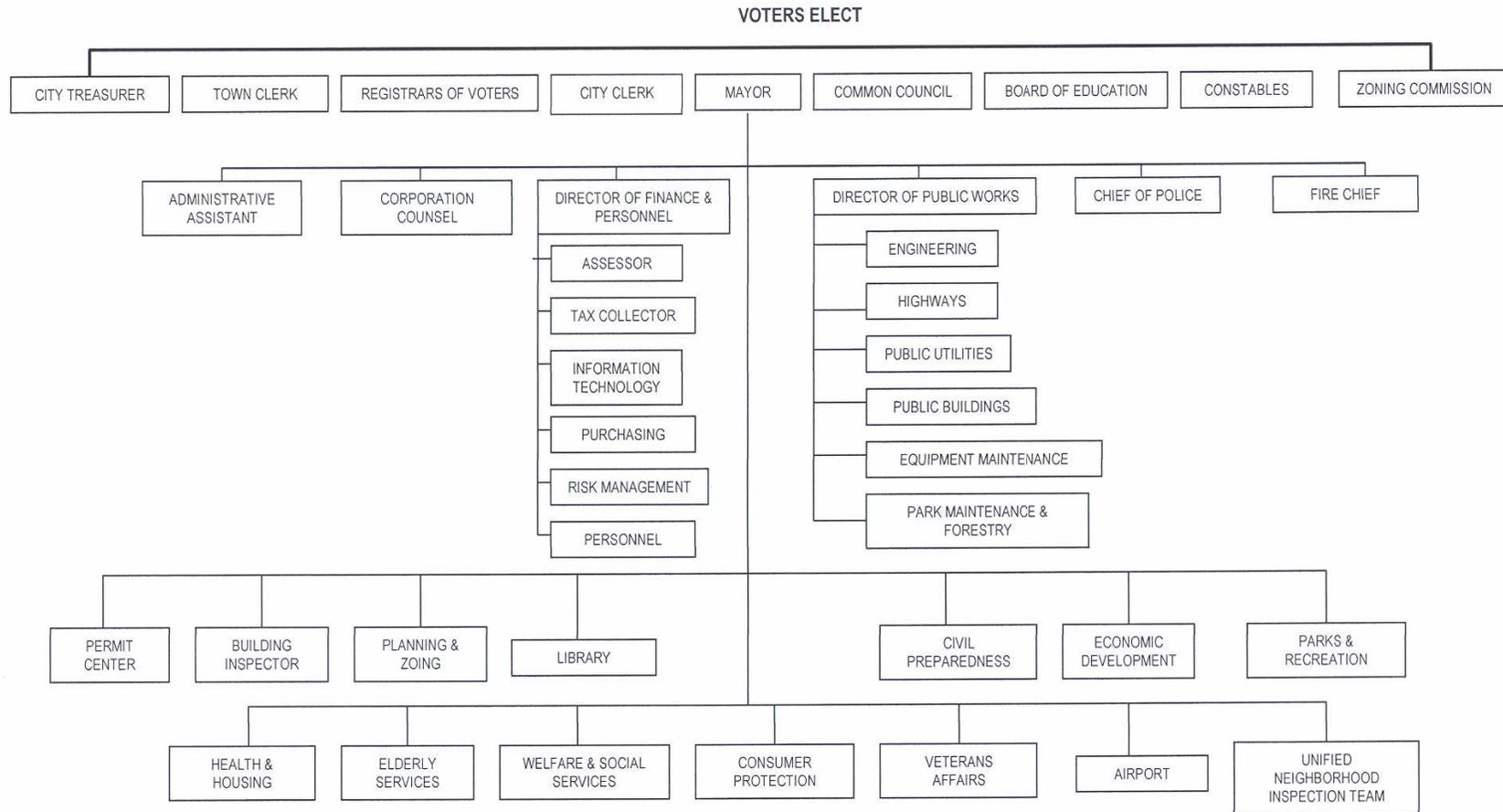
Charles Volpe  
Purchasing Agent

Wade Anderson  
Manager, Info Technology

**Independent Auditors**

McGladrey & Pullen, LLP  
New Haven, Connecticut

**CITY OF DANBURY  
ORGANIZATION CHART**



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**Financial Section**



# McGladrey & Pullen

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Danbury, Connecticut, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Danbury, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority and the Tarrywile Park Authority, component units of the City, which financial statements reflect 100% of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to amounts included for the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority and the Tarrywile Park Authority, discretely presented component units of the City, is based solely on the reports of other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Danbury, Connecticut, as of June 30, 2006, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated October 27, 2006 on our consideration of the City of Danbury, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance and other matters. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management discussion and analysis on pages 3 through 13 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
October 27, 2006

**City of Danbury, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2006**

As management of the City of Danbury, we offer readers of the financial statements this narrative overview and analyses of the financial activities of the City of Danbury for the fiscal year ended June 30, 2006. 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 \$262.7 million. Total net assets for Governmental Activities at fiscal year-end were \$153.1 million and total net assets for Business-Type Activities were \$109.6 million. Net assets for Business-Type Activities increased by \$9.3 million or 9.3%, while net assets for Governmental Activities increased by \$18.9 million or 14.1%. Of the City's total net assets at June 30, 2006, \$22.9 million or 8.7% is unrestricted and may be used to meet the government's obligation to citizens and creditors.
- ◆ On a government-wide basis, during the year, the City's net assets increased by \$28.2 million or 12.0%, from \$234.5 million to \$262.7 million. Government-wide expenses were \$217.3 million, while revenues were \$245.5 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 \$23 million, an increase of \$1.7 million from the prior fiscal year. The Magnet School Fund ended the year with a fund deficit of \$2,766,273 due to timing of resource flows.
- ◆ At the end of the current fiscal year, fund balance for the general fund alone was \$24.3 million, an increase of \$4.4 million from the prior fiscal year. Of the total general fund balance, \$23 million represents unreserved general fund balance. Unreserved general fund balance at year-end represent 13% of total general fund expenditures of \$177.3 million.
- ◆ The City of Danbury's total debt increased by \$5.4 million or 4.1%. The increase is due to the City's on-going capital program and the requirement to finance this program through long-term debt.

**Overview of the Financial Statements**

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

## **Government-Wide Financial Statements**

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

The statement of net assets presents information on all of the City of Danbury's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the city is improving or deteriorating. It speaks to the question of whether or not, the City, as a whole is better or worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

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

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

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

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

## **Fund Financial Statements**

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

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

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

The City of Danbury maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Century 21 PI Fund and the Magnet School, all 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, the Library Fund, the Railyard Parking Lease Fund, Miscellaneous Special Revenue Fund, the Vision 21 and Vision 21 – 2 Bond Issues Fund, the City Projects Fund, the Cityworks 2000 Fund, the Danbury Neighborhood Bond Fund, the Public Safety Bond Fund, the Head Start Bond Fund and the Farioly Permanent Fund. The Miscellaneous Special Revenue Fund is the consolidation of 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. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget.

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

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the City constituency. The City has six pension funds trust funds, one private purpose fund and eight 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 the notes to the financial statements.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the City of Danbury, assets exceeded liabilities by \$264.5 million at June 30, 2006. This is an increase of \$30 million from the previous fiscal year.

	June 30, 2006			June 30, 2005		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 67,289	\$ 10,045	\$ 77,334	\$ 56,243	\$ 9,367	\$ 65,610
Non-current	7,803	5,077	12,880	10,156	5,392	15,548
Capital assets	212,165	150,214	362,379	186,785	145,816	332,601
<b>Total Assets</b>	<b>287,257</b>	<b>165,336</b>	<b>452,593</b>	<b>253,184</b>	<b>160,575</b>	<b>413,759</b>
Current liabilities	37,180	16,513	53,693	31,574	17,148	48,722
Long-term liabilities outstanding	96,942	39,252	136,194	87,414	43,134	130,548
<b>Total Liabilities</b>	<b>134,122</b>	<b>55,765</b>	<b>189,887</b>	<b>118,988</b>	<b>60,282</b>	<b>179,270</b>
Net assets:						
Invested in capital assets, net of related debt	136,424	101,952	238,376	115,002	100,416	215,418
Restricted	1,394	-	1,394	1,519	-	1,519
Unrestricted	15,317	7,619	22,936	17,675	(123)	17,552
<b>Total Net Assets</b>	<b>\$ 153,135</b>	<b>\$ 109,571</b>	<b>\$ 262,706</b>	<b>\$ 134,196</b>	<b>\$ 100,293</b>	<b>\$ 234,489</b>

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

On a government-wide basis excluding component units, the assets of the City of Danbury exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$262.7 million. This is up from last year's net assets of \$234.5 million. Total net assets for Governmental Activities at fiscal year-end were \$153.1 million (up from \$134.2 million in the previous year) and total net assets for Business-type activities were \$109.6 million (up from \$100.3 million in the previous year). In both instances the increases were due to capital expenditures which were partially offset with capital grants. Of the City's total net assets at June 30, 2006, \$22.9 million or 8.7% is unrestricted and may be used to meet the government's on-going obligations to citizens and creditors. This compares with last year's total unrestricted net assets of \$17.6 million or 7.5% unrestricted.

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

noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Year Ended June 30, 2006			Year Ended June 30, 2005		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 23,192	\$ 19,899	\$ 43,091	\$ 17,867	\$ 16,934	\$ 34,801
Operating Grants and Contributions	41,029	-	41,029	41,737	-	41,737
Capital Grants and Contributions	17,966	2,902	20,868	1,653	2,680	4,333
Donated capited assets	405	-	405	4,440	-	4,440
General Revenues:						
Property Taxes	129,588	-	129,588	127,889	-	127,889
Grants and contributions not restricted to specific programs	7,496	-	7,496	16,494	-	16,494
Unrestricted investment earnings	2,284	717	3,001	1,336	495	1,831
<b>Total Revenues</b>	<b>221,960</b>	<b>23,518</b>	<b>245,478</b>	<b>211,416</b>	<b>20,109</b>	<b>231,525</b>
<b>Expenses:</b>						
General Government	12,818	-	12,818	12,499	-	12,499
Public Safety	39,412	-	39,412	37,383	-	37,383
Public Works	12,293	14,240	26,533	11,246	14,019	25,265
Health and Welfare	6,144	-	6,144	5,735	-	5,735
Culture and Recreation	4,425	-	4,425	4,516	-	4,516
Education	123,824	-	123,824	114,075	-	114,075
Other	1,005	-	1,005	1,633	-	1,633
Interest on long-term debt	3,100	-	3,100	3,697	-	3,697
<b>Total Expenses</b>	<b>203,021</b>	<b>14,240</b>	<b>217,261</b>	<b>190,784</b>	<b>14,019</b>	<b>204,803</b>
<b>Change in net assets</b>	<b>18,939</b>	<b>9,278</b>	<b>28,217</b>	<b>20,632</b>	<b>6,090</b>	<b>26,722</b>
<b>Net assets – beginning</b>	<b>134,196</b>	<b>100,293</b>	<b>234,489</b>	<b>113,564</b>	<b>94,203</b>	<b>207,767</b>
<b>Net assets - ending</b>	<b>\$ 153,135</b>	<b>\$ 109,571</b>	<b>\$ 262,706</b>	<b>\$ 134,196</b>	<b>\$ 100,293</b>	<b>\$ 234,489</b>

Danbury's net assets increased by \$28.2 million during the fiscal year, with net assets of Governmental Activities increasing by \$18.9 million, and net assets of Business-Type Activities increasing by \$9.3 million. The increase in net assets within both Governmental and Business-Type Activities is due to the degree to which increases in on-going revenues have exceeded increases in expenses. The net assets of the Governmental activities primarily increased due to capital grants from the State of Connecticut for school construction projects.

### **Government Activities**

For Governmental activities, 58.4% of the revenues were derived from property taxes followed by 37.2% from program revenues, then 3.4% 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 2006 reflect growth in the total assessed value of property of 8.4%.
- ◆ Charges for services for fiscal year 2006 increased due to better than anticipated building permit revenues.
- ◆ Capital contributions increased due to state reimbursement for construction costs related to the Magnet School and other school construction projects.

For Governmental Activities, 61% of the City's expenditures relate to education, 19.5 relate to public safety, 6% for public works, 6.3% for general government, 2.2% for cultural and recreation, 3% for health and welfare, 1.5% for interest on long-term debt and finally .5% for other activities.

Major expenditure factors included:

- ◆ Expenditures for public safety increased by \$2 million or 5.4%, primarily due to the settlement of the police contract which expired in 2003.
- ◆ Expenditures for education increased \$9.3 million or 8.2% reflecting the rising cost of education.

### **Business-Type Activities**

Business-Type activities increased the City's net assets by \$9.3 million, an increase of 9.2% from the prior fiscal year. Factors impacting the growth include:

Charges for services rose by \$3 million, an increase of 17.5% from the prior year, and contributed capital totaled \$2.9 million, a slight increase from the prior fiscal year. Expenditures remained flat at \$14.2 million contributing to the increase in net assets.

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

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

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

As of the end of the current fiscal year, the City of Danbury's governmental funds reported combined ending fund balances of \$23 million. This includes a negative fund balance of \$2.8 million in the Magnet School Fund that will be eliminated through future reimbursement from the State of Connecticut. The General Fund, the Century 21 PI Fund, and Other Governmental Funds reported fund balances of \$24.3 million, \$1.3 million and \$138,000, respectively.

Approximately \$23 million of the general fund's total fund balance constitutes unreserved fund balance that is available for spending at the government's discretion. The remainder of General Fund's fund balance, \$1.3 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 \$23 million while total fund balance reached \$24.3. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13% of total general fund expenditures, while total fund balance represents 13.7% of that same amount.

The fund balance of the City of Danbury's general fund on a budgetary basis, increased by \$4.7 million during the current fiscal year. Key factors in this increase are as follows:

- ◆ Actual revenues exceeded budgeted revenues by \$5.3 million. Licenses & Permits exceeded budget by approximately \$1.5 million or 32.6%. This is due to stronger than anticipated building permit revenue.
- ◆ Revenue from Federal & State Governments exceeded budget by \$1 million, due to increased aid from the State of Connecticut.
- ◆ Investment Income exceeded budget by \$2.4 million due to an improved interest rate environment and more cash on hand available to invest.

The Magnet School Fund had a total fund deficit of \$2.8 million. The fund deficit will be eliminated through future reimbursement from the State of Connecticut.

The Century 21 PI had a total fund balance of \$1.3 million. The fund balance changed from a fund deficit of \$2.4 million in the prior year, due to the timing of debt issuance.

**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 \$55.9 million. The fund generated operating income during the year of \$4.2 million, an increase of \$2.1 million from the prior year. Capital contributions totaled \$1.3 million, resulting in the fund increasing its net assets by \$5.2 million. Unrestricted net assets at year-end totaled \$5.7 million.

Net assets of the Sewer Fund at the end of the year were \$53.7 million, an increase of \$4.1 million from the prior year. The fund generated operating income of \$2.8 million. An increase in charges for services and capital contributions helped to increase the fund's overall net assets by \$4.1 million. Unrestricted net assets at year-end totaled \$2.0 million.

### **General Fund Budgetary Highlights**

The difference between the original budgeted expenditures and the final amended budgeted expenditures was \$1,828,520. The major additional appropriations approved during the year are summarized below:

- ◆ \$497,000 additional appropriations to various departments throughout the City for snow removal and weather related expenses.
- ◆ \$500,000 additional appropriation for the Board of Education for energy costs.
- ◆ \$820,000 to the Police Department for retroactive wages for the settlement of the police union collective bargaining agreement.

During the year, actual revenues on a budgetary basis were \$173.5 million, which exceeded budgetary estimates by \$5.3 million. Licenses & Permits exceeded budgetary estimates by \$1.5 million due to better than anticipated building permit revenues. Revenue from Federal and State Governments exceeded estimates by \$1 million as the City received more state aid than anticipated. Actual investment income was \$2.4 million higher than the budget of \$675,000.

Actual expenditures on a budgetary basis totaled \$168.9 million, which were less than actual revenues on a budgetary basis by \$2.5 million.

### Capital Asset and Debt Administration

**Capital assets.** As of June 30, 2006, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to \$362.4 million, net of accumulated depreciation. This investment in capital assets includes land, building and land improvements, machinery and equipment and infrastructure. The total increase in the City of Danbury's investment in capital assets for the current fiscal year was \$29.8 million or 9%.

	June 30, 2006			June 30, 2005		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 46,619,165	\$ 1,031,946	\$ 47,651,111	\$ 45,512,472	\$ 1,031,946	\$ 46,544,418
Land Improvements	6,755,136	-	6,755,136	7,072,460	-	7,072,460
Buildings and Improvements	66,993,625	67,536,829	134,530,454	65,922,528	69,862,281	135,784,809
Machinery and Equipment	6,834,241	534,361	7,368,602	7,438,540	374,489	7,813,029
Infrastructure	45,708,396	72,281,291	117,989,687	45,994,005	70,756,506	116,750,511
Other	-	219,254	219,254	-	227,626	227,626
Construction in Progress	39,254,600	8,610,649	47,865,249	14,844,750	3,563,441	18,408,191
<b>Total</b>	<b>\$ 212,165,163</b>	<b>\$ 150,214,330</b>	<b>\$ 362,379,493</b>	<b>\$ 186,784,755</b>	<b>\$ 145,816,289</b>	<b>\$ 332,601,044</b>

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

- ◆ Land & building acquisitions totaling \$2.3 million for the construction of a consolidated Head Start facility.
- ◆ Land acquisition totaling \$1.6 million, which includes property acquisition for the new police headquarters.
- ◆ Infrastructure improvements including sidewalks, roads and bridges totaling approximately \$1.7 million.
- ◆ Acquisition of machinery and equipment totaling \$1.7 million.

Additional information on the City of Danbury's capital assets can be found in Note 7 on pages 46-49 of this report.

**Long-term debt.** At the end of the current fiscal year the City of Danbury had total bonded debt outstanding of \$81,420,000 million. One-hundred percent of this debt is backed by the full faith and credit of the city government.

	June 30, 2006			June 30, 2005		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 60,967,100	\$ 20,452,900	\$ 81,420,000	\$ 56,009,450	\$ 21,595,400	\$ 77,604,850
Bond anticipation notes	27,850,000	8,750,000	36,600,000	23,050,000	9,250,000	32,300,000
Notes payable	1,405,000	18,107,078	19,512,078	1,537,112	20,726,460	22,263,572
<b>Total</b>	<b>\$ 90,222,100</b>	<b>\$ 47,309,978</b>	<b>\$ 137,532,078</b>	<b>\$ 80,596,562</b>	<b>\$ 51,571,860</b>	<b>\$ 132,168,422</b>

The City of Danbury's total debt increased by \$5.4 million or 4.1% during the current fiscal year. During the year, the City issued Bond Anticipation Notes totaling \$36,600,000. Repayments over the course of the year totaling \$32,300,000 resulted in an outstanding balance at June 30, 2006 of \$36,600,000.

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 \$902,118,756. As of June 30, 2006, the City recorded long-term debt of \$90.2 million related to Governmental Activities and \$47.3 million related Business-Type Activities, well below its statutory debt limit.

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

**Cash Management Policies and Practices.** At June 30, 2006, the City had \$72.4 million in cash and cash equivalents. The City also had \$228.6 million of investments representing assets in the City's six pension funds.

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

**Pension Administration.** The City maintains six distinct pension plans covering substantially all of its employees, except teachers who are covered by the State Teachers' Retirement Fund. The City does not contribute to the State Teachers' Retirement Fund. The General Employee's Plan is a non-contributory defined benefit plan. The remaining five plans – Post-1983 Police; Post-1967 Fire; Post-1967 Police; Pre-1967 Fire and Pre-1967 Police, are contributory defined benefit plans. Police contribute 4%-4.5% of their wages to the plans, while fire contribute 5%. The City's funding policy is to make contributions on an actuarial cost basis, which includes normal cost plus an amortization of the unfunded past service liability. Total employer pension contributions for the year ended June 30, 2006 were \$3,548,709.

As of June 30, 2006, the six plans had aggregate assets of \$246 million, up \$9.7 million from \$236.3 million on June 30, 2005. 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 \$230.8 million, while the actuarial accrued liability was \$215.9. On an actuarial accrued basis, the City's liability was in the aggregate, 107% funded.

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

The City of Danbury continues to show economic strength compared to other parts of the State of Connecticut. As of June 2006, the unemployment rate for the Danbury Labor Market Area was 3.4% down from 4.1% in the prior year. The City of Danbury's unemployment rate was 3.5% down from 4.4% at June 30, 2005. Connecticut's overall unemployment rate was 4.4% at June 30, 2006, down from 5.4% a year ago.

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

Finally, the City's diverse, high quality tax base lends stability to the City's revenue stream and Danbury expects to retain its competitive advantage in Northern Fairfield County.

### **Requests for Information**

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

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## **Basic Financial Statements**



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CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total*
<b>Assets</b>			
Cash and cash equivalents	\$ 44,074,936	\$ 8,798,513	\$ 52,873,449
Receivables (net of allowances for collection losses):			
Property taxes	3,536,160	-	3,536,160
Unbilled services	-	3,040,902	3,040,902
Special assessments	-	433,355	433,355
Contract receivable	2,125,000	-	2,125,000
Accounts receivable	322,495	-	322,495
Federal and state governments	10,928,546	-	10,928,546
Other	2,237,145	1,435,140	3,672,285
Inventories	41,189	329,503	370,692
Internal balances	3,993,627	(3,993,627)	-
Other assets	29,386	-	29,386
Special assessments receivable	-	4,109,060	4,109,060
Deferred charges, net of accumulated amortization	851,489	968,247	1,819,736
Federal and state government receivables	4,451,711	-	4,451,711
Contract receivable	2,500,000	-	2,500,000
Capital assets, not being depreciated	85,873,765	9,642,595	95,516,360
Capital assets, net of accumulated depreciation	126,291,398	140,571,735	266,863,133
<b>Total assets</b>	<b>287,256,847</b>	<b>165,335,423</b>	<b>452,592,270</b>
<b>Liabilities</b>			
Accounts payable	11,410,815	1,415,269	12,826,084
Accrued liabilities	4,064,339	722,491	4,786,830
Advance tax collections	5,774,966	-	5,774,966
Unearned revenues	2,829,881	5,624,965	8,454,846
Bond anticipation notes payable	12,200,000	8,750,000	20,950,000
Noncurrent liabilities:			
Due within one year	7,569,592	4,307,031	11,876,623
Due in more than one year	90,271,953	34,945,158	125,217,111
<b>Total liabilities</b>	<b>134,121,546</b>	<b>55,764,914</b>	<b>189,886,460</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	136,423,560	101,951,335	238,374,895
Restricted for:			
Farioly Library:			
Expendable	41,189	-	41,189
Nonexpendable	1,353,133	-	1,353,133
Unrestricted (Deficit)	15,317,419	7,619,174	22,936,593
<b>Total net assets</b>	<b>\$ 153,135,301</b>	<b>\$ 109,570,509</b>	<b>\$ 262,705,810</b>

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

\* After internal receivables and payables have been eliminated.

Component Units		
Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority
\$ 608,279	\$ 68,959	\$ 78,921
-	-	-
-	-	-
-	-	-
52,130	-	14,875
-	-	-
-	-	-
5,000	-	-
-	-	-
4,688	5,682	18,488
-	-	-
-	-	-
-	-	-
-	-	-
56,665	3,137,514	34,773
<u>726,762</u>	<u>3,212,155</u>	<u>147,057</u>
13,019	-	24,438
32,458	128,197	7,688
-	-	-
21,350	-	-
-	-	-
-	21,667	-
-	43,333	-
<u>66,827</u>	<u>193,197</u>	<u>32,126</u>
56,665	3,072,514	34,773
-	-	-
-	-	-
603,270	(53,556)	80,158
<u>\$ 659,935</u>	<u>\$ 3,018,958</u>	<u>\$ 114,931</u>

**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ (12,816,880)	\$ 10,069,734	\$ 747,267	\$ 333,950
Public safety	(39,411,913)	403,675	492,472	-
Public works	(12,292,573)	-	4,884,441	-
Health and welfare	(6,143,955)	3,619,202	671,172	-
Culture and recreation	(4,425,455)	-	388,621	404,713
Education	(123,823,970)	8,950,343	33,844,639	17,632,102
Other	(1,004,811)	148,575	-	-
Interest on long-term debt	(3,100,300)	-	-	-
<b>Total governmental activities</b>	<b>(203,019,857)</b>	<b>23,191,529</b>	<b>41,028,612</b>	<b>18,370,765</b>
Business-type activities:				
Sewer	(8,408,066)	10,489,592	-	1,565,618
Water	(5,832,384)	9,409,315	-	1,336,408
<b>Total business-type activities</b>	<b>(14,240,450)</b>	<b>19,898,907</b>	<b>-</b>	<b>2,902,026</b>
<b>Total primary government</b>	<b>(217,260,307)</b>	<b>43,090,436</b>	<b>41,028,612</b>	<b>21,272,791</b>
<b>Component Units:</b>				
Danbury Parking Authority	(823,778)	848,287	5,942	-
Richter Park Authority	(1,869,350)	1,692,917	2,331	-
Tarrywile Park Authority	(347,355)	141,515	275,786	-
<b>Total component units</b>	<b>\$ (3,040,483)</b>	<b>\$ 2,682,719</b>	<b>\$ 284,059</b>	<b>\$ -</b>

General revenues:  
 Property taxes  
 Grants and contributions not restricted to  
 specific programs  
 Unrestricted investment earnings  
 Total general revenues  
 Change in net assets  
 Net assets - beginning  
 Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets								
Primary Government			Component Units					
Governmental Activities	Business-type Activities	Total	Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority			
(1,665,929)	\$ -	\$ (1,665,929)	\$ -	\$ -	\$ -			
(38,515,766)	-	(38,515,766)	-	-	-			
(7,408,132)	-	(7,408,132)	-	-	-			
(1,853,581)	-	(1,853,581)	-	-	-			
(3,632,121)	-	(3,632,121)	-	-	-			
(63,396,886)	-	(63,396,886)	-	-	-			
(856,236)	-	(856,236)	-	-	-			
(3,100,300)	-	(3,100,300)	-	-	-			
(120,428,951)	-	(120,428,951)	-	-	-			
-	3,647,144	3,647,144	-	-	-			
-	4,913,339	4,913,339	-	-	-			
-	8,560,483	8,560,483	-	-	-			
(120,428,951)	8,560,483	(111,868,468)	-	-	-			
-	-	-	30,451	-	-			
-	-	-	-	(174,102)	-			
-	-	-	-	-	69,946			
-	-	-	30,451	(174,102)	69,946			
129,588,158	-	129,588,158	-	-	-			
7,496,197	-	7,496,197	-	-	-			
2,283,695	716,765	3,000,460	10,992	-	356			
139,368,050	716,765	140,084,815	10,992	-	356			
18,939,099	9,277,248	28,216,347	41,443	(174,102)	70,302			
134,196,202	100,293,261	234,489,463	618,492	3,193,060	44,629			
\$ 153,135,301	\$ 109,570,509	\$ 262,705,810	\$ 659,935	\$ 3,018,958	\$ 114,931			

CITY OF DANBURY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2006

	General	Century 21 PI	Magnet School Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 20,391,858	\$ 12,453,226	\$ 1,099,492	\$ 10,130,360	\$ 44,074,936
Receivables (net of allowances for collection losses):					
Property taxes	3,536,160	-	-	-	3,536,160
Contract receivable	4,625,000	-	-	322,495	4,947,495
State and federal governments	9,331,306	618,940	4,291,060	1,138,951	15,380,257
Other	2,134,898	-	-	102,247	2,237,145
Inventories	-	-	-	41,189	41,189
Other assets	29,386	-	-	-	29,386
Due from other funds	10,945,178	705,000	-	1,479,829	13,130,007
<b>Total assets</b>	<b>\$ 50,993,786</b>	<b>\$ 13,777,166</b>	<b>\$ 5,390,552</b>	<b>\$ 13,215,071</b>	<b>\$ 83,376,575</b>
<b>Liabilities</b>					
Accounts payable	\$ 5,825,725	\$ 762,141	\$ 1,420,552	\$ 3,402,397	\$ 11,410,815
Accrued wages	2,925,951	-	-	-	2,925,951
Due to other funds	2,055	149,201	3,970,000	5,015,124	9,136,380
Deferred revenues	12,157,719	572,605	2,766,273	579,609	16,076,206
Unearned revenue	-	-	-	2,829,881	2,829,881
Bond anticipation notes payable	-	10,950,000	-	1,250,000	12,200,000
Advance tax collections	5,774,964	-	-	-	5,774,964
<b>Total liabilities</b>	<b>26,686,414</b>	<b>12,433,947</b>	<b>8,156,825</b>	<b>13,077,011</b>	<b>60,354,197</b>
<b>Fund Balances (Deficits)</b>					
Reserved for:					
Inventories	-	-	-	41,189	41,189
Encumbrances	1,189,484	8,691,903	775,212	5,940,015	16,596,614
Continued appropriations	158,813	-	-	-	158,813
Permanent fund	-	-	-	1,353,133	1,353,133
CDBG Projects	-	-	-	433,831	433,831
Unreserved, reported in:					
General fund	22,959,075	-	-	-	22,959,075
Special revenue funds	-	-	-	1,174,142	1,174,142
Capital projects funds	-	(7,348,684)	(3,541,485)	(9,014,455)	(19,904,624)
Permanent fund	-	-	-	210,205	210,205
Total fund balances (deficits)	24,307,372	1,343,219	(2,766,273)	138,060	23,022,378
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 50,993,786</b>	<b>\$ 13,777,166</b>	<b>\$ 5,390,552</b>	<b>\$ 13,215,071</b>	

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

Capital assets, net of accumulated depreciation of \$136,558,121, 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.	212,165,163
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized.	16,076,206
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(98,128,446)

Net assets of governmental activities \$ 153,135,301

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, 2006

	General	Century 21 PI	Magnet School Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$128,855,805	\$ -	\$ -	\$ -	\$128,855,805
State and federal governments	35,977,718	3,643,351	12,812,357	17,040,273	69,473,699
Licenses and permits	6,105,553	-	-	14,332	6,119,885
Charges for services	3,997,544	-	-	5,133,119	9,130,663
Fines and penalties	1,222,113	-	-	-	1,222,113
Investment income	2,283,694	-	-	73,689	2,357,383
Other	303,541	13,685	-	435,159	752,385
Contributions	2,625,000	-	-	-	2,625,000
<b>Total revenues</b>	<b>181,370,968</b>	<b>3,657,036</b>	<b>12,812,357</b>	<b>22,696,572</b>	<b>220,536,933</b>
<b>EXPENDITURES</b>					
Current:					
General government	8,007,621	-	-	764,489	8,772,110
Public safety	24,390,095	-	-	2,282,906	26,673,001
Public works	8,092,000	-	-	47,775	8,139,775
Health and welfare	4,322,340	-	-	1,606,377	5,928,717
Culture and recreation	2,861,019	-	-	299,053	3,160,072
Education	102,381,921	-	-	18,778,927	121,160,848
Pension and other employee benefits	18,596,490	-	-	-	18,596,490
Debt service:					
Principal retirements	5,505,612	-	-	95,000	5,600,612
Interest and other charges	2,668,668	-	-	-	2,668,668
Capital outlay	434,595	9,885,493	15,578,630	9,067,941	34,966,659
<b>Total expenditures</b>	<b>177,260,361</b>	<b>9,885,493</b>	<b>15,578,630</b>	<b>32,942,468</b>	<b>235,666,952</b>
<b>Revenues over (under) expenditures</b>	<b>4,110,607</b>	<b>(6,228,457)</b>	<b>(2,766,273)</b>	<b>(10,245,896)</b>	<b>(15,130,019)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	713,880	713,880
Transfers out	(713,880)	-	-	-	(713,880)
Bond anticipation note proceeds	-	10,000,000	-	5,888,000	15,888,000
Bond proceeds	-	10,202,000	-	-	10,202,000
Repayment of bond anticipation notes	-	(10,202,000)	-	-	(10,202,000)
Premium on bonds	745,035	-	-	-	745,035
Lease financing	239,398	-	-	-	239,398
<b>Total other financing sources</b>	<b>270,553</b>	<b>10,000,000</b>	<b>-</b>	<b>6,601,880</b>	<b>16,872,433</b>
<b>Net change in fund balances (deficits)</b>	<b>4,381,160</b>	<b>3,771,543</b>	<b>(2,766,273)</b>	<b>(3,644,016)</b>	<b>1,742,414</b>
<b>FUND BALANCES (DEFICITS), beginning</b>	<b>19,926,212</b>	<b>(2,428,324)</b>	<b>-</b>	<b>3,782,076</b>	<b>21,279,964</b>
<b>FUND BALANCES (DEFICITS), ending</b>	<b>\$ 24,307,372</b>	<b>\$ 1,343,219</b>	<b>\$ (2,766,273)</b>	<b>\$ 138,060</b>	<b>\$ 23,022,378</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, 2005**

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

Net change in fund balances – total governmental funds \$ 1,742,414

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. 25,043,237

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 337,171

Revenues in the statement of activities that do not provide current financial resources are not reported in the funds. 974,350

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. (9,391,600)

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. 233,527

Change in net assets of governmental activities \$ 18,939,099

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, 2006**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 129,851,428	\$ 129,851,428	\$ 128,855,805	\$ (995,623)
Federal and state governments	25,751,795	26,401,629	27,435,245	1,033,616
Licenses and permits	4,603,292	4,603,292	6,105,553	1,502,261
Charges for services	5,390,107	6,470,529	6,622,544	152,015
Fines and penalties	193,000	193,000	1,222,113	1,029,113
Investment income	675,000	675,000	3,028,730	2,353,730
Other	35,500	40,941	303,541	262,600
<b>Total revenues</b>	<b>166,500,122</b>	<b>168,235,819</b>	<b>173,573,531</b>	<b>5,337,712</b>
<b>EXPENDITURES</b>				
Current:				
General government	8,080,613	8,421,754	7,936,685	485,069
Public safety	23,102,575	24,943,915	24,685,675	258,240
Public works	7,504,671	8,300,144	8,076,709	223,435
Health and welfare	2,741,873	2,760,689	2,710,613	50,076
Culture and recreation	2,865,953	2,881,953	2,878,125	3,828
Education	94,631,075	95,163,536	95,141,056	22,480
Pension and other employee benefits	20,185,978	19,764,869	18,609,731	1,155,138
Capital outlay	-	195,823	195,823	-
Contingency	1,611,283	119,858	-	119,858
Debt service:				
Principal retirements	6,019,462	6,019,462	6,005,611	13,851
Interest	2,856,639	2,856,639	2,668,668	187,971
<b>Total expenditures</b>	<b>169,600,122</b>	<b>171,428,642</b>	<b>168,908,696</b>	<b>2,519,946</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (3,100,000)</b>	<b>\$ (3,192,823)</b>	<b>4,664,835</b>	<b>\$ 7,857,658</b>
<b>UNRESERVED BUDGETARY FUND</b>				
<b>BALANCE, beginning</b>			<b>18,727,920</b>	
<b>Total unreserved budgetary fund balance</b>			<b>23,392,755</b>	
<b>Less: Nonbudgetary accruals and reserves</b>			<b>(433,680)</b>	
<b>UNRESERVED FUND BALANCE, ending</b>			<b>\$ 22,959,075</b>	

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, 2006

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,420,675	\$ 3,377,838	\$ 8,798,513
Receivables (net of allowances for collection losses):			
Unbilled services	1,502,453	1,538,449	3,040,902
Special assessments receivable	129,790	303,565	433,355
User Charges	702,477	732,663	1,435,140
Inventories	329,503	-	329,503
<b>Total current assets</b>	<b>8,084,898</b>	<b>5,952,515</b>	<b>14,037,413</b>
Noncurrent assets:			
Capital assets (net of accumulated depreciation)	68,355,456	81,858,874	150,214,330
Special assessments receivable, net	1,095,006	3,014,054	4,109,060
Other assets (net of accumulated amortization)	899,085	69,162	968,247
<b>Total noncurrent assets</b>	<b>70,349,547</b>	<b>84,942,090</b>	<b>155,291,637</b>
<b>Total assets</b>	<b>78,434,445</b>	<b>90,894,605</b>	<b>169,329,050</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accrued liabilities	432,423	290,068	722,491
Accounts payable	402,266	1,013,003	1,415,269
Due to other funds	1,613,416	2,380,211	3,993,627
Unearned revenues	-	5,624,965	5,624,965
Notes payable - current	-	2,619,382	2,619,382
<b>Total current liabilities</b>	<b>2,448,105</b>	<b>11,927,629</b>	<b>14,375,734</b>
Noncurrent liabilities:			
Notes payable (net of unamortized discount)	-	15,487,696	15,487,696
Bonds payable (net of unamortized discount)	19,500,900	9,702,000	29,202,900
Other liabilities (net of accumulated amortization)	627,615	64,596	692,211
<b>Total noncurrent liabilities</b>	<b>20,128,515</b>	<b>25,254,292</b>	<b>45,382,807</b>
<b>Total liabilities</b>	<b>22,576,620</b>	<b>37,181,921</b>	<b>59,758,541</b>
<b>NET ASSETS</b>			
Invested in capital assets (net of related debt)	50,191,303	51,760,032	101,951,335
Unrestricted	5,666,522	1,952,652	7,619,174
<b>Total net assets</b>	<b>\$ 55,857,825</b>	<b>\$ 53,712,684</b>	<b>\$ 109,570,509</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, 2006**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 9,409,315	\$ 9,367,202	\$ 18,776,517
Septic and connection fees	-	1,122,390	1,122,390
<b>Total operating revenues</b>	<b>9,409,315</b>	<b>10,489,592</b>	<b>19,898,907</b>
<b>OPERATING EXPENSES</b>			
Salaries, benefits and claims	2,357,033	-	2,357,033
Materials and supplies	577,670	-	577,670
Depreciation	1,296,074	2,672,213	3,968,287
Utilities	186,724	-	186,724
Administration and operation	776,411	5,058,007	5,834,418
<b>Total operating expenses</b>	<b>5,193,912</b>	<b>7,730,220</b>	<b>12,924,132</b>
<b>Operating income</b>	<b>4,215,403</b>	<b>2,759,372</b>	<b>6,974,775</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	243,466	473,299	716,765
Interest expense	(638,472)	(677,846)	(1,316,318)
<b>Total nonoperating revenues (expenses)</b>	<b>(395,006)</b>	<b>(204,547)</b>	<b>(599,553)</b>
<b>Net income before capital contributions</b>	<b>3,820,397</b>	<b>2,554,825</b>	<b>6,375,222</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>1,336,408</b>	<b>1,565,618</b>	<b>2,902,026</b>
<b>Change in net assets</b>	<b>5,156,805</b>	<b>4,120,443</b>	<b>9,277,248</b>
<b>FUND NET ASSETS, beginning</b>	<b>50,701,020</b>	<b>49,592,241</b>	<b>100,293,261</b>
<b>FUND NET ASSETS, ending</b>	<b>\$ 55,857,825</b>	<b>\$ 53,712,684</b>	<b>\$ 109,570,509</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, 2006

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 9,022,092	\$ 10,357,871	\$ 19,379,963
Payments to suppliers	(2,335,559)	(4,139,989)	(6,475,548)
Payments to employees	(2,382,004)	-	(2,382,004)
<b>Net cash provided by operating activities</b>	<b>4,304,529</b>	<b>6,217,882</b>	<b>10,522,411</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Principal payments on debt	(1,233,400)	(3,028,382)	(4,261,782)
Interest paid on debt	(638,472)	(677,846)	(1,316,318)
Capital contributions	1,336,408	1,565,618	2,902,026
Purchase of capital assets	(3,308,025)	(5,058,403)	(8,366,428)
<b>Net cash used in capital and related financing activities</b>	<b>(3,843,489)</b>	<b>(7,199,013)</b>	<b>(11,042,502)</b>
<b>Cash Flows From Investing Activities</b>			
Interest received on investments	243,466	473,299	716,765
<b>Net cash provided by investing activities</b>	<b>243,466</b>	<b>473,299</b>	<b>716,765</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>704,506</b>	<b>(507,832)</b>	<b>196,674</b>
<b>Cash and Cash Equivalents</b>			
Beginning	4,716,169	3,885,670	8,601,839
Ending	<u>\$ 5,420,675</u>	<u>\$ 3,377,838</u>	<u>\$ 8,798,513</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 4,215,403	\$ 2,759,372	\$ 6,974,775
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,296,074	2,672,213	3,968,287
Changes in assets and liabilities:			
Increase in accounts receivable	(371,035)	(90,344)	(461,379)
(Increase) decrease in other receivables	(16,188)	410,422	394,234
Decrease in inventories	12,301	-	12,301
Decrease in other assets	17,240	12,205	29,445
Decrease in due from other funds	-	36,000	36,000
(Decrease) increase in accrued expenses	(532,020)	896,931	364,911
(Decrease) increase in due to other funds	(206,490)	30,211	(176,279)
Decrease in unearned revenue	-	(500,004)	(500,004)
Decrease in other liabilities	(110,756)	(9,124)	(119,880)
<b>Net cash provided by operating activities</b>	<b>\$ 4,304,529</b>	<b>\$ 6,217,882</b>	<b>\$ 10,522,411</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, 2006**

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,113,227	\$ 1,298	\$ 3,446,752
Investments, at fair value			
Common stock	103,144,457	-	-
Bonds and notes	36,011,676	-	-
Mutual funds	43,719,054	-	-
Private hedge fund	45,770,839	-	-
<b>Total investments</b>	<b>228,646,026</b>	<b>-</b>	<b>-</b>
Accrued interest and dividends	518,252	-	-
Pending sales	691,556	-	-
<b>Total assets</b>	<b>245,969,061</b>	<b>1,298</b>	<b>3,446,752</b>
<b>LIABILITIES</b>			
Pending purchases	3,203,413	-	-
Other liabilities	-	-	3,446,752
	<b>3,203,413</b>	<b>-</b>	<b>3,446,752</b>
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes</b>	<b>\$ 242,765,648</b>	<b>\$ 1,298</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, 2006**

	Pension Trust Funds	Private Purpose Trust Fund
<b>Additions</b>		
Contributions		
Employer	\$ 3,548,709	\$ -
Plan members	669,372	-
<b>Total contributions</b>	<u>4,218,081</u>	<u>-</u>
Investment Income		
Net appreciation in fair value of investments	12,701,116	-
Interest and dividends	6,438,926	35
	<u>19,140,042</u>	<u>35</u>
Less investment expenses:		
Investment management fees	1,467,986	-
	<u>1,467,986</u>	<u>-</u>
<b>Net investment income</b>	<u>17,672,056</u>	<u>35</u>
<b>Total additions</b>	21,890,137	35
<b>Deductions</b>		
Benefits Paid	12,453,519	-
	<u>12,453,519</u>	<u>-</u>
<b>Change in net assets</b>	9,436,618	35
<b>Net Assets</b>		
Beginning of year	233,329,030	1,263
	<u>233,329,030</u>	<u>1,263</u>
End of year	\$ 242,765,648	\$ 1,298
	<u>\$ 242,765,648</u>	<u>\$ 1,298</u>

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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

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

**Reporting entity**

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

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

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City's component units are discretely presented component units, which are reported in separate columns in the 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, 2006.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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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, 2006.

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, 2005.

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

Tarrywile Park Authority  
70 Southern Boulevard  
Danbury, CT 06810

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

Danbury Parking Authority  
21 Delay Street  
Danbury, CT 06810

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

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

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

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

## **CITY OF DANBURY, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued** **June 30, 2006**

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

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

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

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

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

Property taxes, when levied for, intergovernmental revenues when eligibility requirements are met, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the City.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

## **CITY OF DANBURY, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued** **June 30, 2006**

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

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

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

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

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

#### **Accounting estimates**

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

#### **Property taxes**

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

## **CITY OF DANBURY, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued** **June 30, 2006**

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#### **Cash equivalents**

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

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

Accounts receivables, property tax receivables and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately \$3,000,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history.

#### **Investments**

Investments, all of which are held in the pension trust funds, are stated at fair value based on quoted market prices. The pension funds allow for investments in certain hedge funds. All such assets are carried at fair value; losses are incurred only up to the assets invested.

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

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

#### **Inventories**

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

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

#### **Capital assets**

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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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

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

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

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

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

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

**Compensated absences**

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

**Long-term obligations**

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

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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

#### **Pension accounting:**

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

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

##### **Governmental Funds**

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

##### **Funding policy**

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

#### **Encumbrances**

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

#### **Fund Equity and Net Assets**

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

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

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

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2006

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

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

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

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(98,128,472) difference are as follows:

Bonds payable	\$ (76,617,100)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	851,489
Add: Issuance premium (to be amortized over life of debt)	(1,795,740)
Capital leases payable	(2,574,247)
Compensated absences	(485,215)
Landfill closure	(13,664,243)
Accrued interest	(1,138,416)
HUD-Section 108 loans	(1,405,000)
Claims and Other	<u>(1,300,000)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u><u>\$ (98,128,472)</u></u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2006

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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 \$25,043,237 difference are as follows:

Capital outlay	\$ 31,954,236
Depreciation expense	<u>(6,910,999)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 25,043,237</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(9,391,600) difference are as follows:

Debt issued or incurred:	
Issuance of bonds	\$ (15,888,000)
Premiums	(745,035)
Bond issuance costs	750,143
Capital leases	(239,398)
Principal repayments:	
General obligation debt	5,614,461
Capital leases	<u>1,116,229</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (9,391,600)</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$233,527 difference are as follows:

Compensated absences	\$ 40,783
Other liabilities	<u>192,744</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 233,527</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.
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 \$1,828,520 and also increased budgeted revenues approximately \$1,735,697.
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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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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, 2006, there was \$158,813 in continued appropriations.

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

	Revenues	Expenditures, Encumbrances and Transfers Out
Balance, budgetary basis	\$ 173,573,531	\$ 168,908,696
Encumbrances and continued appropriations		
June 30, 2005	-	1,697,289
June 30, 2006	-	(1,348,297)
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	6,920,000	6,920,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,622,472	1,622,472
Purchases of equipment under capital lease obligations, not recognized for budgetary purposes	239,398	239,398
Net of accruals not recognized for budgetary purposes	-	(65,317)
Balance, GAAP basis	<u>\$ 182,355,401</u>	<u>\$ 177,974,241</u>

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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#### Special revenue funds

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

#### Capital projects funds

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

#### Note 4. Cash and Investments

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

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

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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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

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

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

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

*Custodial credit risk:*

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2006 \$58,769,319 of the City's bank balance of \$75,527,585 was uninsured and uncollateralized.

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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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Cash and investments of the City consist of the following at June 30, 2006:

<b>Cash and Cash Equivalents</b>	
Deposits With Financial Institutions	\$ 72,217,263
Tax Exempt Proceeds Fund	117,917
Municipal Backed Investment Fund	99,546
<b>Total cash and cash equivalents</b>	<u>72,434,726</u>
<b>Investments</b>	
Pension Trust Funds:	
U.S. Government Securities	3,801,857 *
U.S. Government Agencies	23,698,050 *
Corporate Debt	8,511,769 *
Common Stocks	103,144,457 *
Mutual Funds	43,719,054
Private Hedge Funds	45,770,839
<b>Total pension investments</b>	<u>228,646,026</u>
<b>Total cash and investments</b>	<u>\$ 301,080,752</u>

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

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

	<u>Primary Government</u>
<b>Statement of Net Assets</b>	
Cash and cash equivalents	<u>\$ 52,873,449</u>
	<u>52,873,449</u>
<b>Fiduciary Funds:</b>	
Cash and cash equivalents	19,561,277
Investments	228,646,026
	<u>248,207,303</u>
<b>Total cash and investments</b>	<u>\$ 301,080,752</u>

*Interest rate risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt type investments to this risk using the segmented time distribution model is as follows:

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Agencies	\$ 23,698,050	\$ 1,432,342	\$ 5,917,323	\$ 2,380,368	\$ 13,968,017
U.S. Government Securities	3,801,857	496,775	1,292,757	757,586	1,254,739
Corporate Bonds	8,511,769	1,048,944	3,382,421	3,330,027	750,377
Pooled Fixed Income	217,463	217,463	-	-	-
<b>TOTAL</b>	<b>\$ 36,229,139</b>	<b>\$ 3,195,524</b>	<b>\$ 10,592,501</b>	<b>\$ 6,467,981</b>	<b>\$ 15,973,133</b>

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

Average Rating	U.S. Government		
	Corporate Bonds	Agency Obligation	Pooled Fixed Income
AAA	\$ 156,923	\$ 15,170,202	\$ -
AA	99,143	-	99,546
AA-	1,575,246	-	-
A+	1,569,404	266,671	-
A	3,286,650	-	-
A-	584,113	-	-
BBB+	747,411	-	-
BBB	492,879	-	-
Unrated	-	8,261,177	117,917
	<b>\$ 8,511,769</b>	<b>\$ 23,698,050</b>	<b>\$ 217,463</b>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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

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

	Deferred Revenue	Unearned Revenue
	<u>                    </u>	<u>                    </u>
<b>General Fund:</b>		
Taxes and accrued interest on delinquent property taxes	\$ 3,003,721	\$ -
School construction receivable	4,451,711	-
Note receivable	4,625,000	-
Other	77,287	-
<b>Major Funds:</b>		
Magnet School	2,766,273	-
Century 21 PI	572,605	-
<b>Nonmajor Funds:</b>		
Grants and other	<u>579,609</u>	<u>2,829,881</u>
	<u>\$ 16,076,206</u>	<u>\$ 2,829,881</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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

As of June 30, 2006, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 10,945,178	\$ 2,055
Water	-	1,613,416
Sewer	-	2,380,211
Century 21 PI	705,000	149,201
Magnet School	-	3,970,000
Nonmajor and Other Funds	1,479,829	5,015,124
<b>Totals</b>	<u>\$ 13,130,007</u>	<u>\$ 13,130,007</u>

Interfund balances represent routine and temporary cash flow assistance.

Interfund transfers during the year ended June 30, 2006 were as follows:

	Transfers In:		
	General Fund	Nonmajor Governmental	Total
Transfers out:			
General Fund	\$ -	\$ 713,880	\$ 713,880
	<u>\$ -</u>	<u>\$ 713,880</u>	<u>\$ 713,880</u>

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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

**Note 7. Capital Assets**

Capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 45,512,472	\$ 1,591,192	\$ (484,499)	\$ 46,619,165
Construction in progress	14,844,750	31,900,401	(7,490,551)	39,254,600
Total capital assets, not being depreciated	<u>60,357,222</u>	<u>33,491,593</u>	<u>(7,975,050)</u>	<u>85,873,765</u>
Capital assets, being depreciated:				
Land improvements	8,054,228	34,800	-	8,089,028
Buildings and improvements	108,396,443	3,264,080	-	111,660,523
Machinery and equipment	23,366,899	1,957,219	(1,210,248)	24,113,870
Infrastructure	117,317,742	1,668,356	-	118,986,098
Total capital assets being depreciated	<u>257,135,312</u>	<u>6,924,455</u>	<u>(1,210,248)</u>	<u>262,849,519</u>
Less accumulated depreciation for:				
Land improvements	981,768	352,124	-	1,333,892
Buildings and improvements	42,473,915	2,192,983	-	44,666,898
Machinery and equipment	15,928,359	2,411,927	(1,060,657)	17,279,629
Infrastructure	71,323,737	1,953,965	-	73,277,702
Total accumulated depreciation	<u>130,707,779</u>	<u>6,910,999</u>	<u>(1,060,657)</u>	<u>136,558,121</u>
Total capital assets, being depreciated, net	<u>126,427,533</u>	<u>13,456</u>	<u>(149,591)</u>	<u>126,291,398</u>
Governmental activities capital assets, net	<u>\$ 186,784,755</u>	<u>\$ 33,505,049</u>	<u>\$ (8,124,641)</u>	<u>\$ 212,165,163</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

	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	3,563,441	5,047,208	-	8,610,649
Total capital assets, not being depreciated	<u>4,595,387</u>	<u>5,047,208</u>	<u>-</u>	<u>9,642,595</u>
Capital assets, being depreciated:				
Buildings and improvements	100,373,069	103,230	-	100,476,299
Machinery and equipment	1,110,798	186,550	(131,250)	1,166,098
Distribution and collection systems	88,727,711	2,963,153	-	91,690,864
Vehicles	838,250	54,441	(34,339)	858,352
Other	918,561	12,515	-	931,076
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	<u>192,256,093</u>	<u>3,319,889</u>	<u>(165,589)</u>	<u>195,410,393</u>
Less accumulated depreciation for:				
Buildings and improvements	30,510,788	2,428,682	-	32,939,470
Machinery and equipment	736,309	26,678	(131,250)	631,737
Distribution and collection systems	17,971,205	1,438,368	-	19,409,573
Vehicles	823,287	33,362	(33,570)	823,079
Other	757,036	22,715	-	779,751
Furniture and fixtures	236,566	18,482	-	255,048
Total accumulated depreciation	<u>51,035,191</u>	<u>3,968,287</u>	<u>(164,820)</u>	<u>54,838,658</u>
Total capital assets, being depreciated, net	<u>141,220,902</u>	<u>(648,398)</u>	<u>(769)</u>	<u>140,571,735</u>
Business-type capital assets, net	<u>\$ 145,816,289</u>	<u>\$ 4,398,810</u>	<u>\$ (769)</u>	<u>\$ 150,214,330</u>

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

<b>Governmental activities:</b>	
General government	\$ 540,309
Public safety	1,111,537
Public works, including depreciation of general infrastructure assets	2,402,519
Health and welfare	70,712
Culture and recreation	521,659
Education	2,247,955
Other	<u>16,308</u>
Total depreciation expense – governmental activities	<u>\$ 6,910,999</u>
<b>Business-type activities:</b>	
Sewer	\$ 2,672,213
Water	<u>1,296,074</u>
Total depreciation expense – business-type activities	<u>\$ 3,968,287</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

**Discretely presented component units**

Activity for the Danbury Parking Authority for the year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 62,907	\$ -	\$ -	\$ 62,907
Machinery and equipment	442,716	-	(21,000)	421,716
Computer equipment	20,670	11,675	(15,504)	16,841
Total capital assets, being depreciated	<u>526,293</u>	<u>11,675</u>	<u>(36,504)</u>	<u>501,464</u>
Less accumulated depreciation for:				
Buildings and improvements	58,638	1,260	-	59,898
Machinery and equipment	368,629	30,939	(21,000)	378,568
Computer equipment	20,670	1,167	(15,504)	6,333
Total accumulated depreciation	<u>447,937</u>	<u>33,366</u>	<u>(36,504)</u>	<u>444,799</u>
Total capital assets, being depreciated, net	<u>\$ 78,356</u>	<u>\$ (21,691)</u>	<u>\$ -</u>	<u>\$ 56,665</u>

Activity for the Richter Park Authority for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 1,988,865	\$ 5,020	\$ -	\$ 1,993,885
Improvements	3,407,585	22,441	-	3,430,026
Machinery and equipment	787,628	38,984	-	826,612
Totals, capital assets being depreciated	<u>6,184,078</u>	<u>66,445</u>	<u>-</u>	<u>6,250,523</u>
Less accumulated depreciation for:				
Buildings	901,746	78,032	-	979,778
Improvements	1,378,156	100,070	-	1,478,226
Machinery and equipment	613,822	41,183	-	655,005
Total accumulated depreciation	<u>2,893,724</u>	<u>219,285</u>	<u>-</u>	<u>3,113,009</u>
Total capital assets, being depreciated, net	<u>\$ 3,290,354</u>	<u>\$ (152,840)</u>	<u>\$ -</u>	<u>\$ 3,137,514</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

Activity for the Tarrywile Park Authority for the year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 84,985	\$ 14,523	\$ -	\$ 99,508
Machinery and equipment	19,145	-	-	19,145
Furniture and fixtures	83,042	3,740	-	86,782
Computer equipment	4,625	-	(4,625)	-
Totals, capital assets being depreciated	<u>191,797</u>	<u>18,263</u>	<u>(4,625)</u>	<u>205,435</u>
Less accumulated depreciation for:				
Buildings and improvements	62,977	5,120	-	68,097
Machinery and equipment	17,472	378	(4,625)	13,225
Furniture and fixtures	84,711	-	-	84,711
Computer equipment	4,629	-	-	4,629
Total accumulated depreciation	<u>169,789</u>	<u>5,498</u>	<u>(4,625)</u>	<u>170,662</u>
Total capital assets, being depreciated, net	<u>\$ 22,008</u>	<u>\$ 12,765</u>	<u>\$ -</u>	<u>\$ 34,773</u>

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

The City has \$36,600,000 of bond anticipation notes outstanding as of June 30, 2006. The bond anticipation notes bear interest at 3.00%.

Bond anticipation note transactions for the year ended June 30, 2006 were as follows:

Outstanding, July 1, 2005	\$ 32,300,000
Borrowings	36,600,000
Repayments	<u>(32,300,000)</u>
Outstanding, June 30, 2006	<u>\$ 36,600,000</u>
Reported as:	
Bond anticipation notes	\$ 20,950,000
Long-term debt	\$ 15,650,000

Subsequent event

In August 2006, the City issued \$31,620,000 in general obligation bonds. The bonds bear interest of 4.50% and mature serially from August 1, 2007 to August 1, 2026. Of the \$36,600,000 bond anticipation notes outstanding, \$15,650,000 was financed with the August 2006 issue and is considered long-term debt in the government-wide financial statements, and other financing sources in the Governmental Fund financial statements as all conditions of FAS 6 had been met.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

**Note 9. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 56,009,450	\$ 10,440,000	\$ 5,482,350	\$ 60,967,100	\$ 5,672,350
Notes payable	1,537,112	-	132,112	1,405,000	95,000
Bond anticipation notes	10,202,000	15,650,000	10,202,000	15,650,000	-
Plus deferred amounts:					
Unamortized premiums	1,899,212	745,035	848,507	1,795,740	148,575
<b>Total bonds and notes payable</b>	<b>69,647,774</b>	<b>26,835,035</b>	<b>16,664,969</b>	<b>79,817,840</b>	<b>5,915,925</b>
Capital leases	3,451,078	239,398	1,116,229	2,574,247	1,119,667
Landfill post-closure monitoring	13,789,243	-	125,000	13,664,243	485,478
Compensated absences	525,998	103,385	144,168	485,215	48,522
Claims and other	-	1,300,000	-	1,300,000	-
<b>Governmental activity         long-term liabilities</b>	<b>\$ 87,414,093</b>	<b>\$ 27,177,818</b>	<b>\$ 18,050,366</b>	<b>\$ 96,541,545</b>	<b>\$ 7,569,592</b>
<b>Business-type activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 21,595,400	\$ 500,000	\$ 1,645,289	\$ 20,452,900	\$ 1,687,650
Notes payable	20,726,460	-	2,615,593	18,107,078	2,619,381
Plus deferred amounts:					
Unamortized premiums	812,091	-	119,880	692,211	-
<b>Total bonds and notes payable</b>	<b>43,133,951</b>	<b>500,000</b>	<b>4,380,762</b>	<b>39,253,189</b>	<b>4,307,031</b>
<b>Business-type activity         long-term liabilities</b>	<b>\$ 43,133,951</b>	<b>\$ 500,000</b>	<b>\$ 4,380,762</b>	<b>\$ 39,253,189</b>	<b>\$ 4,307,031</b>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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Notes payable

The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2006:

	<u>Outstanding Amount</u>
HUD-Section 108 loan, due in annual installments with an interest rate of 3%.	<u>\$ 1,405,000</u>

General obligation bonds

As of June 30, 2006, the outstanding general obligation bonded indebtedness of the City, payable from its governmental activities, was as follows:

	<u>Outstanding Amount</u>
\$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 \$415,000 to \$450,000; final maturity February 1, 2007; interest at 6.2% to 6.7%	320,000
\$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%	5,705,000
\$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%	640,000
\$17,740,000 School Additions general obligation bonds issued February 1, 1994 due in annual installments of \$880,000 to \$890,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	7,060,000
\$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%	670,000
\$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%	460,000
\$10,100,000 Public Improvement general obligation bonds issued August 1, 1998 due in annual installments of \$505,000; final maturity February 1, 2019; interest at 4.0% to 5.5%	1,515,000

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

	<u>Outstanding Amount</u>
\$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%	700,000
\$11,792,000 Public Improvement general obligation bonds issued May 15, 2002 due in annual installments of \$522,350 to \$652,350; final maturity May 15, 2022; interest at 3.5% to 5.0%	3,914,100
\$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%	670,000
\$12,925,000 Public Improvement general obligation bonds issued August 1, 2003, due in annual installments of \$535,000 to \$760,000; final maturity August 1, 2023; interest at 3.25% to 4.75%.	11,405,000
\$11,770,000 General Refunding bonds, issued March 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2021; interest at 2.00% to 5.00%.	11,770,000
\$2,278,000 General Obligation Refunding bonds issued March 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2021; interest at 2.00% to 5.00%	2,278,000
\$3,615,000 General Obligation bonds issued August 1, 2004, due in annual installments of \$235,000 to \$260,000; final maturity August 1, 2024; interest at 1.40% to 4.65%	3,420,000
\$10,440,000 General Obligation bonds, issued August 1, 2005, due in annual installments of \$374,400 and \$777,600; final maturity date August 2025; interest at 3.0% to 4.5%	<u>10,440,000</u>
	<u>\$ 60,967,100</u>

At June 30, 2006, 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%	\$ 520,000
\$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%	1,240,000
\$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%	800,000
\$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%	945,000

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

	<u>Outstanding Amount</u>
\$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%	675,000
\$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%	560,000
\$12,395,000 Water general obligation bonds issued August 1, 1998 due in annual installments of \$615,000 to \$620,000; final maturity February 1, 2019; interest at 4.1% to 5.5%	1,860,000
\$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%	200,000
\$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%	320,000
\$953,000 Water and Sewer general obligation bonds issued May 15, 2002, due in annual installments of \$19,000 to \$28,650; final maturity May 15, 2022; interest at 3.5% to 5.0%	285,900
\$11,312,000 Water and Sewer general obligation refunding bonds issued March 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2021; interest at 2.00% to 5.00%.	11,312,000
\$1,300,000 Water and Sewer general obligation refunding bonds issued August 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2024; interest at 1.40% to 4.50%.	1,235,000
\$500,000 Sewer general obligation bond issued August 12, 2005 due in annual installments of \$15,600 to \$32,400; final maturity August 2025; interest at 3.0% to 4.5%	<u>500,000</u>
<b>Total general obligation bonds</b>	<u>20,452,900</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%	344,529
\$47,373,853 Clean Water Fund 103-C note payable signed July 30, 1994 due in annual installments of \$2,482,473 (\$206,873 in 2014); final maturity July 30, 2013; interest at 2.0%	17,584,181
\$441,322 Clean Water Fund 305-C note payable signed January 31, 1995 due in annual installments of \$22,066 (\$1,840 in 2015); final maturity January 31, 2014; interest at 2.0%	<u>178,368</u>
<b>Total notes payable</b>	<u>18,107,078</u>
	<u><u>\$ 38,559,978</u></u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Payments	Principal	Interest	Total Payments
2007	\$ 5,767,350	\$ 2,680,401	\$ 8,447,751	4,307,031	1,243,037	\$ 5,550,068
2008	5,419,350	2,357,969	7,777,319	4,307,031	1,115,764	5,422,795
2009	5,348,350	2,127,763	7,476,113	4,344,037	986,520	5,330,557
2010	5,333,350	1,898,178	7,231,528	4,228,188	855,600	5,083,788
2011	5,173,350	1,672,641	6,845,991	4,228,188	727,073	4,955,261
2012	4,966,350	1,454,350	6,420,700	4,225,188	598,505	4,823,693
2013	4,842,000	1,221,967	6,063,967	4,219,538	468,822	4,688,360
2014	4,021,000	1,024,785	5,045,785	1,944,938	356,270	2,301,208
2015	2,851,000	851,894	3,702,894	1,402,839	271,142	1,673,981
2016	2,763,000	713,318	3,476,318	1,214,000	200,877	1,414,877
2017	2,555,000	607,753	3,162,753	1,217,000	142,442	1,359,442
2018	2,549,000	502,549	3,051,549	1,208,000	91,392	1,299,392
2019	2,354,000	407,068	2,761,068	880,000	52,059	932,059
2020	1,843,000	323,436	2,166,436	266,000	29,895	295,895
2021	1,667,000	251,256	1,918,256	137,000	21,745	158,745
2022	1,657,000	181,138	1,838,138	137,000	15,966	152,966
2023	1,144,000	120,962	1,264,962	90,000	11,031	101,031
2024	1,144,000	70,995	1,214,995	90,000	7,043	97,043
2025	609,000	32,981	641,981	90,000	3,056	93,056
2026	365,000	10,744	375,744	25,000	531	25,531
Total	<u>\$62,372,100</u>	<u>\$18,512,148</u>	<u>\$ 80,884,248</u>	<u>\$ 38,560,978</u>	<u>\$ 7,198,770</u>	<u>\$ 45,759,748</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, 2006 was approximately \$754,200. Additional payments aggregating approximately \$4,451,700 are expected to be received through the bonds' maturity dates.

In-Substance Defeasance - Prior Years

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2006, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements was approximately \$25,045,000.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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**Landfill postclosure monitoring**

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The landfill's closure project was completed during the year ended June 30, 1999. The estimated total current cost of the landfill postclosure care, aggregating \$13,664,243, 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, 2006. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. These costs will be paid from the General Fund.

**Compensated absences**

Included in the Long-Term Debt in the government-wide is the estimated obligation for employee compensated absences in the amount of \$485,215 as of June 30, 2006. The general fund has typically been used to liquidate the liability for compensated absences.

**Capital lease obligations**

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

Machinery and equipment	\$ 9,435,513
Accumulated depreciation	<u>(8,197,332)</u>
Net book value	<u>\$ 1,238,181</u>

Future minimum lease payments under capital leases are as follows:

2007	\$ 1,119,667
2008	864,582
2009	553,338
2010	256,666
2011 and thereafter	<u>68,864</u>
	2,863,117
Less amount representing interest	<u>(288,870)</u>
	<u>\$ 2,574,247</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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**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, 2005:

Beginning balance	\$ 123,863
Deductions	<u>(58,863)</u>
Ending balance	<u>\$ 65,000</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 2005.

On January 26, 2004, the Authority entered into an agreement with Wachovia Bank for a credit line in the amount of \$100,000 bearing interest at the Bank's Prime Rate plus .75%. The line of credit is used for working capital needs of the Authority. At December 31, 2005, the credit line balance was \$-0-.

The \$299,423 promissory note with the City of Danbury is non-interest bearing, however, the note requires the Authority to make payments in addition to the note principal in the amount of 15% of its yearly net surplus. Payments based on net surplus to date have totaled \$29,795, or 2% annually, over the current life of the note.

The future principal amortization is as follows:

Year ending December 31,	
2006	\$ 21,667
2007	21,667
2008	<u>21,666</u>
	<u>\$ 65,000</u>

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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**Authorized but unissued bonds**

Bonds authorized but unissued at June 30, 2006 are as follows:

General Purpose	\$ 106,813,000
Sewer	17,807,090
Water	5,933,000
	<u>\$ 130,553,090</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:

	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 289,966,743	\$ 128,794,208	\$ 418,760,951
Unfunded Pension Benefit Obligation	\$ 386,622,324	\$ -	\$ 386,622,324
Schools	\$ 579,933,486	\$ 82,910,847	\$ 662,844,333
Sewers	\$ 483,277,905	\$ 30,745,078	\$ 514,022,983
Urban renewal	\$ 418,840,851	\$ -	\$ 418,840,851

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$902,118,756.

**Note 10. Commitments and Contingencies**

Lawsuits

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

In April 1998, Metcalf & Eddy, Inc., the City's construction manager on the landfill closure project, had asserted a possible claim against the City the loss of which could range from \$0 to

## **CITY OF DANBURY, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued** **June 30, 2006**

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\$6,000,000, and therefore no amount has been accrued. The claim is associated with the completion of their work. The City is actively negotiating with Metcalf & Eddy, Inc. to resolve all outstanding claims, and believes they will reach an amicable resolution.

#### **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 \$72 per ton. The aggregate minimum commitment of the nine Contracting Municipalities is 103,800 tons per year. The City’s service payment commitment is a “put-or-pay” commitment, in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the service payment for its proportionate share of the shortfall of the aggregate minimum commitment (even if it did deliver its full portion).

Service payments shall be payable so long as the System is accepting solid waste delivered by or on behalf of the City, whether or not such solid waste is processed at the facility.

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

#### **Waste Water Treatment**

The City has a 20-year agreement through June 2018 (the “Agreement”) with Veolia Water to manage its waste water collection and treatment system. As consideration for such Agreement, the City received a \$10 million up-front concession fee. If the Agreement is terminated prior to the end of the 20 year term, the City has to repay the unamortized balance of the concession fee (calculated using the straight-line method over the term of the Agreement). The unamortized balance of the concession fee at June 30, 2006 is \$5,624,965 and is recorded as unearned revenue in the Sewer Enterprise Fund.

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.

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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**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, 2006, 21 retired employees received benefit payments. Payments totaled approximately \$680,148 during the year ended June 30, 2006.

**Note 11. Fund Deficits**

The City has the following fund deficits at June 30, 2006 and expects to eliminate the deficits in the future as follows:

Fund	Deficit June 30, 2006	Plan for Eliminating Deficit
Capital Projects:		
City Projects	\$ 1,070,793	Through future debt issuance
Danbury Neighborhood Bond	\$ 3,974,098	Through future debt issuance
Head Start	\$ 162,359	Through future debt issuance
Public Safety Bond	\$ 40,000	Through future debt issuance
Magnet School Projects	\$ 2,766,273	Through future debt issuance
Special Revenue:		
LOCIP	\$ 282,120	Through future revenue
Airport	\$ 252,845	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, 2006**

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

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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983 Police
		Police	Fire	Police	Fire	
Employees covered	All employees not covered by another plan.	All police employed before 1967.	All firefighters employed before 1967.	All police employed after 1967 but before 1983.	All firefighters employed after 1967.	All police hired after 1983.
Number of retirees receiving benefits	429	39	37	71	45	5
Terminated employees Entitled to future benefits	149	-	-	-	-	-
Current employees	<u>607</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>105</u>	<u>118</u>
Total number of participants	<u>1,185</u>	<u>39</u>	<u>37</u>	<u>105</u>	<u>150</u>	<u>123</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, 2006**

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983 Police
		Police	Fire	Police	Fire	
Obligation to contribute in accordance with funding policy:						
Employee	\$-0-	None	None	4% of earnings	5% of earnings	4% of earnings
Employer	\$-0-	\$978,000	\$984,000	\$690,000	\$281,000	\$584,000
Authority under which benefit provisions established	City code of ordinances					
<b>Funding Status and Progress</b>						
Date of actuarial valuation	7/1/05	7/1/05	7/1/05	7/1/04	7/1/04	7/1/04
Significant actuarial assumptions						
Investment rate of return	8.0%	8.0%	8.0%	8.5%	8.5%	8.5%
Projected annual salary increases*	4.0%	6.0%	6.0%	5.5%	5.5%	5.5%
Post retirement benefit increases*	4.5%, 15% every 5 years	4.5%	4.5%	5.0%	5.0%	-
* including inflation of	4.0%-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					
Remaining amortizing period	10 years	11 years	11 years	7 years	14 years	17 years
Authority under which contributions are established	Common Council					

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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	Trend % Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
General Employees			
2006	-	-	-
2005	-	-	-
2004	-	-	-
Police Pre-1967			
2006	978,000	100.0%	-
2005	1,007,000	100.0%	-
2004	972,000	100.0%	-
Fire Pre-1967			
2006	984,000	100.0%	-
2005	919,000	100.0%	-
2004	918,000	100.0%	-
Police Post-1967			
2006	690,000	100.0%	-
2005	1,082,000	100.0%	-
2004	884,000	100.0%	-
Fire Post-1967			
2006	281,000	111.3%	(31,709)
2005	298,000	100.0%	-
2004	902,000	100.0%	-
Police Post-1983			
2006	584,000	100.0%	-
2005	605,000	100.0%	-
2004	404,000	100.0%	-

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
 June 30, 2006

SCHEDULE OF PLAN NET ASSETS  
 JUNE 30, 2006

	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>	\$ 7,054,049	\$ 442,308	\$ 374,794	\$ 3,525,735	\$ 3,996,080	\$ 720,261	\$ 16,113,227
<b>Investments, at fair value</b>							
Common Stock	45,154,580	2,831,316	2,399,140	22,569,039	25,579,825	4,610,557	103,144,457
Bonds and Notes	15,765,192	988,520	837,631	7,879,715	8,930,896	1,609,722	36,011,676
Mutual Funds	19,139,328	1,200,088	1,016,905	9,566,166	10,842,325	1,954,242	43,719,054
Private Hedge Fund	20,037,558	1,256,410	1,064,630	10,015,117	11,351,168	2,045,956	45,770,839
<b>Total investments</b>	<b>100,096,658</b>	<b>6,276,334</b>	<b>5,318,306</b>	<b>50,030,037</b>	<b>56,704,214</b>	<b>10,220,477</b>	<b>228,646,026</b>
Accrued interest and dividends	226,880	14,226	12,054	113,399	128,527	23,166	518,252
Pending Sales	302,749	18,983	16,086	151,319	171,506	30,913	691,556
<b>Total Assets</b>	<b>107,680,336</b>	<b>6,751,851</b>	<b>5,721,240</b>	<b>53,820,490</b>	<b>61,000,327</b>	<b>10,994,817</b>	<b>245,969,061</b>
<b>LIABILITIES</b>							
Pending Purchases	1,402,130	87,151	73,961	701,304	795,153	143,714	3,203,413
<b>Net Assets Held in Trust for Pension Benefits</b>							
	\$ 106,278,206	\$ 6,664,700	\$ 5,647,279	\$ 53,119,186	\$ 60,205,174	\$ 10,851,103	\$ 242,765,648

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2006

SCHEDULE OF CHANGES IN  
PLAN NET ASSETS  
YEAR ENDED JUNE 30, 2006

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Totals
<b>Additions</b>							
Contributions							
Employer	\$ -	\$ 978,000	\$ 984,000	\$ 690,000	\$ 312,709	\$ 584,000	\$ 3,548,709
Plan members	-	-	-	71,689	313,565	284,118	669,372
<b>Total contributions</b>	-	978,000	984,000	761,689	626,274	868,118	4,218,081
Investment Income							
Net appreciation (depreciation) in fair value of investments	7,434,480	(601,986)	(603,421)	2,595,500	3,851,976	24,567	12,701,116
Interest and dividends	2,831,473	181,400	148,049	1,418,813	1,586,194	272,997	6,438,926
	10,265,953	(420,586)	(455,372)	4,014,313	5,438,170	297,564	19,140,042
Less Investment Expenses:							
Investment manage- ment fees	662,224	37,641	34,378	316,515	364,976	52,252	1,467,986
<b>Investment income (loss)</b>	9,603,729	(458,227)	(489,750)	3,697,798	5,073,194	245,312	17,672,056
<b>Total additions</b>	9,603,729	519,773	494,250	4,459,487	5,699,468	1,113,430	21,890,137
<b>Deductions</b>							
Benefits paid	4,379,578	1,609,256	1,283,475	3,091,567	1,875,825	213,818	12,453,519
<b>Total deductions</b>	4,379,578	1,609,256	1,283,475	3,091,567	1,875,825	213,818	12,453,519
<b>Net increase (decrease)</b>	5,224,151	(1,089,483)	(789,225)	1,367,920	3,823,643	899,612	9,436,618
<b>Net Assets Held in Trust for Pension Benefits</b>							
Beginning of year	101,054,055	7,754,183	6,436,504	51,751,266	56,381,531	9,951,491	233,329,030
End of year	\$ 106,278,206	\$ 6,664,700	\$ 5,647,279	\$ 53,119,186	\$ 60,205,174	\$ 10,851,103	\$ 242,765,648

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

**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
<b>General Employees:</b>						
7/1/05	\$ 104,464,850	\$ 81,604,546	\$ (22,860,304)	128.0 %	\$ 23,777,020	(96.1) %
7/1/03	97,448,725	74,647,619	(22,801,106)	130.5 %	23,576,524	(96.7) %
1/1/02	95,940,971	71,836,054	(24,104,917)	133.6 %	21,547,768	(111.9) %
1/1/00	86,363,384	60,128,299	(26,235,085)	143.6 %	20,334,025	(129.0) %
1/1/98	69,607,623	57,592,398	(12,015,225)	120.9 %	20,024,974	(60.0) %
1/1/96	53,783,848	47,838,592	(5,945,256)	112.4 %	19,141,532	(31.1) %
<b>Pre-1967 Police:</b>						
7/1/05	\$ 7,019,283	\$ 13,139,006	\$ 6,119,723	53.4 %	\$ -	N/A
7/1/03	6,993,981	14,173,012	7,179,031	49.3 %	-	N/A
1/1/02	7,833,857	15,189,737	7,355,880	51.6 %	-	N/A
1/1/00	7,720,242	15,955,616	8,235,374	48.4 %	48,330	17,039.9 %
1/1/98	6,509,190	17,026,404	10,517,214	38.2 %	102,700	10,240.7 %
1/1/96	5,664,099	16,837,404	11,173,305	33.6 %	428,958	2,604.8 %
<b>Pre-1967 Fire:</b>						
7/1/05	\$ 5,753,625	\$ 12,223,443	\$ 6,469,818	47.1 %	\$ -	N/A
7/1/03	\$ 5,864,207	\$ 13,091,400	\$ 7,227,193	44.8 %	\$ -	N/A
1/1/02	6,558,299	13,355,820	6,797,521	49.1 %	-	N/A
1/1/00	6,421,763	13,844,291	7,422,528	46.4 %	-	N/A
1/1/98	5,475,666	14,739,221	9,263,555	37.2 %	120,025	7,718.0 %
1/1/96	4,730,352	14,561,842	9,831,490	32.5 %	161,406	6,091.2 %
<b>Post-1967 Police:</b>						
7/1/04	\$ 50,324,387	\$ 51,774,948	\$ 1,450,561	97.2 %	\$ 2,146,668	67.6 %
1/1/03	48,161,141	53,371,318	5,210,177	90.2 %	2,541,819	205.0 %
1/1/01	44,924,489	45,301,753	377,264	99.2 %	2,532,599	14.9 %
1/1/99	36,880,541	40,634,158	3,753,617	90.8 %	2,724,359	137.8 %
1/1/97	27,464,027	34,113,354	6,649,327	80.5 %	3,026,816	219.7 %
1/1/95	21,339,684	29,568,847	8,229,163	72.2 %	3,095,662	265.8 %
<b>Post-1967 Fire:</b>						
7/1/04	\$ 54,985,734	\$ 48,112,254	\$ (6,873,480)	114.3 %	\$ 6,330,894	(108.6) %
1/1/03	50,848,678	47,808,052	(3,040,626)	106.4 %	6,065,277	(50.1) %
1/1/01	45,969,156	41,475,940	(4,493,216)	110.8 %	5,379,669	(83.5) %
1/1/99	37,127,622	35,250,799	(1,876,823)	105.3 %	4,733,503	(39.6) %
1/1/97	27,099,001	29,002,474	1,903,473	93.4 %	4,619,988	41.2 %
1/1/95	20,768,169	23,548,837	2,780,668	88.2 %	4,301,797	64.6 %
<b>Post-1983 Police:</b>						
7/1/04	\$ 8,268,316	\$ 9,038,173	\$ 769,857	91.5 %	\$ 5,993,120	12.8 %
1/1/03	6,979,088	7,629,489	650,401	91.5 %	5,333,425	12.2 %
1/1/01	5,383,342	5,121,615	(261,727)	105.1 %	4,370,060	(6.0) %
1/1/99	3,665,977	3,603,281	(62,696)	101.7 %	4,029,030	(1.6) %
1/1/97	2,245,888	2,382,676	136,788	94.3 %	3,143,200	4.4 %
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, 2006

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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 7.25% of their annual earnings to the plan. The City does not, and is not legally responsible to, contribute to the plan.

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

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$6,920,000 for the year ended June 30, 2006.

#### **Note 13. Construction Commitments**

The City is currently in the middle of various capital projects, including street repaving, school renovations, park improvements and other various projects. At June 30, 2006, such amounts were approximately \$19,208,000.

#### **Note 14. Risk Management**

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

**CITY OF DANBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2006**

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2006	\$ 1,400,000	\$ 7,673,631	\$ 6,873,631	\$ 2,200,000
2005	\$ 364,614	\$ 1,400,000	\$ 364,614	\$ 1,400,000

**Note 15. 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 \$56,818 to supplement Candlewood’s operating revenues for the year ended June 30, 2006 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 \$649,136 to supplement HART’s operating revenues for the year ended June 30, 2006 as HART would experience financial stress without such revenue supplement.

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

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

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

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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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 16. Pronouncements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2006 that have effective dates that may impact future financial presentations.

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

- ◆ GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," issued April 2004, will be effective for the City beginning with its year ended June 30, 2007. This Statement establishes uniform financial reporting standards for OPEB (other postemployment benefits) and supersedes the interim guidance included in Statement No. 26, "Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans."
- ◆ GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," issued June 2004, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits, expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.
- ◆ Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues," issued September 2006, is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

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



**General Fund**

**General Fund**

CITY OF DANBURY, CONNECTICUT

**GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
Common Council	\$ 66,264	\$ 67,049	\$ 62,370	\$ 4,679
Mayors Office	344,998	349,873	347,853	2,020
City Clerk	48,028	48,028	45,821	2,207
Ordinances	20,600	26,600	24,539	2,061
Probate Court	16,450	16,450	16,186	264
Registrars and Elections	161,935	183,735	176,753	6,982
City Treasurer	18,624	18,624	18,423	201
Director of Finance	764,935	773,432	764,715	8,717
Data Processing Information Technology	1,049,728	1,000,028	990,283	9,745
Independent Audit	44,800	43,000	43,000	-
Bureau of Assessments	411,594	383,033	374,430	8,603
Board of Assessments and Appeal	4,350	4,350	3,894	456
Tax Collector	565,023	587,564	587,374	190
Purchasing	225,095	226,295	219,890	6,405
Corporation Counsel	786,183	880,918	828,541	52,377
Town Clerk	378,992	391,683	379,218	12,465
Annual Report	9,500	9,500	9,500	-
Permit Coordination	306,984	307,984	303,388	4,596
Planning	517,296	502,296	488,840	13,456
Office of Economic Development	86,501	77,701	69,786	7,915
Danbury Conservation Commission	8,720	20,720	19,284	1,436
Personnel/ Civil Service	227,982	295,112	265,442	29,670
Fair Rent Commission	1,450	1,450	868	582
City Memeberships	80,050	79,278	79,278	-
Lake Authority	56,818	56,818	56,818	-
Retirement Administration	41,000	28,320	25,815	2,505
Labor Negotiations	83,000	224,150	208,943	15,207
Public Buildings	910,125	918,952	674,175	244,777
City Hall Building	325,798	375,226	367,866	7,360
Library Building	179,062	180,697	171,514	9,183
Police Station Building	174,234	209,294	202,015	7,279
Senior Center Building	85,050	81,500	70,514	10,986
Old Library Building	43,346	51,846	39,349	12,497
Employee Service Benefit	36,098	248	-	248
<b>Total general government</b>	<b>8,080,613</b>	<b>8,421,754</b>	<b>7,936,685</b>	<b>485,069</b>

(Continued)

CITY OF DANBURY, CONNECTICUT

**GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
BUDGET AND ACTUAL, Continued  
For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Public Safety</b>				
Police Department	11,805,751	13,478,984	13,316,550	162,434
Animal Control	187,880	213,880	213,880	-
Fire Department	9,381,509	9,550,195	9,481,837	68,358
Building Inspector	562,930	562,930	551,576	11,354
Department of Civil Preparedness	14,629	8,129	6,633	1,496
Department of Consumer Protection	39,492	39,492	36,148	3,344
Employee Service Benefit	4,853	-	-	-
Unified Neighborhood Impact	58,000	5,665	-	5,665
Airport	398,395	435,504	429,915	5,589
HART	649,136	649,136	649,136	-
<b>Total public safety</b>	<b>23,102,575</b>	<b>24,943,915</b>	<b>24,685,675</b>	<b>258,240</b>
<b>Public Works</b>				
Highways	2,142,619	2,208,321	2,191,700	16,621
State Aid Highway Project	294,158	411,531	411,155	376
Snow and Ice Removal	430,842	523,429	455,194	68,235
Street Lighting	430,000	430,000	405,957	24,043
Public Building Maintenance Repair	541,917	654,917	649,194	5,723
Equipment Maintenance	867,825	1,155,036	1,144,336	10,700
Recycling/ Solid Waste	310,300	310,300	293,517	16,783
Engineering Department	1,091,572	1,101,886	1,033,823	68,063
Park Maintenance & Forestry	1,378,096	1,497,696	1,491,833	5,863
Employee Service Benefit	17,342	7,028	-	7,028
<b>Total public works</b>	<b>7,504,671</b>	<b>8,300,144</b>	<b>8,076,709</b>	<b>223,435</b>
<b>Health and Welfare</b>				
Health and Housing Department	889,019	889,019	858,174	30,845
Employee Service Benefit	4,165	4,165	-	4,165
Welfare Department	344,372	346,189	338,636	7,553
Veterans Advisory Center	58,777	59,597	58,551	1,046
Commission on Aging	252,362	257,883	251,456	6,427
Elderly Transportation	12,000	12,000	12,000	-
Human and Social Welfare	1,178,161	1,191,836	1,191,796	40
Employee Service Benefit	3,017	-	-	-
<b>Total health and welfare</b>	<b>2,741,873</b>	<b>2,760,689</b>	<b>2,710,613</b>	<b>50,076</b>
<b>Education</b>	<b>94,631,075</b>	<b>95,163,536</b>	<b>95,141,056</b>	<b>22,480</b>

(Continued)

CITY OF DANBURY, CONNECTICUT

**GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
BUDGET AND ACTUAL, Continued  
For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Culture and Recreation</b>				
Recreation	407,785	412,650	412,560	90
Tarrywile Park Authority	265,000	280,000	280,000	-
Cultural Commission	102,000	102,000	101,826	174
Lake Kenosia Commission	22,000	22,000	19,050	2,950
Danbury Public Library	2,062,265	2,058,950	2,058,689	261
Long Ridge Library	6,000	6,000	6,000	-
Employee Service Benefit	903	353	-	353
<b>Total culture and recreation</b>	<b>2,865,953</b>	<b>2,881,953</b>	<b>2,878,125</b>	<b>3,828</b>
<b>Employee Benefits</b>	<b>20,185,978</b>	<b>19,764,869</b>	<b>18,609,731</b>	<b>1,155,138</b>
<b>Debt Service</b>				
Principal - bonds and notes	6,019,462	6,019,462	6,005,611	13,851
Interest - bonds	2,856,639	2,856,639	2,668,668	187,971
<b>Total debt service</b>	<b>8,876,101</b>	<b>8,876,101</b>	<b>8,674,279</b>	<b>201,822</b>
<b>Contingency</b>	<b>1,611,283</b>	<b>119,858</b>	<b>-</b>	<b>119,858</b>
<b>Capital Outlay</b>	<b>-</b>	<b>195,823</b>	<b>195,823</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$ 169,600,122</b>	<b>\$ 171,428,642</b>	<b>\$ 168,908,696</b>	<b>\$ 2,519,946</b>

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**Nonmajor Governmental Funds**

## *Nonmajor Governmental Funds*

### *Special Revenue Funds*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***Capital Projects Funds***

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

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

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

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

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

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

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

### ***Permanent Fund***

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

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



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CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2006

	Special Revenue				
	School Lunch Program	Community Development Block Grant	WIC Grant	Continuing Education	Railyard Parking Lease
<b>ASSETS</b>					
Cash and cash equivalents	\$ 204,695	\$ 720,925	\$ 38,353	\$ 1,169,576	\$ 15,400
Receivables:					
Accounts receivable, net	-	-	-	-	-
Federal and State government	296,477	-	-	-	-
Other	101,715	-	-	-	-
Inventories	41,189	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 644,076</b>	<b>\$ 720,925</b>	<b>\$ 38,353</b>	<b>\$ 1,169,576</b>	<b>\$ 15,400</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 612,195	\$ 52,268	\$ 47	\$ -	\$ 1,510
Bond anticipation notes payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Unearned revenue	-	-	32,404	257,429	-
Due to other funds	-	234,826	5,902	-	157
<b>Total liabilities</b>	<b>612,195</b>	<b>287,094</b>	<b>38,353</b>	<b>257,429</b>	<b>1,667</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for library	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-
Reserved for inventories	41,189	-	-	-	-
Reserved for CDBG	-	433,831	-	-	-
Unreserved and undesignated	(9,308)	-	-	912,147	13,733
<b>Total fund balances (deficits)</b>	<b>31,881</b>	<b>433,831</b>	<b>-</b>	<b>912,147</b>	<b>13,733</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 644,076</b>	<b>\$ 720,925</b>	<b>\$ 38,353</b>	<b>\$ 1,169,576</b>	<b>\$ 15,400</b>

Special Revenue							
Library Board Library Fund	Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport	State & Fed. School Projects	Miscellaneous Special Revenue
\$ 147,096	\$ 61,970	\$ 14,866	\$ 820,303	\$ 174,448	\$ 119,304	\$ 1,704,016	\$ 811,737
-	-	-	322,495	-	-	-	-
-	-	-	-	282,120	384,779	20,121	155,454
-	-	-	-	-	-	-	532
-	-	-	-	-	-	-	-
-	-	-	-	1,529	-	-	1,478,300
<u>\$ 147,096</u>	<u>\$ 61,970</u>	<u>\$ 14,866</u>	<u>\$ 1,142,798</u>	<u>\$ 458,097</u>	<u>\$ 504,083</u>	<u>\$ 1,724,137</u>	<u>\$ 2,446,023</u>
\$ 26,374	\$ 26,502	\$ 701	\$ 29,543	\$ 108,097	\$ 9,439	\$ 1,135,114	\$ 111,807
-	-	-	-	-	-	-	-
-	-	-	-	282,120	297,489	-	-
-	-	-	-	-	-	581,953	1,957,722
-	-	14,165	-	350,000	450,000	-	374,313
<u>26,374</u>	<u>26,502</u>	<u>14,866</u>	<u>29,543</u>	<u>740,217</u>	<u>756,928</u>	<u>1,717,067</u>	<u>2,443,842</u>
-	-	-	-	-	-	-	-
1,286	-	-	941	277,831	152,371	-	53,732
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>119,436</u>	<u>35,468</u>	<u>-</u>	<u>1,112,314</u>	<u>(559,951)</u>	<u>(405,216)</u>	<u>7,070</u>	<u>(51,551)</u>
<u>120,722</u>	<u>35,468</u>	<u>-</u>	<u>1,113,255</u>	<u>(282,120)</u>	<u>(252,845)</u>	<u>7,070</u>	<u>2,181</u>
<u>\$ 147,096</u>	<u>\$ 61,970</u>	<u>\$ 14,866</u>	<u>\$ 1,142,798</u>	<u>\$ 458,097</u>	<u>\$ 504,083</u>	<u>\$ 1,724,137</u>	<u>\$ 2,446,023</u>

(Continued)

CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET, Continued

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2006

	Capital Projects					
	Vision 21 and Vision 21 <sup>2</sup>	City Projects	City Works/ Library Reconstruction	Danbury Neighborhood Bond	Head Start	Public Safety Bond
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,039,619	\$ 181,701	\$ 78,753	\$ 167,455	\$ 96,805	\$ -
Receivables:						
Accounts receivable, net	-	-	-	-	-	-
Federal and State government	-	-	-	-	-	-
Other	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,039,619</b>	<b>\$ 181,701</b>	<b>\$ 78,753</b>	<b>\$ 167,455</b>	<b>\$ 96,805</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 203,964	\$ 2,494	\$ 74,399	\$ 863,779	\$ 104,164	\$ 40,000
Bond anticipation notes payable	-	1,250,000	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Unearned revenue	-	-	373	-	-	-
Due to other funds	152,987	-	-	3,277,774	155,000	-
<b>Total liabilities</b>	<b>356,951</b>	<b>1,252,494</b>	<b>74,772</b>	<b>4,141,553</b>	<b>259,164</b>	<b>40,000</b>
<b>FUND BALANCES (DEFICITS)</b>						
Reserved for library	-	-	-	-	-	-
Reserved for encumbrances	761,947	27,470	-	974,268	265,825	3,424,344
Reserved for inventories	-	-	-	-	-	-
Reserved for CDBG	-	-	-	-	-	-
Unreserved and undesignated	920,721	(1,098,263)	3,981	(4,948,366)	(428,184)	(3,464,344)
<b>Total fund balances (deficits)</b>	<b>1,682,668</b>	<b>(1,070,793)</b>	<b>3,981</b>	<b>(3,974,098)</b>	<b>(162,359)</b>	<b>(40,000)</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 2,039,619</b>	<b>\$ 181,701</b>	<b>\$ 78,753</b>	<b>\$ 167,455</b>	<b>\$ 96,805</b>	<b>\$ -</b>

<u>Permanent Fund</u>	
<u>Farioly Library</u>	<u>Totals</u>
\$ 1,563,338	\$ 10,130,360
-	322,495
-	1,138,951
-	102,247
-	41,189
-	1,479,829
<u>\$ 1,563,338</u>	<u>\$ 13,215,071</u>

\$ -	\$ 3,402,397
-	1,250,000
-	579,609
-	2,829,881
-	5,015,124
<u>-</u>	<u>13,077,011</u>

1,353,133	1,353,133
-	5,940,015
-	41,189
-	433,831
210,205	(7,630,108)
<u>1,563,338</u>	<u>138,060</u>
<u>\$ 1,563,338</u>	<u>\$ 13,215,071</u>

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, 2006

	Special Revenue				
	School Lunch Program	Community Development Block Grant	WIC Grant	Continuing Education	Railyard Parking Lease
<b>REVENUES</b>					
Federal and State governments	\$ 1,532,851	\$ 442,225	\$ 235,370	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	1,852,203	-	-	1,073,591	26,200
Investment income	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>3,385,054</b>	<b>442,225</b>	<b>235,370</b>	<b>1,073,591</b>	<b>26,200</b>
<b>EXPENDITURES</b>					
General government	-	-	-	-	23,918
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	805,030	235,370	-	-
Education	3,499,419	-	-	1,226,494	-
Capital outlay	-	-	-	-	-
Debt service	-	95,000	-	-	-
<b>Total expenditures</b>	<b>3,499,419</b>	<b>900,030</b>	<b>235,370</b>	<b>1,226,494</b>	<b>23,918</b>
<b>Revenues over (under) expenditures</b>	<b>(114,365)</b>	<b>(457,805)</b>	<b>-</b>	<b>(152,903)</b>	<b>2,282</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	-	-	-
Bond anticipate note proceeds	-	-	-	-	-
Loan proceeds	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<b>(114,365)</b>	<b>(457,805)</b>	<b>-</b>	<b>(152,903)</b>	<b>2,282</b>
(Increase) decrease in reserve for library, inventories or encumbrances	452	457,805	-	-	-
<b>Net change in unreserved fund balances</b>	<b>(113,913)</b>	<b>-</b>	<b>-</b>	<b>(152,903)</b>	<b>2,282</b>
<b>UNRESERVED FUND BALANCES (DEFICITS), beginning</b>	<b>104,605</b>	<b>-</b>	<b>-</b>	<b>1,065,050</b>	<b>11,451</b>
<b>UNRESERVED FUND BALANCES (DEFICITS), ending</b>	<b>\$ (9,308)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 912,147</b>	<b>\$ 13,733</b>

Special Revenue							
Library Board Library Fund	Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport	State & Fed. School Projects	Miscellaneous Special Revenue
\$ -	\$ -	\$ 212,118	\$ -	\$ 51,830	\$ 51,697	\$ 14,031,597	\$ 463,252
-	14,332	-	-	-	-	-	-
-	-	-	1,993,315	-	-	-	187,810
-	947	-	6,630	-	-	-	-
114,846	-	-	-	-	-	-	320,313
114,846	15,279	212,118	1,999,945	51,830	51,697	14,031,597	971,375
-	-	-	-	333,950	330,719	-	75,902
-	228,028	-	1,737,030	-	-	-	317,848
-	-	-	-	-	-	-	47,775
139,771	-	-	-	-	-	-	137,500
-	-	212,118	-	-	-	-	353,859
-	-	-	-	-	-	14,033,312	19,702
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
139,771	228,028	212,118	1,737,030	333,950	330,719	14,033,312	952,586
(24,925)	(212,749)	-	262,915	(282,120)	(279,022)	(1,715)	18,789
-	213,880	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	213,880	-	-	-	-	-	-
(24,925)	1,131	-	262,915	(282,120)	(279,022)	(1,715)	18,789
(1,286)	-	-	(941)	(277,831)	(152,371)	-	(53,732)
(26,211)	1,131	-	261,974	(559,951)	(431,393)	(1,715)	(34,943)
145,647	34,337	-	850,340	-	26,177	8,785	(16,608)
\$ 119,436	\$ 35,468	\$ -	\$ 1,112,314	\$ (559,951)	\$ (405,216)	\$ 7,070	\$ (51,551)

(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, 2006

	Capital Projects					
	Vision 21 and Vistion 21 <sup>2</sup>	City Projects	CityWorks/ Library Reconstruction	Danbury Neighborhood Bond	Head Start	Public Safety Bond
<b>REVENUES</b>						
Federal and State governments	\$ 19,333	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>19,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	4,202,108	649,384	39,992	3,974,098	162,359	40,000
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>4,202,108</b>	<b>649,384</b>	<b>39,992</b>	<b>3,974,098</b>	<b>162,359</b>	<b>40,000</b>
<b>Revenues over (under) expenditures</b>	<b>(4,182,775)</b>	<b>(649,384)</b>	<b>(39,992)</b>	<b>(3,974,098)</b>	<b>(162,359)</b>	<b>(40,000)</b>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	500,000	-	-	-	-
Bond anticipate note proceeds	5,650,000	-	238,000	-	-	-
Loan proceeds	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,650,000</b>	<b>500,000</b>	<b>238,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<b>1,467,225</b>	<b>(149,384)</b>	<b>198,008</b>	<b>(3,974,098)</b>	<b>(162,359)</b>	<b>(40,000)</b>
(Increase) decrease in reserve for library, inventories or encumbrances	(650,766)	(27,470)	-	(974,268)	(265,825)	(3,424,344)
<b>Net change in unreserved fund balances</b>	<b>816,459</b>	<b>(176,854)</b>	<b>198,008</b>	<b>(4,948,366)</b>	<b>(428,184)</b>	<b>(3,464,344)</b>
<b>UNRESERVED FUND BALANCES (DEFICITS), beginning</b>	<b>104,262</b>	<b>(921,409)</b>	<b>(194,027)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNRESERVED FUND BALANCES (DEFICITS), ending</b>	<b>\$ 920,721</b>	<b>\$ (1,098,263)</b>	<b>\$ 3,981</b>	<b>\$ (4,948,366)</b>	<b>\$ (428,184)</b>	<b>\$ (3,464,344)</b>

<u>Permanent Fund</u>		
<u>Farioly Library</u>		<u>Totals</u>
\$ -	\$	17,040,273
-		14,332
-		5,133,119
66,112		73,689
-		435,159
<u>66,112</u>	<u></u>	<u>22,696,572</u>
-		764,489
-		2,282,906
-		47,775
21,782		299,053
-		1,606,377
-		18,778,927
-		9,067,941
-		95,000
<u>21,782</u>	<u></u>	<u>32,942,468</u>
<u>44,330</u>	<u></u>	<u>(10,245,896)</u>
-		713,880
-		5,888,000
-		-
<u>-</u>	<u></u>	<u>6,601,880</u>
<u>44,330</u>	<u></u>	<u>(3,644,016)</u>
<u>124,041</u>	<u></u>	<u>(5,246,536)</u>
168,371		(8,890,552)
<u>41,834</u>	<u></u>	<u>1,260,444</u>
<u>\$ 210,205</u>	<u>\$</u>	<u>(7,630,108)</u>

CITY OF DANBURY, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - ANIMAL CONTROL FUND  
For the Year Ended June 30, 2006**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Town clerk fees	\$ 11,000	\$ 11,000	\$ 12,002	\$ 1,002
City contribution	187,880	213,880	213,880	-
Other revenue	2,620	2,620	3,277	657
<b>Total revenues</b>	<b>201,500</b>	<b>227,500</b>	<b>229,159</b>	<b>1,659</b>
<b>EXPENDITURES</b>				
	201,500	230,000	228,028	1,972
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ (2,500)</b>	<b>\$ 1,131</b>	<b>\$ 3,631</b>

CITY OF DANBURY, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - AMBULANCE FUND**

**For the Year Ended June 30, 2006**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 1,722,012	\$ 1,722,012	\$ 1,993,315	\$ 271,303
Other revenue	300	300	6,630	6,330
<b>Total revenues</b>	<b>1,722,312</b>	<b>1,722,312</b>	<b>1,999,945</b>	<b>277,633</b>
<b>EXPENDITURES</b>				
	1,722,312	1,741,312	1,737,030	4,282
<b>Revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ (19,000)</b>	<b>\$ 262,915</b>	<b>\$ 281,915</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

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**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF NET ASSETS - PENSION TRUST FUNDS**

**June 30, 2006**

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,054,049	\$ 442,308	\$ 374,794	\$ 3,525,735
Investments, at fair value				
Common Stock	45,154,580	2,831,316	2,399,140	22,569,039
Bonds and Notes	15,765,192	988,520	837,631	7,879,715
Mutual Funds	19,139,328	1,200,088	1,016,905	9,566,166
Private Hedge Fund	20,037,558	1,256,410	1,064,630	10,015,117
<b>Total investments</b>	<b>100,096,658</b>	<b>6,276,334</b>	<b>5,318,306</b>	<b>50,030,037</b>
Accrued interest and dividends	226,880	14,226	12,054	113,399
Pending sales	302,749	18,983	16,086	151,319
<b>Total assets</b>	<b>107,680,336</b>	<b>6,751,851</b>	<b>5,721,240</b>	<b>53,820,490</b>
<b>LIABILITIES</b>				
Pending purchases	1,402,130	87,151	73,961	701,304
<b>Total liabilities</b>	<b>1,402,130</b>	<b>87,151</b>	<b>73,961</b>	<b>701,304</b>
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes</b>	<b>\$ 106,278,206</b>	<b>\$ 6,664,700</b>	<b>\$ 5,647,279</b>	<b>\$ 53,119,186</b>

Post-1967 Fire	Post-1983 Police	Total
\$ 3,996,080	\$ 720,261	\$ 16,113,227
25,579,825	4,610,557	103,144,457
8,930,896	1,609,722	36,011,676
10,842,325	1,954,242	43,719,054
11,351,168	2,045,956	45,770,839
56,704,214	10,220,477	228,646,026
128,527	23,166	518,252
171,506	30,913	691,556
61,000,327	10,994,817	245,969,061
795,153	143,714	3,203,413
795,153	143,714	3,203,413
\$ 60,205,174	\$ 10,851,103	\$ 242,765,648

**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF NET ASSETS - PRIVATE PURPOSE TRUST FUND**

**June 30, 2006**

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	<u>Phoebe M. Harrison</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,298
<b>Total assets</b>	<u>1,298</u>
<b>LIABILITIES</b>	
Other liabilities	<u>-</u>
<b>Total liabilities</b>	<u>-</u>
<b>Net Assets Held in Trust</b>	<u><u>\$ 1,298</u></u>

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**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF NET ASSETS - AGENCY FUNDS**

**June 30, 2006**

	Street Openings	School Activities	Danbury High School Scholarship	Downtown Special Services District	Security Lease Account
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,180,851	\$ 579,177	\$ 336,384	\$ 35,311	\$ 9,415
<b>Total assets</b>	<b>1,180,851</b>	<b>579,177</b>	<b>336,384</b>	<b>35,311</b>	<b>9,415</b>
<b>LIABILITIES</b>					
Other liabilities	1,180,851	579,177	336,384	35,311	9,415
<b>Total liabilities</b>	<b>1,180,851</b>	<b>579,177</b>	<b>336,384</b>	<b>35,311</b>	<b>9,415</b>
<b>Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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Danbury Permits	Rocky Glenn/ Rogers Park	Total
\$ 1,298,114	\$ 7,500	\$ 3,446,752
1,298,114	7,500	3,446,752
1,298,114	7,500	3,446,752
1,298,114	7,500	3,446,752
\$ -	\$ -	\$ -

**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF CHANGES IN NET ASSETS - PENSION TRUST FUNDS**  
**For the Year Ended June 30, 2006**

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>Additions</b>				
Contributions				
Employer	\$ -	\$ 978,000	\$ 984,000	\$ 690,000
Plan members	-	-	-	71,689
<b>Total contributions</b>	<b>-</b>	<b>978,000</b>	<b>984,000</b>	<b>761,689</b>
Investment Income				
Net appreciation (depreciation) in fair value of investments	7,434,480	(601,986)	(603,421)	2,595,500
Interest and dividends	2,831,473	181,400	148,049	1,418,813
	10,265,953	(420,586)	(455,372)	4,014,313
Less investment expenses:				
Investment management fees	662,224	37,641	34,378	316,515
<b>Net investment income (loss)</b>	<b>9,603,729</b>	<b>(458,227)</b>	<b>(489,750)</b>	<b>3,697,798</b>
<b>Total additions</b>	<b>9,603,729</b>	<b>519,773</b>	<b>494,250</b>	<b>4,459,487</b>
<b>Deductions</b>				
Benefits	4,379,578	1,609,256	1,283,475	3,091,567
<b>Change in net assets</b>	<b>5,224,151</b>	<b>(1,089,483)</b>	<b>(789,225)</b>	<b>1,367,920</b>
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes</b>				
Beginning of year	101,054,055	7,754,183	6,436,504	51,751,266
End of year	\$ 106,278,206	\$ 6,664,700	\$ 5,647,279	\$ 53,119,186

	Post-1967 Fire	Post-1983 Police	Total
\$	312,709	\$ 584,000	\$ 3,548,709
	313,565	284,118	669,372
	626,274	868,118	4,218,081
	3,851,976	24,567	12,701,116
	1,586,194	272,997	6,438,926
	5,438,170	297,564	19,140,042
	364,976	52,252	1,467,986
	5,073,194	245,312	17,672,056
	5,699,468	1,113,430	21,890,137
	1,875,825	213,818	12,453,519
	3,823,643	899,612	9,436,618
	56,381,531	9,951,491	233,329,030
\$	60,205,174	\$ 10,851,103	\$ 242,765,648

**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF CHANGES IN NET ASSETS - PRIVATE PURPOSE TRUST FUND**  
**For the Year Ended June 30, 2006**

---

	<u>Phoebe M. Harrison</u>
<b>Additions</b>	
Investment Income	
Interest and dividends	\$ 35
<b>Net investment income</b>	<u>35</u>
<b>Change in net assets</b>	35
<b>Net Assets Held in Trust</b>	
Beginning of year	<u>1,263</u>
End of year	<u><u>\$ 1,298</u></u>

**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the Year Ended June 30, 2006**

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b>STREET OPENINGS</b>				
<b>Assets</b>				
Cash	\$ 977,110	\$ 666,557	\$ 462,816	\$ 1,180,851
<b>Liabilities</b>				
Amounts held for others	\$ 977,110	\$ 666,557	\$ 462,816	\$ 1,180,851
<b>SCHOOL ACTIVITIES</b>				
<b>Assets</b>				
Cash	\$ 536,581	\$ 1,955,777	\$ 1,913,181	\$ 579,177
<b>Liabilities</b>				
Amounts held for others	\$ 536,581	\$ 1,955,777	\$ 1,913,181	\$ 579,177
<b>DANBURY HIGH SCHOOL SCHOLARSHIP</b>				
<b>Assets</b>				
Cash	\$ 314,812	\$ 54,540	\$ 32,968	\$ 336,384
<b>Liabilities</b>				
Amounts held for others	\$ 314,812	\$ 54,540	\$ 32,968	\$ 336,384
<b>DOWNTOWN SPECIAL SERVICES</b>				
<b>Assets</b>				
Cash	\$ 46,168	\$ 196,763	\$ 207,620	\$ 35,311
<b>Liabilities</b>				
Amounts held for others	\$ 46,168	\$ 196,763	\$ 207,620	\$ 35,311
<b>SECURITY LEASE ACCOUNT</b>				
<b>Assets</b>				
Cash	\$ 6,338	\$ 10,759	\$ 7,682	\$ 9,415
<b>Liabilities</b>				
Amounts held for others	\$ 6,338	\$ 10,759	\$ 7,682	\$ 9,415

**CITY OF DANBURY, CONNECTICUT**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, Continued**  
**AGENCY FUNDS**

**For the Year Ended June 30, 2006**

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b>DANBURY PERMITS</b>				
<b>Assets</b>				
Cash	\$ 1,216,307	\$ 465,587	\$ 383,780	\$ 1,298,114
<b>Liabilities</b>				
Amounts held for others	\$ 1,216,307	\$ 465,587	\$ 383,780	\$ 1,298,114
<b>ROGER'S GLENN/ROGERS PARK</b>				
<b>Assets</b>				
Cash	\$ -	\$ 7,500	\$ -	\$ 7,500
<b>Liabilities</b>				
Amounts held for others	\$ -	\$ 7,500	\$ -	\$ 7,500
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 3,097,316	\$ 3,357,483	\$ 3,008,047	\$ 3,446,752
<b>Liabilities</b>				
Amounts held for others	\$ 3,097,316	\$ 3,357,483	\$ 3,008,047	\$ 3,446,752

**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, 2006**

---

Governmental funds capital assets:

Land	\$ 46,619,165
Land improvements	8,089,028
Buildings and improvements	111,660,523
Machinery and equipment	24,113,870
Infrastructure	118,986,098
Construction in progress	<u>39,254,600</u>
<b>Total governmental funds capital assets</b>	<b><u><u>\$ 348,723,284</u></u></b>

**CITY OF DANBURY, CONNECTICUT**

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

**June 30, 2006**

	Land	Improvements	Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 12,249,200	\$ -	\$ 12,524,638	\$ 3,430,335	\$ -	\$ -	\$ 28,204,173
Public Safety	4,811,168	10,400	3,869,028	7,489,280	-	2,371,518	18,551,394
Public Works	19,700	72,283	788,569	7,034,828	117,170,794	4,929,072	130,015,246
Health & Welfare	821,100	-	3,625,009	125,214	-	828,530	5,399,853
Education	5,431,900	5,732,392	76,893,930	4,011,535	42,970	29,074,321	121,187,048
Culture and Recreation	22,839,897	2,256,353	13,887,963	1,462,020	989,060	2,051,159	43,486,452
Other	446,200	17,600	71,386	560,658	783,274	-	1,879,118
<b>Total</b>	<b>\$ 46,619,165</b>	<b>\$ 8,089,028</b>	<b>\$ 111,660,523</b>	<b>\$ 24,113,870</b>	<b>\$ 118,986,098</b>	<b>\$ 39,254,600</b>	<b>\$ 348,723,284</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, 2006**

	Governmental Funds Capital Assets				Governmental Funds Capital Assets
	July 1, 2005	Additions	Deletions	Transfers	June 30, 2006
General Government	\$ 28,535,359	\$ 533,086	\$ (524,499)	\$ (339,773)	\$ 28,204,173
Public Safety	17,211,686	3,852,870	(671,761)	(1,841,401)	18,551,394
Public Works	127,481,788	5,925,505	(406,407)	(2,985,640)	130,015,246
Health and Welfare	5,139,095	227,139	-	33,619	5,399,853
Education	94,391,872	26,921,758	-	(126,582)	121,187,048
Culture and Recreation	42,871,216	2,938,090	(92,080)	(2,230,774)	43,486,452
Other	1,861,518	17,600	-	-	1,879,118
<b>Total</b>	<b>\$ 317,492,534</b>	<b>\$ 40,416,048</b>	<b>\$ (1,694,747)</b>	<b>\$ (7,490,551)</b>	<b>\$ 348,723,284</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, 2006**

Grand List Year	Taxes Receivable July 1, 2005	Current Levy	Lawful Corrections	Transfers to Suspense	Balance to be Collected
2004	\$ -	\$131,047,528	\$ (1,039,001)	\$ (17,692)	\$ 129,990,835
2003	1,914,898	-	96,792	(41,895)	1,969,795
2002	748,574	-	52,375	(29,598)	771,351
2001	561,973	-	(5,577)	(37,862)	518,534
2000	524,044	-	(5,331)	(68,439)	450,274
1999	441,696	-	(6,286)	(4,505)	430,905
1998	328,457	-	(2,738)	(486)	325,233
1997	231,461	-	(3,821)	-	227,640
1996	240,654	-	(2,043)	-	238,611
1995	241,070	-	(2,117)	(203,985)	34,968
1994	51	-	(13)	-	38
1993	53	-	-	-	53
1992	50	-	-	-	50
1991	16	-	-	-	16
1990	16	-	-	-	16
1989	16	-	-	-	16
	5,233,029	131,047,528	(917,760)	(404,462)	134,958,335
Less allowance:	(1,500,000)	-	-	-	(1,500,000)
	<u>\$ 3,733,029</u>	<u>\$131,047,528</u>	<u>\$ (917,760)</u>	<u>\$ (404,462)</u>	<u>\$ 133,458,335</u>

Taxes	Interest	Lien Fees	Total	Taxes Receivable June 30, 2006
\$ 128,099,912	\$ 440,692	\$ 11,486	\$ 128,552,090	\$ 1,890,923
1,224,127	207,302	10,373	1,441,802	745,668
201,534	74,899	579	277,012	569,817
33,301	23,487	174	56,962	485,233
17,483	17,240	111	34,834	432,791
19,755	31,768	63	51,586	411,150
14,129	24,067	24	38,220	311,104
8,981	18,585	-	27,566	218,659
8,556	19,819	-	28,375	230,055
6,482	20,574	-	27,056	28,486
-	17,909	-	17,909	38
-	16,218	-	16,218	53
-	2,529	-	2,529	50
-	1,566	-	1,566	16
-	1,156	-	1,156	16
-	82	-	82	16
129,634,260	917,893	22,810	130,574,963	5,324,075
-	-	-	-	(1,500,000)
<u>\$ 129,634,260</u>	<u>\$ 917,893</u>	<u>\$ 22,810</u>	<u>\$ 130,574,963</u>	<u>\$ 3,824,075</u>

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**Statistical Section**

## ***Statistical Section***

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

### **Contents**

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

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

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

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

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

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 124

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

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 129

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

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 132

**CITY OF DANBURY, CONNECTICUT**

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities:					
Invested in capital assets, net of related debt	\$ 106,099	\$ 103,874	\$ 105,468	\$ 115,002	\$ 136,424
Restricted	1,477	1,477	1,477	1,519	1,394
Unrestricted	7,796	11,463	6,619	17,675	15,317
<b>Total governmental activities net assets</b>	<b>\$ 115,372</b>	<b>\$ 116,814</b>	<b>\$ 113,564</b>	<b>\$ 134,196</b>	<b>\$ 153,135</b>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 92,199	\$ 95,715	\$ 87,726	\$ 100,416	\$ 101,952
Unrestricted	118	(1,945)	6,477	(123)	7,619
<b>Total business-type activities net assets</b>	<b>\$ 92,317</b>	<b>\$ 93,770</b>	<b>\$ 94,203</b>	<b>\$ 100,293</b>	<b>\$ 109,571</b>
Primary government:					
Invested in capital assets, net of related debt	\$ 198,298	\$ 199,589	\$ 193,194	\$ 215,418	\$ 238,376
Restricted	1,477	1,477	1,477	1,519	1,394
Unrestricted	7,914	9,518	13,096	17,552	22,936
<b>Total primary government net assets</b>	<b>\$ 207,689</b>	<b>\$ 210,584</b>	<b>\$ 207,767</b>	<b>\$ 234,489</b>	<b>\$ 262,706</b>

GASB Statement No. 34 Implemented in Fiscal Year 2002

Source: City CAFR.

CITY OF DANBURY, CONNECTICUT

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses:					
Governmental activities:					
General Government	\$ 13,378,305	\$ 10,942,508	\$ 8,809,222	\$ 12,498,553	\$ 12,816,880
Public Safety	32,214,639	33,710,512	36,648,212	37,382,960	39,411,913
Public Works	7,758,508	10,178,026	9,290,186	11,246,585	12,292,573
Health and welfare	3,981,692	5,281,532	4,884,608	5,734,941	6,143,955
Culture and Recreation	3,553,000	5,662,056	5,085,626	4,516,159	4,425,455
Education	101,072,076	104,143,757	109,575,356	114,075,223	123,823,970
Other	1,701,559	746,206	1,117,770	1,632,640	1,004,811
Interest on long-term debt	2,193,884	2,664,230	3,183,369	3,696,603	3,100,300
<b>Total governmental activities expenses</b>	<b>165,853,663</b>	<b>173,328,827</b>	<b>178,594,349</b>	<b>190,783,664</b>	<b>203,019,857</b>
Business-type activities:					
Water	5,150,904	5,452,025	5,685,209	5,542,891	5,832,384
Sewer	6,950,472	7,679,746	7,932,356	8,475,896	8,408,066
<b>Total business-type activities expenses</b>	<b>12,101,376</b>	<b>13,131,771</b>	<b>13,617,565</b>	<b>14,018,787</b>	<b>14,240,450</b>
<b>Total primary government expenses</b>	<b>177,955,039</b>	<b>186,460,598</b>	<b>192,211,914</b>	<b>204,802,451</b>	<b>217,260,307</b>
Program revenue:					
Governmental activities:					
Charges for services:					
General Government	5,948,658	7,347,101	7,331,519	8,679,296	10,069,734
Public safety	2,420,439	96,414	169,473	146,526	403,675
Health and welfare	10,925	1,283,469	3,358,228	3,610,813	3,619,202
Culture and Recreation	1,453,299	19,580	-	-	-
Education	360,183	5,108,799	5,153,043	5,281,664	8,950,343
Other	5,525,321	-	49,525	148,575	148,575
Interest on long-term debt	552,047	-	-	-	-
Operating grants and contributions:					
General Government	2,422,881	1,011,704	1,177,337	1,439,858	747,267
Public safety	1,047,103	290,982	761,254	243,419	492,472
Public works	572,273	283,586	176,203	398,753	4,884,441
Health and welfare	1,149,550	1,062,837	996,196	894,121	671,172
Culture and recreation	354,328	381,184	192,262	280,916	388,621
Education	31,596,512	32,904,861	33,106,479	38,480,093	33,844,639
Capital grants and contributions:					
General government	232,326	512,983	437,775	528,074	333,950
Public safety	273,508	21,421	60,564	-	-
Public works	-	275,908	1,261,190	1,124,567	-
Culture and recreation	24,301	-	7,563,300	4,440,124	404,713
Education	633,153	1,078,385	1,719,813	-	17,632,102
<b>Total governmental activities program revenue</b>	<b>54,576,807</b>	<b>51,679,214</b>	<b>63,514,161</b>	<b>65,696,799</b>	<b>82,590,906</b>

Source: City CAFR.

CITY OF DANBURY, CONNECTICUT

Changes In Net Assets, Continued

Last Five Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Business-type activities:					
Charges for services:					
Water	4,055,753	4,280,950	5,254,670	6,724,942	<b>9,409,315</b>
Sewer	8,491,215	7,197,995	8,013,875	10,209,355	<b>10,489,592</b>
Operating grants and contributions:					
Water	99,000	179,215	-	-	-
Sewer	66,884	631,320	-	-	-
Capital grants and contributions:					
Water	2,784,625	1,126,556	184,604	1,768,890	<b>1,336,408</b>
Sewer	1,139,145	756,051	200,952	910,945	<b>1,565,618</b>
<b>Total business-type activities</b>					
<b>program revenues</b>	<b>16,636,622</b>	<b>14,172,087</b>	<b>13,654,101</b>	<b>19,614,132</b>	<b>22,800,933</b>
<b>Total primary government</b>					
<b>program revenues</b>	<b>71,213,429</b>	<b>65,851,301</b>	<b>77,168,262</b>	<b>85,310,931</b>	<b>105,391,839</b>
Net (expense) revenue:					
Governmental activities	(111,276,856)	(121,649,613)	(115,080,188)	(125,086,865)	<b>(120,428,951)</b>
Business-type activities	4,535,246	1,040,316	36,536	5,595,345	<b>8,560,483</b>
<b>Total primary government</b>					
<b>net expense</b>	<b>(106,741,610)</b>	<b>(120,609,297)</b>	<b>(115,043,652)</b>	<b>(119,491,520)</b>	<b>(111,868,468)</b>
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes	109,623,334	115,197,914	119,765,722	127,888,936	<b>129,588,158</b>
Grants and contributions not restricted to specific programs	8,850,406	7,726,595	6,993,752	16,494,489	<b>7,496,197</b>
Investment earnings	445,257	249,626	437,402	1,335,962	<b>2,283,695</b>
Loss on disposal of capital assets	-	(82,470)	(955,327)	-	-
<b>Total governmental activities</b>	<b>118,918,997</b>	<b>123,091,665</b>	<b>126,241,549</b>	<b>145,719,387</b>	<b>139,368,050</b>
Business-type activities:					
Grants and contributions not restricted to specific programs	732,427	-	-	-	-
Investment earnings	427,492	411,795	396,771	494,876	<b>716,765</b>
<b>Total business-type activities</b>	<b>1,159,919</b>	<b>411,795</b>	<b>396,771</b>	<b>494,876</b>	<b>716,765</b>
<b>Total primary government</b>	<b>120,078,916</b>	<b>123,503,460</b>	<b>126,638,320</b>	<b>146,214,263</b>	<b>140,084,815</b>
Changes in net assets:					
Governmental activities	7,642,141	1,442,052	11,161,361	20,632,522	<b>18,939,099</b>
Business-type activities	5,695,165	1,452,111	433,307	6,090,221	<b>9,277,248</b>
<b>Total primary government</b>	<b>\$ 13,337,306</b>	<b>\$ 2,894,163</b>	<b>\$ 11,594,668</b>	<b>\$ 26,722,743</b>	<b>\$ 28,216,347</b>

CITY OF DANBURY, CONNECTICUT

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

Function / Program	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Governmental activities:</b>					
General Government	\$ 8,603,865	\$ 8,871,788	\$ 8,946,631	\$ 10,647,228	\$ <b>11,150,951</b>
Public safety	3,741,050	408,817	991,291	389,945	<b>896,147</b>
Public works	583,198	559,494	1,437,393	1,523,320	<b>4,884,441</b>
Health and welfare	2,602,849	2,346,306	4,354,424	4,504,934	<b>4,290,374</b>
Culture and Recreation	738,812	400,764	7,755,562	4,721,040	<b>793,334</b>
Education	37,754,986	39,092,045	39,979,335	43,761,757	<b>60,427,084</b>
Other	552,047	-	49,525	148,575	<b>148,575</b>
<b>Total governmental activities</b>	<b>54,576,807</b>	<b>51,679,214</b>	<b>63,514,161</b>	<b>65,696,799</b>	<b>82,590,906</b>
<b>Business-type activities:</b>					
Water	6,939,378	5,586,721	5,439,274	8,493,832	<b>10,745,723</b>
Sewer	9,697,244	8,585,366	8,214,827	11,120,300	<b>12,055,210</b>
<b>Total business-type activities</b>	<b>16,636,622</b>	<b>14,172,087</b>	<b>13,654,101</b>	<b>19,614,132</b>	<b>22,800,933</b>
<b>Total government</b>	<b>\$ 71,213,429</b>	<b>\$ 65,851,301</b>	<b>\$ 77,168,262</b>	<b>\$ 85,310,931</b>	<b>\$ 105,391,839</b>

GASB Statement No. 34 implemented in fiscal year 2002.

Source: City CAFR.

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CITY OF DANBURY, CONNECTICUT

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

	Fiscal Year			
	1997	1998	1999	2000
General Fund:				
Reserved	\$ 5,707,731	\$ 3,729,340	\$ 3,343,860	\$ 3,129,235
Unreserved	11,184,051	13,492,743	9,853,325	7,135,325
<b>Total General Fund</b>	<b>\$ 16,891,782</b>	<b>\$ 17,222,083</b>	<b>\$ 13,197,185</b>	<b>\$ 10,264,560</b>
All Other Governmental Funds:				
Reserved	\$ 2,318,563	\$ 4,124,241	\$ 1,457,896	\$ 6,782,845
Unreserved, reported in:				
Special revenue funds	582,405	645,507	592,270	703,435
Capital projects funds	(5,152,533)	(9,590,602)	80,229	(7,187,845)
Permanent fund	-	-	-	-
<b>Total all other government funds</b>	<b>\$ (2,251,565)</b>	<b>\$ (4,820,854)</b>	<b>\$ 2,130,395</b>	<b>\$ 298,435</b>

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Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 2,037,841	\$ 788,134	\$ 1,576,475	\$ 1,080,103	\$ 1,697,289	\$ <b>1,348,297</b>
6,064,400	11,406,086	11,216,189	11,761,929	18,228,923	<b>22,959,075</b>
<b>\$ 8,102,241</b>	<b>\$ 12,194,220</b>	<b>\$ 12,792,664</b>	<b>\$ 12,842,032</b>	<b>\$ 19,926,212</b>	<b>\$ 24,307,372</b>
\$ 4,456,449	\$ 1,781,367	\$ 1,546,726	\$ 1,531,958	\$ 2,521,632	\$ <b>17,235,283</b>
952,243	1,437,016	1,642,245	1,364,284	2,229,784	<b>1,174,142</b>
(13,419,639)	(1,047,571)	(766,181)	(841,881)	(1,011,174)	<b>(19,904,624)</b>
50,760	57,062	54,189	20,050	41,834	<b>210,205</b>
<b>\$ (7,960,187)</b>	<b>\$ 2,227,874</b>	<b>\$ 2,476,979</b>	<b>\$ 2,074,411</b>	<b>\$ 3,782,076</b>	<b>\$ (1,284,994)</b>

CITY OF DANBURY, CONNECTICUT

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

	Fiscal Year			
	1997	1998	1999	2000
<b>Revenues:</b>				
Property taxes, interest and liens, net	\$ 88,994,224	\$ 86,647,032	\$ 88,430,049	\$ 96,821,385
Intergovernmental	33,582,917	38,739,958	44,631,079	45,823,871
License and permits	1,354,069	1,631,375	2,228,733	1,998,727
Charges for services	7,175,565	6,038,192	6,154,012	7,431,874
Fines and penalties	1,280,787	2,164,506	785,519	692,225
Interest and dividends	1,280,099	1,149,764	1,080,193	818,445
Other	4,795	2,613	4,218	19,176
Contributions	-	-	-	-
<b>Total revenues</b>	<b>133,672,456</b>	<b>136,373,440</b>	<b>143,313,803</b>	<b>153,605,703</b>
<b>Expenditures:</b>				
General Government	9,589,708	10,176,570	10,742,321	10,395,415
Public safety	15,947,412	16,593,395	17,578,926	20,191,377
Public works	5,223,960	4,716,930	5,197,813	5,303,773
Health and welfare	1,666,392	1,251,948	1,269,738	1,316,862
Culture and Recreation	3,105,859	3,188,300	3,178,604	3,307,005
State & Federal Programs	10,315,971	11,309,563	15,021,159	15,640,417
Education	64,728,788	66,288,283	72,996,443	76,312,263
Pension and Other Employee Benefits	12,977,933	12,640,728	12,945,985	12,345,950
General and administrative	317,502	439,158	-	-
Capital outlay	7,726,510	17,475,811	9,304,853	5,443,392
Other	1,838,692	2,156,938	2,786,403	2,653,518
Debt service:				
Principal	4,099,200	4,099,201	4,327,112	4,677,112
Interest and other charges	2,956,003	2,835,607	3,089,595	2,947,090
<b>Total expenditures</b>	<b>140,493,930</b>	<b>153,172,432</b>	<b>158,438,952</b>	<b>160,534,174</b>
<b>Excess of revenues (under) expenditures</b>	<b>(6,821,474)</b>	<b>(16,798,992)</b>	<b>(15,125,149)</b>	<b>(6,928,471)</b>
<b>Other financing sources (uses):</b>				
Transfers in	825,629	690,155	831,368	744,869
Transfers out	(825,629)	(690,155)	(831,368)	(744,869)
Issuance of long-term debt	-	4,100,000	10,100,000	-
Issuance of bond anticipation notes	-	-	4,750,000	1,500,000
Repayment of bond anticipation notes	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium (discount) on long-term debt	-	-	-	-
Loan Proceeds	-	-	-	-
Lease Financing	-	2,360,004	3,201,500	663,886
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>6,460,004</b>	<b>18,051,500</b>	<b>2,163,886</b>
<b>Net changes in fund balance</b>	<b>\$ (6,821,474)</b>	<b>\$ (10,338,988)</b>	<b>\$ 2,926,351</b>	<b>\$ (4,764,585)</b>
Debt service as a percentage of noncapital expenditures	5.3%	4.7%	4.9%	5.0%

Fiscal Year						
	2001	2002	2003	2004	2005	2006
\$	101,866,512	\$ 109,011,992	\$ 114,944,665	\$ 119,645,762	\$ 128,472,290	\$ 128,855,805
	49,076,212	50,225,184	47,651,256	50,623,295	54,169,459	69,473,699
	2,247,033	3,782,967	2,563,553	4,060,155	5,409,824	6,119,885
	8,981,137	8,932,383	8,767,480	7,716,872	8,406,607	9,130,663
	1,135,939	1,194,685	1,004,335	1,210,448	984,552	1,222,113
	866,908	474,148	274,676	467,277	1,368,920	2,357,383
	64,250	533,620	587,040	625,528	497,721	752,385
	-	-	-	-	2,625,000	2,625,000
	164,237,991	174,154,979	175,793,005	184,349,337	201,934,373	220,536,933
	12,653,610	11,977,569	8,409,966	8,780,297	8,796,865	8,772,110
	20,854,872	21,893,208	23,346,273	23,288,592	23,268,264	26,673,001
	5,624,435	5,778,129	6,200,904	7,411,398	7,698,331	8,139,775
	1,320,489	1,418,757	1,449,139	6,786,471	6,325,270	5,928,717
	3,581,145	3,776,041	3,933,541	4,146,224	3,903,134	3,160,072
	15,006,761	18,170,175	19,512,783	-	-	-
	78,012,768	81,568,606	83,887,723	106,145,585	114,626,317	121,160,848
	13,341,314	14,184,620	15,529,121	17,506,130	19,073,801	18,596,490
	-	-	-	-	-	-
	15,552,856	11,984,109	12,932,783	6,318,802	15,122,696	34,966,659
	2,301,176	2,146,876	2,248,533	1,560,649	896,108	-
	5,307,112	4,472,112	5,124,462	5,074,461	6,322,511	5,600,612
	2,757,677	2,445,012	2,668,995	2,219,285	2,877,558	2,668,668
	176,314,215	179,815,214	185,244,223	189,237,894	208,910,855	235,666,952
	(12,076,224)	(5,660,235)	(9,451,218)	(4,888,557)	(6,976,482)	(15,130,019)
	2,505,311	891,291	1,027,836	1,412,879	682,468	713,880
	(1,657,311)	(891,291)	(1,027,836)	(1,412,879)	(682,468)	(713,880)
	-	11,792,000	-	-	3,615,000	15,888,000
	-	-	12,320,000	4,220,000	10,202,000	10,202,000
	-	-	-	-	(3,615,000)	(10,202,000)
	-	-	1,190,000	14,048,000	-	-
	-	-	(1,177,816)	(14,955,050)	-	-
	-	-	50,527	1,188,599	-	745,035
	-	-	-	-	1,500,000	-
	796,523	1,123,620	2,023,824	1,913,468	1,156,397	239,398
	1,644,523	12,915,620	14,406,535	6,415,017	12,858,397	16,872,433
\$	(10,431,701)	\$ 7,255,385	\$ 4,955,317	\$ 1,526,460	\$ 5,881,915	\$ 1,742,414
	4.8%	4.0%	4.4%	4.0%	4.6%	3.6%

**CITY OF DANBURY, CONNECTICUT**

**Tax Revenues by Source, Governmental Funds**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

Fiscal Year	Real Estate	Personal Property	Motor Vehicle	Total
2000	\$ 82,904,807	\$ 7,229,565	\$ 6,746,403	\$ 96,882,505
2001	85,969,916	8,909,949	7,250,777	102,128,742
2002	91,467,114	10,263,055	7,861,247	109,591,417
2003	95,831,867	10,742,408	8,551,789	115,126,063
2004	100,768,923	10,993,511	8,931,597	120,694,031
2005	109,455,785	11,064,635	8,230,210	128,750,646
<b>2006</b>	<b>110,475,760</b>	<b>11,038,162</b>	<b>8,120,338</b>	<b>128,552,090</b>
Change 2000-2006	0.33%	0.53%	0.20%	0.34%

**Source:** City records.

Information not available prior to 2000.

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**CITY OF DANBURY, CONNECTICUT**

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Miscellaneous Land	Personal Property	Motor Vehicle
1996	\$ 2,504,756,310	\$ 1,122,106,700	\$ 227,911,900	\$ 73,874,000	\$ 276,994,250	\$ 238,614,440
1997	2,522,551,410	1,130,353,900	227,187,700	78,225,800	287,590,650	272,110,830
1998	2,535,343,280	1,134,611,500	231,141,600	63,381,200	302,356,990	291,360,150
1999	2,556,139,390	1,139,562,100	231,078,900	63,254,000	302,770,730	294,477,120
2000	2,579,573,190	1,172,959,500	231,406,000	58,092,600	312,155,480	312,862,540
2001	2,333,980,800	1,061,299,700	264,548,900	50,114,450	338,053,100	346,765,170
2002	2,354,721,650	1,146,247,200	266,237,800	221,800	327,611,540	373,272,300
2003	2,409,642,150	1,158,498,600	267,362,000	243,900	334,632,140	391,644,580
2004	2,583,763,610	1,247,507,800	322,041,800	515,900	330,035,330	408,352,010
2005	2,915,705,960	1,233,618,100	319,303,100	376,300	329,968,950	401,484,930
<b>2006</b>	<b>3,279,814,730</b>	<b>1,246,110,000</b>	<b>325,550,600</b>	<b>792,400</b>	<b>342,432,340</b>	<b>441,104,225</b>

**Source:** City Records

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

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Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 4,444,257,600	1.20%	19.13	\$ 6,348,939,429	70.00%
4,518,020,290	1.70	19.13	6,454,314,700	70.00%
4,558,194,720	0.90	19.13	6,511,706,743	70.00%
4,457,282,240	0.60	19.13	6,367,546,057	70.00%
4,667,049,310	1.70	20.78	6,667,213,300	70.00%
4,394,762,120	(5.80)	23.19	6,278,231,600	70.00%
4,468,312,290	1.70	24.30	6,383,303,271	70.00%
4,562,023,370	2.10	25.24	6,517,176,243	70.00%
4,892,216,450	7.20	24.59	6,988,880,643	70.00%
5,200,457,340	6.30	24.86	7,429,224,771	70.00%
<b>5,635,804,295</b>	<b>8.40</b>	<b>23.03</b>	<b>8,051,148,993</b>	<b>70.00%</b>

CITY OF DANBURY, CONNECTICUT

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

Taxpayer	2006			1997		
	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Danbury Mall Associates	\$ 120,688,780	1	2.14%	\$ 71,262,400	2	1.58%
Danbury Buildings, Inc.	80,894,740	2	1.44	220,234,100	1	4.87
Boehringer-Ingelheim	50,055,520	3	0.89	48,840,300	4	1.08
Woodland Group II, LLC	48,805,040	4	0.86	-	N/A	N/A
Connecticut Light & Power	34,361,270	5	0.61	22,874,700	10	0.51
Avolonbay Communities, Inc.	30,083,220	6	0.53	-	N/A	N/A
BF Goodrich Aerospace	27,410,250	7	0.49	27,269,200	8	0.60
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center	26,250,170	8	0.47	35,315,500	5	0.78
Ethan Allen Inn/Lake Avenue Associates	23,120,700	9	0.41	24,446,100	9	0.54
Urstadt Biddle Properties	21,437,870	10	0.38	-	N/A	N/A
<b>Total</b>	<u>\$ 463,107,560</u>		<u>8.22%</u>	<u>\$ 450,242,300</u>		<u>9.96%</u>

Source: City Records

CITY OF DANBURY, CONNECTICUT

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

Fiscal Year Ended June 30:	Grand List Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1997	1995	\$ 86,429,728	\$ 84,096,125	97.30%	\$ 2,307,674	\$ 86,403,799	99.97%
1998	1996	87,748,032	86,607,308	98.70	921,354	87,528,662	99.75
1999	1997	87,189,876	85,097,319	97.60	1,865,863	86,963,182	99.74
2000	1998	96,977,466	95,619,781	98.60	1,047,357	96,667,138	99.68
2001	1999	101,895,249	99,857,344	98.00	1,630,324	101,487,668	99.60
2002	2000	108,588,084	107,176,438	98.70	977,294	108,153,732	99.60
2003	2001	115,150,456	113,192,898	98.30	1,473,926	114,666,824	99.58
2004	2002	118,824,972	117,993,198	99.30	261,414	118,254,612	99.52
2005	2003	128,446,048	126,519,357	98.50	1,181,704	127,701,601	99.42
<b>2006</b>	<b>2004</b>	<b>128,951,428</b>	<b>127,017,517</b>	<b>98.50</b>	<b>51,221</b>	<b>127,068,738</b>	<b>98.54</b>

Source: City Tax Records

CITY OF DANBURY, CONNECTICUT

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

Fiscal Year	Governmental Activities		Debt Per Capita	Business-Type Activities			Total Primary Government	Percentage of Per Capita Income	Debt Per Capita
	General Bonded Debt	Percentage of Assessed Property Value		CFW Notes Payable	General Obligation Bonds				
1997	\$ 47,470,000	1.05%	705.00	\$ 41,681,515	\$ 8,830,000	\$ 97,981,515	0.020%	\$ 19,300	
1998	47,550,000	1.04	706.00	39,062,133	14,305,000	\$ 100,917,133	0.019%	19,300	
1999	53,410,000	1.16	811.00	36,442,750	25,895,000	\$ 115,747,750	0.021%	24,500	
2000	52,320,000	1.12	795.00	33,823,369	27,075,000	\$ 113,218,369	0.022%	24,500	
2001	47,600,000	1.08	636.00	31,203,987	25,520,000	\$ 104,323,987	0.023%	24,500	
2002	55,007,000	1.23	735.00	28,584,605	24,918,000	\$ 108,509,605	0.023%	24,500	
2003	50,009,500	1.10	668.00	25,965,223	23,315,000	\$ 99,289,723	0.025%	24,500	
2004	58,126,800	1.19	777.00	23,345,842	21,873,200	\$ 103,345,842	0.024%	24,500	
2005	56,009,450	1.08	724.00	20,726,460	21,595,400	\$ 98,331,310	0.025%	24,500	
<b>2006</b>	<b>60,967,100</b>	<b>1.00</b>	<b>779.00</b>	<b>18,107,078</b>	<b>20,452,900</b>	<b>\$ 99,527,078</b>	<b>0.025%</b>	<b>24,500</b>	

The City has no revenue bonds.

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

CITY OF DANBURY, CONNECTICUT

**Direct Governmental Activities Debt  
For the Year Ended June 30, 2006  
(Unaudited)**

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<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 60,967,100
Less school construction grants receivable - principal portion only	<u>4,451,711</u>
<b>Total direct debt</b>	<b><u><u>\$ 56,515,389</u></u></b>

\*No overlapping debt.

**Sources:** City Records.

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

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

CITY OF DANBURY, CONNECTICUT

**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*  
**(Unaudited)**

	1997	1998	1999	2000
Debt limit	\$ 618,504	\$ 645,173	\$ 627,000	\$ 686,107
Total net debt applicable to limit <sup>1</sup>	42,017	48,339	53,368	50,542
Legal debt margin	576,487	596,834	573,632	635,565
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<u>7.29%</u>	<u>8.10%</u>	<u>9.30%</u>	<u>7.95%</u>

<sup>1</sup>Net debt amounts for 1997 and 1998 from Official Statements dated July 17, 1997 and July 17, 1998.

	2001	2002	2003	2004	2005	2006
\$	725,421	\$ 773,947	\$ 813,688	\$ 852,713	\$ 900,490	\$ <b>902,119</b>
	55,199	59,411	61,598	91,110	86,554	<b>77,042</b>
	670,222	714,536	752,090	761,603	813,936	<b>825,077</b>
	8.24%	8.31%	8.19%	11.96%	10.63%	<b>9.34%</b>

**CITY OF DANBURY, CONNECTICUT**

**COMPUTATION OF LEGAL DEBT LIMITATION  
06/30/2006 (Unaudited)**

Total tax collections (including interest and lien fees) for the year ended June 30, 2006	\$ 128,832,750
Reimbursement for revenue loss: Tax relief for elderly	<u>41,358</u>
Base	<u>\$ 128,874,108</u>
Debt limit	<u><u>\$ 902,118,756</u></u>

<b>Debt Limitation</b>	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 289,966,743	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	579,933,486	-	-	-
3-3/4 times base	-	-	483,277,905	-	-
3-1/4 times base	-	-	-	418,840,851	-
3 times base	-	-	-	-	386,622,324
<b>Total debt limitation</b>	<u>289,966,743</u>	<u>579,933,486</u>	<u>483,277,905</u>	<u>418,840,851</u>	<u>386,622,324</u>
<b>Debt as defined by statute:</b>					
Bonds payable	38,109,100	22,858,000	18,947,078	-	-
Bond anticipation notes payable	11,900,000	15,950,000	-	-	-
Capital leases	1,161,430	1,412,818	-	-	-
Bonds authorized but not issued, issue dates not yet established	<u>78,785,108</u>	<u>55,877,892</u>	<u>11,798,000</u>	<u>-</u>	<u>-</u>
<b>Total indebtedness</b>	<u>129,955,638</u>	<u>96,098,710</u>	<u>30,745,078</u>	<u>-</u>	<u>-</u>
Debt Limitation in excess of indebtedness	<u><u>\$ 160,011,105</u></u>	<u><u>\$ 483,834,776</u></u>	<u><u>\$ 452,532,827</u></u>	<u><u>\$ 418,840,851</u></u>	<u><u>\$ 386,622,324</u></u>

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

CITY OF DANBURY, CONNECTICUT

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

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Fiscal Year Ended June 30	Population	Personal Income Per Capita	Median Age	School Enrollment	Unemployment(*) Rate
1997	67,370	19,300	33	8,739	4.4%
1998	67,370	19,300	33	8,843	2.9%
1999	65,829	24,500	33	8,926	2.9%
2000	65,829	24,500	33	9,151	1.8%
2001	74,848	24,500	33	9,370	3.0%
2002	74,848	24,500	33	9,567	3.9%
2003	74,848	24,500	35	9,561	4.4%
2004	78,221	24,500	35.2	9,587	3.6%
2005	78,221	24,500	35.2	9,668	4.1%
<b>2006</b>	<b>78,221</b>	<b>24,500</b>	<b>35.2</b>	<b>9,721</b>	<b>4.0%</b>

Sources: City Records

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

**CITY OF DANBURY, CONNECTICUT**

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

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Danbury Hospital	2,870	1	6.65%	3,000	1	8.63%
Boehringer-Ingelheim Pharmaceuticals	2,300	2	5.33	-	N/A	N/A
Cartus (formerly Cendant Mobility)	1,670	3	3.87	695	7	2.00
Danbury School Systems	1,425	4	3.30	1,085	2	3.12
G.E. Capital	1,200	5	2.78	930	3	2.68
Western CT State University	900	6	2.09	-	N/A	N/A
Pitney Bowes, Inc.	650	7	1.51	605	9	1.74
Scholastic	550	8	1.28	800	5	2.30
City of Danbury General Government	540	9	1.25	612	8	1.76
B. F. Goodrich	514	10	1.19	770	6	2.22

**Sources:** City Records

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**CITY OF DANBURY, CONNECTICUT**

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

Functions/Program	Full-Time Equivalent Employees as of June 30			
	2006	2005	2004	2003
<b>Governmental Services:</b>				
Legislative	1	1	1	-
Mayor's Office	6	6	6	6
City Clerk	1	1	1	2
Registrars/Jury Committee	2	2	2	2
Finance/Insurance	15	15	14	18
Info Technology	4	4	4	5
Assessments	11	11	10	10
Tax Collector	11	11	11	11
Purchasing	3	3	3	4
Corporation Counsel (Legal)	4	4	4	4
Town Clerk	7	7	7	8
Permit Coordination	6	6	4	-
Building/ Civil Prep	9	8	10	12
Planning	7	7	7	10
Public Bldgs (Facilities Management)	14	14	14	16
Economic Development	1	1	-	-
Personnel	2	2	3	4
<b>Recreation:</b>				
General & Administrative	2	2	4	4
Parks	-	-	22	22
Forestry	-	-	-	-
<b>Police:</b>				
Officers	155	155	154	155
Civilians	6	6	6	6
<b>Fire:</b>				
Firefighters and Officers	109	109	108	109
Civilians	2	2	2	2
<b>Public Works:</b>				
Administration	6	6	5	5
Equipment Maintenance	7	7	7	7
Park Maintenance	19	19	-	-
Forestry	4	4	-	-
Street Sweeping, Snow Removal	23	23	23	25
Street Maintenance & Lighting	15	15	15	15
Recycling/Solid Waste	-	-	-	-
Traffic Control (Engineering)	3	3	3	3
<b>Water:</b>				
Administration	5	5	5	5
Transmission	16	15	16	15
Purification	11	11	12	12
Sewer Maintenance	-	-	-	-
Stormwater	-	-	-	-
<b>Other Programs/Functions:</b>				
Engineering	12	11	11	12
Library	28	28	28	30
Health & Housing	13	13	13	14
Social Services	10	10	10	10
Airport	4	4	4	4
<b>Total</b>	<b>554</b>	<b>551</b>	<b>549</b>	<b>567</b>

Source: City Records

Full-Time Equivalent Employees as of June 30

2002	2001	2000	1999	1998	1997
-	-	-	-	-	-
6	5	4	4	4	4
2	1	1	2	2	2
2	2	2	2	5	5
18	18	18	20	20	19
5	6	7	8	7	7
10	10	10	10	10	10
11	11	11	11	11	11.5
5	5	5	5	5	5
3	3	3	3	3	3
6	6	6	6	6	6
-	-	4	3	2	-
11	10	8	8	8	7
9	9	8	8	8	8
16	16	15	16	16	16
-	-	-	-	-	-
4	4	4	4	4	4
4	4	4	4	4	4
22	21	21	17	17	17
-	-	-	4	5	5
159	159	159	159	159	159
6	6	6	6	6	6
109	109	109	109	109	109
2	2	2	2	2	2
5	5	5	5	5	5
7	7	7	7	8	8.5
-	-	-	-	-	-
-	-	-	-	-	-
25	25	25	23	24	23
15	15	15	15	15	15
-	-	-	-	-	5.5
3	3	3	1	1	1
5	5	5	5	5	5
15	14	13	16	18	15
12	12	12	15	15	13
-	-	-	-	4	44
12	12	12	13	12	11
30	30	29	28	27	25
14	14	14	14	13	14
10	10	10	10	10	10
4	4	4	4	5	5
<b>567</b>	<b>563</b>	<b>561</b>	<b>567</b>	<b>575</b>	<b>610</b>

CITY OF DANBURY, CONNECTICUT

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

Function/Program	Calendar Year			
	1997	1998	1999	2000
<b>Police:</b>				
Calls for service	47,854	47,330	64,421	78,120
Adult arrest	4,072	3,256	3,173	2,644
Juvenile arrest	388	633	693	643
Traffic citations	4,766	4,911	5,670	4,863
<b>Fire:</b>				
Total fire runs	2,493	2,457	1,912	3,143
Total rescue runs	2,297	2,436	2,797	2,876
<b>Building safety:</b>				
Total building permits**	257	774	1,029	2,272
Total value all permits**	\$ 38,558,371	\$ 63,325,797	\$ 80,308,285	\$ 101,976,231
Library, volumes in collection	89,078	95,234	95,234	95,234

**Source:** City Records

\*Through September 30, 2006. Building safety through October 31, 2006.

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

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Calendar Year					
2001	2002	2003	2004	2005	2006*
79,147	78,982	81,354	81,374	77,500	<b>59,267</b>
2,470	2,311	2,292	2,299	2,133	<b>1,583</b>
412	345	375	397	405	<b>348</b>
5,027	2,543	1,771	2,023	1,687	<b>2,555</b>
2,826	2,861	2,851	2,792	2,753	<b>2,111</b>
3,077	2,742	2,781	3,068	3,183	<b>2,414</b>
2,755	1,331	1,317	1,620	1,622	<b>1,497</b>
\$ 103,622,809	\$ 96,171,210	\$ 67,853,574	\$ 132,045,142	\$ 166,334,991	<b>\$ 138,701,109</b>
117,995	117,995	113,483	111,950	112,812	<b>114,415</b>

**CITY OF DANBURY, CONNECTICUT**

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

Function/Program	Calendar Year			
	1997	1998	1999	2000
<b>Police:</b>				
Stations	1	1	1	1
Fire, Fire Stations (Career)	4	4	4	4
Fire Stations (Volunteer)	12	12	12	12
<b>Public Works:</b>				
Buildings	4	4	4	4
Streets (Miles)	228	228	228	228
Street Lights	2,800	2,806	2,806	2,806
<b>Parks &amp; Recreation:</b>				
Acreage	1,950	1,950	1,326	1,326
Parks	16	16	16	16
Golf Course	1	1	1	1
Baseball/Softball Diamonds	12	12	11	11
Ice Skating Pond	1	1	1	1
Soccer/Football Fields	1	1	1	1
Basketball Courts	4	4	4	3
Tennis Courts	10	10	10	10
Swimming pools	3	4	4	3
Parks with Playground Equipment	4	4	5	6
Picnic Shelters	2	2	2	2
Recreation Building	1	1	1	1
Banquet Hall	-	-	1	1
Band Shell	-	-	-	-
<b>Public Buildings:</b>				
City Buildings	10	10	10	10
Schools	17	17	17	17
<b>Library:</b>				
Facilities	1	1	1	1
Volumes	89,078	95,234	95,234	95,234
<b>Water:*</b>				
Lakes	-	-	-	-
Storage Capacity (MGPD)	2,933	2,933	2,933	2,933
Average Daily Consumption (MGPD)	6.80	7.00	7.15	7.78
Peak Consumption (MGPD)	8.66	11.75	9.00	9.00
<b>Wastewater:</b>				
Sanitary Sewers (miles)	111.10	111.50	115.50	117.90

**Source:** City Records

Calendar Year						
2001	2002	2003	2004	2005	2006	
1	1	1	1	1	<b>1</b>	
4	4	4	4	4	<b>4</b>	
12	12	12	12	12	<b>12</b>	
4	4	4	4	4	<b>4</b>	
235	235	235	238	238	<b>238</b>	
2,818	2,818	2,768	2,768	2,768	<b>2,768</b>	
1,326	1,326	1,326	1,326	1,326	<b>1,326</b>	
15	15	15	15	15	<b>15</b>	
1	1	1	1	1	<b>1</b>	
11	11	11	13	14	<b>13</b>	
1	1	1	1	1	-	
1	1	1	4	4	<b>6</b>	
3	3	3	3	3	<b>2</b>	
10	10	10	10	10	<b>10</b>	
3	2	2	2	-	-	
6	5	5	5	4	<b>5</b>	
2	1	1	1	1	<b>1</b>	
1	1	1	1	-	-	
1	1	1	1	1	<b>1</b>	
-	-	1	1	1	<b>1</b>	
10	10	11	12	12	<b>12</b>	
17	17	17	17	17	<b>18</b>	
1	1	1	1	1	<b>1</b>	
117,995	117,995	113,483	111,950	112,812	<b>114,415</b>	
-	-	-	-	-	-	
2,933	2,933	2,933	2,933	2,933	<b>2,933</b>	
8.24	8.06	7.61	7.52	7.48	<b>N/A</b>	
9.60	10.32	9,378.00	9.57	9.71	<b>N/A</b>	
119.70	120.30	123.00	124.00	128.80	<b>132.30</b>	

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