This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. A definitive Official Statement with respect to these securities will be made available concurrently with their sale.

Preliminary Official Statement Dated July 8, 2010

New Issue: Book-Entry Only ***Ratings: See "Ratings" herein.***

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of thefederal alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.

City of Danbury, Connecticut

$23,000,000

General Obligation Bonds, Issue of 2010

Dated: July 15, 2010 ***Due: Serially on July 15, 2011-2030, as detailed inside this front cover:***

The Bonds will bear interest payable January 15, 2011 and semiannually thereafter on July 15 and January 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

The Bonds are subject to redemption prior to maturity as herein provided.

Sealed proposals and electronic bids via PARITY for the Bonds will be received until 11:30 A.M. (E.D.T.) on Thursday, July 15, 2010 at Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the City's Financial Advisor, until 11:30 A.M. on the day of the sale at 203-797-4652.

$20,000,000

General Obligation Bond Anticipation Notes

Dated: July 29, 2010 ***Due: July 28, 2011***

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders as set forth on the inside front cover, in accordance with the Notice of Sale, dated July 8, 2010. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

Sealed proposals and electronic bids via PARITY for the Notes will be received until 11:00 A.M. (E.D.T.) on Thursday, July 15, 2010 at Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the City's Financial Advisor, until 11:00 A.M. on the day of the sale at 203-797-4652.

The Bonds and the Notes will be general obligations of the City of Danbury, Connecticut and the City will pledge its full faith and credit to pay the principal of and the interest on the Bonds and the Notes when due. See "Security and Remedies" herein.

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC on or about July 29, 2010.

PHOENIX ADVISORS, LLC

City of Danbury, Connecticut

$23,000,000

General Obligation Bonds, Issue of 2010

Dated: ***July 15, 2010*** ***Due: Serially on July 15, 2011-2030, as detailed below:***

Maturity Schedule [1]

Year	*Principal*	*Coupon*	*Yield*	*CUSIP*	*Year*	*Principal*	*Coupon*	*Yield*	*CUSIP*
2011	$ 1,150,000	__.__%	__.__%	235865___	2021	$ 1,150,000	__.__%	__.__%	235865___
2012	1,150,000	__.__%	__.__%	235865___	2022	1,150,000	__.__%	__.__%	235865___
2013	1,150,000	__.__%	__.__%	235865___	2023	1,150,000	__.__%	__.__%	235865___
2014	1,150,000	__.__%	__.__%	235865___	2024	1,150,000	__.__%	__.__%	235865___
2015	1,150,000	__.__%	__.__%	235865___	2025	1,150,000	__.__%	__.__%	235865___
2016	1,150,000	__.__%	__.__%	235865___	2026	1,150,000	__.__%	__.__%	235865___
2017	1,150,000	__.__%	__.__%	235865___	2027	1,150,000	__.__%	__.__%	235865___
2018	1,150,000	__.__%	__.__%	235865___	2028	1,150,000	__.__%	__.__%	235865___
2019	1,150,000	__.__%	__.__%	235865___	2029	1,150,000	__.__%	__.__%	235865___
2020	1,150,000	__.__%	__.__%	235865___	2030	1,150,000	__.__%	__.__%	235865___

[1] *Interest rates, prices or reoffering yields, CUSIP and ratings will be set forth in the final Official Statement.*

$20,000,000

General Obligation Bond Anticipation Notes

Dated: July 29, 2010 ***Due: July 28, 2011***

Amount:	***$20,000,000***
Rate:	***__.__%***
Yield:	***__.__%***
CUSIP:	***235865___***
Underwriter:	***TBD***

No person has been authorized by the City to give any information or to make any representations not contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds and the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Official Statement.

The independent auditors for the City are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth in Appendix B, Bond Counsel are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

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Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Thursday, July 15, 2010, 11:30 A.M. (E.D.T.).
Location of Sale:	Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, Connecticut 06810.
Issuer:	City of Danbury, Connecticut (the "City").
Issue:	$23,000,000 General Obligation Bonds, Issue of 2010 (the “Bonds”).
Dated Date:	July 15, 2010.
Interest Due:	January 15, 2011 and semiannually thereafter on July 15 and January 15 in each year until maturity.
Principal Due:	July 15 in each of the years 2011 through 2030, as detailed in this Official Statement.
Purpose and Authority:	A portion of the Bond proceeds are being issued to permanently finance a portion of bond anticipation notes maturing on July 29, 2010, which were issued for various general purpose and school projects, and the balance of the Bond proceeds will provide new money for various general purpose, school and water projects.
Redemption:	The Bonds are subject to redemption prior to maturity.
Security and Remedies:	The Bonds will be general obligations of the City of Danbury, Connecticut, and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	Application for a rating on this issue has been made to Moody’s Investors Service, Inc., Standard & Poor's Corporation and Fitch Ratings. The City has outstanding credit ratings as follows: Moody's Investors Service, Inc. “Aa1”; Standard & Poor’s Corporation “AA+”; and Fitch Ratings “AA+”.
Bond Insurance:	The City does not expect to direct purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Bank Qualification:	The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data, timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent & Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 29, 2010 against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to David W. St. Hilaire, Director of Finance, City of Danbury, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone (203) 797-4652.

Note Issue Summary

The information in this Note Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Thursday, July 15, 2010, 11:00 A.M. (E.D.T.).
Location of Sale:	Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, Connecticut 06810.
Issuer:	City of Danbury, Connecticut (the "City").
Issue:	$20,000,000 General Obligation Bond Anticipation Notes (the “Notes”).
Dated Date:	July 29, 2010.
Interest Due:	At maturity: July 28, 2011
Principal Due:	At maturity: July 28, 2011
Purpose and Authority:	A portion of the Note proceeds are being issued to refund a portion of the bond anticipation notes maturing on July 29, 2010 and to provide new money for various general purpose, school, sewer and water projects.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security and Remedies:	The Notes will be general obligations of the City of Danbury, Connecticut, and the City will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	Application for a rating on this issue has been made to Standard & Poor's Corporation and Fitch Ratings. The City received credit ratings from Standard & Poor’s Corporation and Fitch Ratings of SP-1+ and F1+, respectively, on its General Obligation Bond Anticipation Notes dated July 30, 2009.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Bank Qualification:	The Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, notices of material events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about July 29, 2010 against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to David W. St. Hilaire, Director of Finance, City of Danbury, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone (203) 797-4652.

I. Bond and Note Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Danbury, Connecticut (the "City"), in connection with the original issuance and sale of $23,000,000 General Obligation Bonds, Issue of 2010 (the “Bonds”) and $20,000,000 General Obligation Bond Anticipation Notes (the “Notes”) of the City.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds and the Notes. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinions) and they make no representation that they have independently verified the same.

Financial Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Financial Advisor to the City with respect to the issuance of the Bonds (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Description of the Bonds

The Bonds will be dated July 15, 2010 and will mature in the years and in such amounts and shall bear interest at such rate of rates as set forth on the inside front cover of this Official Statement, payable on January 15, 2011 and semiannually thereafter on July 15 and January 15 in each year until maturity. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of December and June in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, and the City shall agree.

Redemption Provisions

Bonds maturing on or before July 15, 2019 are not subject to redemption prior to maturity. The Bonds maturing July 15, 2020 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after July 15, 2019 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

Period During Which Redeemed	*Redemption Prices*
July 15, 2019 and thereafter	100%

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds, or portions of Bonds, of such maturity to be redeemed shall be selected by lot in such manner as the City in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of $5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds, which is obtained by dividing the principal amount of such Bond by $5,000.

The City, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the City will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Bonds and will not be conducted by the City, the Registrar or Paying Agent.

Description of the Notes

The Notes will be dated July 29, 2010 and will be due and payable as to both principal and interest at maturity, July 28, 2011. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of $5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry Only Transfer System”. The Notes are not subject to redemption prior to maturity.

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Authorization and Purpose

The Bonds and the Notes are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the City Charter and certain ordinances adopted by the Common Council of the City.

Proceeds of the Issue

Proceeds of the Bonds and the Notes will be used to refund a portion of the $48,000,000 bond anticipation notes maturing July 29, 2010 and to provide new money borrowing for the projects listed below:

Project	*Amount Authorized*	*Notes Maturing 07/29/10*	*(Reductions) or New Money*	*The Bonds*	*The Notes Mature*
21st Century Public Imp. ……	$ 55,515,000	$ 2,113,300	$ 85,666	$ -	$ 2,198,966
21st Century Sewer……	5,000,000	4,261,199	(2,961,199)	800,000	500,000
21st Century Water…[2]……..	5,680,000	1,000,000	-	350,000	650,000
Danbury High School……	2,900,000	1,400,000	(820,000)	80,000	500,000
Danbury Neighborhood Bond……	10,930,000	2,000,000	67,000	500,000	1,567,000
Danbury Neighborhood Water…[2]……	998,000	657,000	(437,000)	45,000	175,000
G.P.I. 10-11 - Public Imps 2……	1,300,000	-	650,000	-	650,000
G.P.I. 08-09 - Public Imps[2]……	500,000	500,000	-	-	500,000
G.P.I. 08-09 - Rec. & Field Imps……	500,000	500,000	-	-	500,000
G.P.I. 08-09 - School Imps……	497,850	497,850	-	-	497,850
G.P.I. 08-09 - School Tech[1]……	500,000	500,000	-	-	500,000
G.P.I. 08-09 - Sewer Study……	500,000	500,000	-	-	500,000
G.P.I. 10-11 - Public Imps 1[1]……	1,700,000	-	700,000	-	700,000
Gen. Public Imp. (G.P.I.) 07-08[2]……	500,000	500,000	-	-	500,000
Head Start……..….	5,600,000	4,821,000	(2,782,000)	-	2,039,000
Litigation Settlement……..	1,840,000	-	1,840,000	1,840,000	-
Open Space……..	16,000,000	6,500,000	759,302	4,709,302	2,550,000
Public Safety Bond - Schools……	3,655,036	1,500,000	(52,816)	-	1,447,184
Public Safety Bond……...	45,213,939	16,840,983	659,017	14,500,000	3,000,000
Public Safety Sewer Imp……	5,800,000	1,057,997	(557,997)	100,000	400,000
Sewer Service Ext. III[1]……..	5,000,000	2,500,671	(2,175,671)	-	325,000
Vision 21 Program ……..…	21,000,000	-		10,698	-
Vision 21/2 Pub. Imp. ……	16,640,000	-	500	500	-
Vision 21/2 Schools…….	5,360,000	-	-	-	-
Water Service Ext. I…[2]……...…	2,500,000	-	64,500	64,500	-
Water Service Ext. II[2]……...	3,000,000	350,000	(50,000)	-	300,000
Total ……	$218,629,825	$ 48,000,000	$ (5,010,698)	$23,000,000	$20,000,000

[1] *All costs associated with the extension of new sewer services and for the construction of collector lines or laterals are borne by the property owners benefiting by such extension project. Assessments of benefits for those whose property benefits by such extension project are established by standards contained in an ordinance enacted by the Common Council and in conformity with Chapter 103 of the General Statutes, as amended. Debt service is paid from the Sewer Assessment Fund.*

[2] *Debt service is included in and paid from the operating budget of the Water Enterprise Fund.*

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved on or after July 1, 1996. Debt service reimbursement will continue under the old program for all projects approved prior to July 1, 1996.

Under the old program, the State of Connecticut will reimburse the City for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund the approved school projects.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during construction. The City currently receives approximately 50% of eligible costs in State funding for ongoing school projects.

Book-Entry-Only Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered Bonds and Notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Bonds and the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds or Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds and Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds and Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds and Notes may wish to ascertain that the nominee holding the Bonds and the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds and the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds and Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and the Notes at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Security and Remedies

The Bonds and the Notes will be general obligations of the City of Danbury, Connecticut and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The City has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. Payment of the Bonds and the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds and the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes or judgments thereon, in priority to other claims.

The City is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the federal bankruptcy code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 Title ll of the Code, or by state law or a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the

Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

The Bonds and the Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds and the Notes.

Availability of Continuing Information

The City of Danbury prepares, in accordance with State law, annual independent audited financial statements and files such annual report with the State Office of Policy and Management within six months of the end of its fiscal year.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data, timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, and notices of material events with respect to the Bonds and notices of material events with respect to the Notes pursuant to Continuing Disclosure Agreements to be executed by the City substantially in the forms attached as Appendix C to this Official Statement.

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the City has not failed to meet any of its undertakings under such agreements.

Ratings

Applications have been made to Moody's Investors Service, Standard & Poor's and Fitch Ratings for a rating on the Bonds and to Standard & Poor's and Fitch Ratings for a rating on the Notes. The City has outstanding credit ratings as follows: Moody's Investors Service, Inc. "Aa1"; Standard & Poor's Corporation "AA+"; and Fitch Ratings "AA+".

The City furnished to the Rating Agencies information and materials that they requested. However, the City may issue short-term or other debt for which a rating is not required. The City's Financial Advisor, Phoenix Advisors, LLC, recommends that all bonded debt be submitted for a credit rating.

Bond Insurance

The City does not expect to direct purchase a credit enhancement facility.

II. The Issuer

MAP

Description of the Municipality

Danbury (the "City") is the largest city in northern Fairfield County. Traversed 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. Danbury is also accessible by a municipal airport.

According to the 2000 U.S. 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 $53,664. Danbury, with a population of approximately 79,256, is diversely populated. Residents represent more than 60 different nationalities and students entering Danbury public schools speak over 45 different languages. Danbury is a hub for retail shopping. The Danbury Fair Mall remains the largest mall in New England and new shopping centers have attracted tenants such as Bob's Stores, Home Depot, Best Buy, Lowes, Borders and Wal-Mart.

Cultural activities abound in the City through the Charles Ives Center-the largest outdoor concert site in Western Connecticut, Richter Park- containing one of the top 25 public golf courses in the country, Candlewood Lake - the largest man-made lake in New England, and other smaller sites, museums and festivals.

Form of Government

The City of Danbury operates under a Charter, which was last revised in November, 2009. The City is governed by a Mayor and a twenty-one member City Council. The Mayor is the City’s chief executive and the City Council is the legislative body.

Principal Municipal Officials

Office	Name	Manner of Selection	Term	Years of Service	Employment Last Five Years
Mayor	Mark D. Boughton	Elected	12/09-11/11	8.5	Mayor
Treasurer	Daniel P. Jowdy	Elected	12/09-11/11	6.5	Funeral Director
Council	21 members	Elected	12/09-11/11	Various	Various
Director of Finance	David W. St. Hilaire	Appointed [1] Civil Service	Indefinite	3 [3]	Deputy Chief Fiscal Officer
Tax Collector	Scott Ferguson	Appointed [1] Civil Service	Indefinite	4	Manager, Taxes
Assessor	Colleen LaHood	Civil Service	Indefinite	23	Assessor
Superintendent of Schools	Dr. Sal Pascarella	Appointed [2]	Contract	4	Superintendent
Corp. Counsel	Robert J. Yamin	Appointed [1]	Indefinite	8.5	Attorney

[1] *Appointed by the Mayor.*

[2] *Appointed by the Board of Education.*

[3] *Mr. St. Hilaire started with the City on July 16, 2007. He was previously the Deputy Chief Fiscal Officer for the County of Rensselaer in New York.*

Municipal Services

Police Department

The Danbury Police Department's mission is to provide an environment for the people of Danbury, free from the fear of crime, where people can enjoy a high quality of life, and the community can prosper.

The Danbury Police Department currently has 150 sworn officers, with an authorized strength of 155 officers. Five civilian support personnel are also assigned to the Police Department. The Danbury Police Department is a Community Policing orientated department.

The Department continues the process to complete the Tier 1 State of Connecticut Accreditation. Legal challenges have slowed the process. This self-assessment process will reduce liability for actions. It will also force the Department to create written protocols and constantly update them.

In May 2010, the Department created a full time traffic enforcement unit staffed by a sergeant and four officers. Their primary mission will be traffic enforcement with a goal of enhancing community safety. Motorcycles, purchased with a federal grant and scheduled for delivery in July 2010, will support the unit. Also, through federal grants, the Department upgraded the response capabilities of its SWAT team with the purchase of a new equipment truck.

With a population of 79,256, Danbury continues to be one of New England's safest midsize cities, and in November 2009 was recognized as the safest city in Connecticut for the second consecutive year.

Fire Department

The mission of the Danbury Fire Department is to provide for the protection of life, property and the environment for all citizens in the safest and most efficient manner possible. This is accomplished with an aggressive Fire Education/Prevention/Inspection Program, up-to-date emergency equipment, and continued training for both Career and Volunteer Divisions of the Department.

The mission is carried out by a Career Division comprised of 123 individuals at full staffing levels in five locations, operating with 12 trucks of various configuration, 17 sedans and SUVs and various equipment trailers. The volunteers supplement with approximately 110 volunteers operating from 12 stations with 23 pieces of equipment. Volunteer units, combined with volunteer Fire Police continue to supplement the Department in emergency situations carrying on a proud tradition.

In addition to fire suppression, the Department is addressing the challenges of potential terrorism and hazardous materials. The development of a regional "Technician" level Hazardous Materials team is complete. As a member of this regional effort, Danbury has trained 27 Hazardous Material technicians. In addition, Danbury is also

a member of the Region 5 response network. Danbury provides staffing for a number of regional resources, including a Hazardous Material response vehicle, foam trailer, a Mass DECON trailer and Mass Casualty trailer.

Additional specialized training in various technical rescue modalities is also underway. This training, utilizing the instructors of the Connecticut Fire Academy, has included "C.O.R.E", below grade and confined space certifications. The department will continue these training initiatives to include other advanced rescue programs to include other advanced rescue programs as possible.. These programs may include trench and collapse rescue as well as vehicle extrication training.

All firefighters are cross-trained to an advanced life support first responder level. The Fire Department operates six engine companies and one Truck Company. Each company is equipped with automatic defibrillators and other advanced life support equipment. With reduced response times due to geographic distribution of fire stations, this complement of equipment and professionally trained personnel helps make Danbury a safe community in which to work and live. The deployment schedule for ambulances couple with the addition of Engine 26 has improved response time to the western reaches of the city. This accelerated response has benefited residents in this growing area of the City with timely emergency medical care.

The Emergency Medical Services Unit is an intergral component of the Danbury Fire Department. The City of Danbury, under the auspices of the Fire Department maintains the required State permits to operate an emergency medical response and transport entity. The division operates three paramedic-staffed ambulances and one lead medic vehicle. These units are staffed and operated by DHCA, a contract affiliate of Danbury Hospital. The Emergency Medical Division is headed by an EMS Coordinator and comprises 2 Emergency Response Technicians,83 Emergency Medical Technician-As, , 38 EMT intermediates, 33 EMT- Paramedics, and 10 EMS-1 (instructors). These employees indluce Fire and DHCA personnel.

The 9-1-1 Fire Department Dispatch Center received a total of 40,113calls in calendar year 2009. These calls resulted in 3,018 Fire Responses and 4,127 Emergency Medical Service Responses. The majority of the remainder routed to the police and others were informational types of calls. The Fire Department Dispatch Center is currently the Public Service Answering Point for the City of Danbury. It has the responsibility of answering all 9-1-1 calls in a professional and expedient manner. The center is manned by uniformed firefighters 24 hours a day.

Training programs for both Career and Volunteer members are continuous and have expanded to meet recent challenges and demands of the fire and emergency services. Hundreds of continuing classroom and practical hours keep firefighters abreast of current equipment use, standards, regulations and safety practices. All career recruits attend an initial 14 week session at the Connecticut State Fire Academy. The basic training, at one of the premier fire training institutions in the country, prepares recruits for the challenges they will face. Many members continue their education through the National Fire Academy, State Fire Academy and other institutions of higher learning including Naugatuck Valley Technical College and the University of New Haven.

The Department continues Public Education activities throughout the community with mock crash simulations in local high schools, Juvenile Fire Setter programs, File of Life senior citizen programs and our Babysitters Program. This program, presented jointly with Danbury Hospital, is in its 24th year and has graduated over 2,400 students. A significant initiative within the City has placed automatic defibrillators in municipal buildings and schools maintained by the department. These programs, combined with our inspection and suppression duties, each contribute to making the quality of life in the City of Danbury among the best in the nation.

Parks and Recreation

Excluding school facilities, the City of Danbury has 1,326 acres designated for park and recreational use distributed as follows: 186 acres of City parks, 256 acres of natural resource areas, and 884 acres of special use parks. The Parks & Recreation Department uses 15 schools for playgrounds/ballfields, which account for 57 acres.

The City also contains recreational facilities and parks owned and maintained by state and community organizations. Wooster Mountain State Park (428 acres), administered by Squantz Pond State Park, contains a few lightly used hiking trails and a shooting range operated by the Danbury Shooting Sports Associates. Lattins Cove (5 acres) operates a boat launch on Lake Candlewood. Privately owned recreational facilities include such diverse organizations as the Swampfield Land Trust, the Portuguese Cultural Center, the Ridgewood Country Club, private and parochial schools and the Western Connecticut State University.

– *Bear Mountain Park* (140 acres): mostly undeveloped, passive recreation with a conservational outlook, Ranger Cottage and parking with many diverse hiking trails.

- *Blind Brook Playground* (.5 acres) playground.
- *Danbury Green* (1 acre): benches, walkway and band shell.
- *Elmwood Park* (2 acres): park benches for passive recreation, fountain.
- *Hatters Community Park* (32 acres): bowling alley, Park & Recreation Office, picnic pavilion, 3 softball fields, banquet hall and playground.
- *Highland Playground* (8 acres): playground and spray-park.
- *John Perry Field: All purpose field turf surface used for football, soccer, lacrosse (boys and girls) and field hockey field.*
- *Joseph Sauer Memorial Park* (2 acres): park for the elderly, basketball court.
- *Kennedy Park* (1 acre): park benches for passive recreation.
- *Lake Candlewood Park* (11 acres): swimming, picnicking, motorized boating and boat ramp.
- *Lake Kenosia Park* (25 acres): swimming, picnicking, non-motorized boating, four soccer fields and playground.
- *Mill Plain Swamp* (34 acres): no facilities.
- *Old Quarry Nature Center* (40 acres): trails, bird watching, natural setting.
- *Richter Park* (230 acres): 18 hole golf course, pro shop, restaurant, playhouse, basketball court, fishing, hiking trail, two tennis courts, winter recreation. (Richter Park Drive).
- *Rogers Park* (59 acres): 8 tennis courts, handball/paddleball court, 4 softball fields, 6 baseball fields, 1 all purpose field (spring 09), and 6 volleyball courts.
- *Rogers Park Playground* (1 acre): playground and spray-park.
- *Rogers Park Pond* (7 acres): interpretative trails and footbridge.
- *Rowan Street Playground* (3 acres): playground.
- *Stephen A. Kaplanis Field* (5 ½ acres): All purpose Field Turf surface used for football, soccer, lacrosse (boys & girls) and field hockey field.
- *Still River Greenway* (35 acres): hiking trails, education station, boat launch, bird sanctuary and footbridge.
- *Tom West Park* (.5 acre): playground.

Tarrywile Park is a passive recreational area. It is 722 acres split into two distinct sections by Brushy Hill Road. It has several buildings on the property of which the following are most noteworthy:

- *Mansion* - Three stories, built in late 1897 - 18 rooms - renovated for Community Center.
- *Castle* - 3 stories, built 1897 from natural quarry stone - use undetermined - large renovation project.
- *Carriage House* - park residence.
- *Farm House* - park residence.
- *Dairy Barns* - Red barn is an environmental education center with renovated Silo. The milking parlor was recently renovated.
- *Gate House* - park residence.
- *Greenhouse* – used by Danbury High School "Green Room Program" for students at risk.
- *School building* - use to remain as a pre-school.
- *Pavilion* – to be built at a future date.

Danbury Public Library

The Danbury Public Library opened in 1970 on the primary downtown intersection of Main and West Streets.

Current services include:

- *Hours*: The library is open a total of 51 hours per week (including Sundays from September through May) and 45 hours per week during the summer.
- *Audio-video department*: A 4,200 square foot area holds more than 20,540 non-print items: DVDs, compact discs, books on CD, Playaways (books on MP3), and Blu-rays discs.
- *Personal computers for the public use*: Access to word processing, spreadsheet programs, the Internet and a variety of on-line databases are available on over 90 computers for the public. Free wireless Internet access is available in the library, as well as in the library plaza.

- *Library Technology Center*: A 4,300 square foot computer lab with 23 workstations can be used by the public for Internet access, word processing, on-line access to the library catalog, resume and typing programs and multilingual access to the Internet. Library staff members offer introductory as well as specialized Internet and computer classes to the public on a regular basis in English, Spanish.
- *Language Center:* In 2007, the former Praxair Lab moved to the Language Center Computer Lab to create an expanded language and computer teaching lab, which supports the growing populations in Danbury that are learning English. All workstations are installed with state-of-the-art interactive Ellis Learning English software. and bi-lingual instructors are available at various times during the week to assist new students. Various print and non-print materials that teach reading comprehension, pronunciation and vocabulary are available for self-study.. The Language Center also carries materials on learning languages other than English, including Tell Me More online for learning Dutch, French, English, German, Italian and Spanish online.
- *A Program Room*: The Farioly Program Room, which seats up to70, has kitchen facilities, and the Lower Level Conference Room, which seats up to 30, can be reserved by the public for programs and workshops. A third conference room in the Technology Center can be reserved for smaller group gatherings and seats 12.
- *Danbury Library Homepage*: danburylibrary.org: Connecting to the library's home page allows off-site customers to view the library's catalog, reserve books, subscribe to an on-line newsletter, visit selected web sites of current interest and retrieve full-text magazine articles 24 hours a day, seven days a week

A $540,000 renovation of the library grounds and plaza was completed in 2004. Also in 2004, a $222,000 redesign of the library's main floor was completed. It includes four customer self check-out machines, a system enabling customers to sign themselves up for Internet computers, and new shelving, seating and tables. New carpeting and tile were installed throughout the library in 2005.

Approximately 28,300 Danbury residents (36%) have active library cards. Over 540,000 visited the library during the last year and over 875,000 visited the library's home page.

A Board of Directors, appointed by the Mayor, governs the Danbury Public Library. The Mayor also appoints a Library Director to promote library services and supervise a staff of 62 and manage an operating budget of $1.99 million.

Urban Revitalization

The Danbury Redevelopment Agency (RDA) was established in 1956 for the purpose of revitalizing the central business district and other areas that had been severely flooded by the Still River. The first phase had a total cost of $8,152,000, including Federal grants of $5,600,000 and State grants of $1,225,000. Projects undertaken during that phase included channelization of the River from Rose Street across White Street, construction of several bridges, and the realignment and widening of Rose, Kennedy, Elm, Crosby, Hartell, and White Streets. Land acquisition for redevelopment totaled over 23 acres. The subsequent sale of over 15 acres resulted in the construction of 22 new commercial businesses, twelve of which constituted new businesses for the City, while the remainder were relocations from other areas.

The second phase was funded with Federal grants of $8,372,000. Projects funded by these grants included: (1) acquisition of 56 parcels for redevelopment activities; (2) additional funding to contribute to the $13 million expended by the U.S. Army Corp of Engineers for flood control improvements; (3) road improvements, including construction of Patriot Drive; (4) disposition of 12 acres of land for private industrial, commercial, and residential uses; and (5) disposition of an additional site for construction of the new Superior Court House. The realignment of Liberty Street was funded during this phase with redevelopment moneys and a Federal Urban Systems Grant.

Urban revitalization of the remaining 7.7 acre redevelopment site in the downtown was based on the "Downtown Danbury Redevelopment Plan" adopted by the Redevelopment Agency in 1990. Public improvement projects constructed from 1990 to 1994 were funded largely by an $8,000,000 State grant administered by the Department of Economic Development. Approximately $4.5 million was expended for the construction of the Patriot Garage at the intersection of Patriot Drive and Independence Way, while the remainder was used to fund streetscape improvements along Main Street from Boughton to Crosby Streets and for the extension of Delay Street to White Street. Department of Economic & Community Development Community Development Block Grant ("CDBG") funds were used to finance construction of the "Danbury Green" on the redevelopment site. Private investment redeveloped vacant sites into Liberty Terrace condominiums and Webster Bank.

Construction of additional downtown sidewalks and walkways was completed in 1996. These improvements, funded through the CDBG program, include (1) a walkway across Elmwood Park at Boughton Street, (2) sidewalk installation along Old Liberty Street and Patriot Drive, and (3) a walkway from Patriot Drive to Delay Street along the north end of the garage. The restoration of Elmwood Park was completed in 1998, and the Danbury Ice Arena was opened in 2001 on the redevelopment site. That was followed by streetscape improvements which were completed on Center Street and on Main Street from Center Street to Park Place.

A $1.3 million streetscape enhancement project was constructed along North Main Street under the Federal TEA-21 program and completed in 2005. The project provided related support for a $1.5 million blight reduction program for eight properties on North Main Street financed through City bonds.

The new $10,000,000 Bardo Parking Garage on Library Place was financed by bonds and completed in the Fall of 2007. A $1,200,000 streetscape project on White Street from Main Street to Fifth Avenue was financed by a combination of bonds and state LoCIP funding. Construction of the first phase from the railroad crossing to Fifth Avenue commenced in early spring 2008 and was completed in 2009.

Also completed in 2009 was the New Police Station at the intersection of Main Street and E. Franklin Avenue. The 75,000 square foot facility was constructed with a bond issue of $30,200,000.

In 2008, the Mayor appointed the Main Street Renaissance Task Force to study issues and make recommendations for the revitalization of downtown Danbury. The study will include creation of a vision statement and identification of planning principles to guide development, and includes sections on economic development, urban design and historic preservation, public improvements, and implementation strategies. The study is expected to be completed in 2010.

Solid Waste - Recycling

The City is a member of the Housatonic Resources Recovery Authority (HRRA) which has legal authority to site and contract for long-term garbage disposal services. The HRRA has ruled out consideration of construction of a waste to energy incineration facility in the region. They have signed a contract with the owner of such a facility located in Bridgeport, Connecticut. The City executed a parallel contract with HRRA, which commits its solid waste to this regional solution, which began July 1, 1993. Funding of the proposal will be through tipping fees and garbage rate charges by the haulers to their customers. The tipping fee for the second half of fiscal year 2009-2010 is $81.52 per ton. Approximately, twenty independent haulers collect solid waste in Danbury. There is no municipal garbage collection.

The City of Danbury landfill closed December 31, 1996. The final closure and capping of the landfill was completed in 1998. The project includes installation of a gas recovery system including a full synthetic geomembrane cap. The total cost of this project was $11 million. The cost of the project has been funded under the Cityworks 2000 bond issue in the amount of $2.4 million and from a portion of the proceeds the City received in connection with privatization of its wastewater treatment plant in the amount of $8.1 million.

The State Bond Commission in 1997 approved a grant to the City in an amount not to exceed $4.0 million under legislation enacted in the 1997 session of the General Assembly. This amount was used to reimburse the City for expenditures related to the landfill closure and was credited to the general fund.

Although the landfill closure has been completed, the project generated serious disputes regarding the quality of the work done by the City's contractor and its subcontractors. The contractor and the subcontractors denied responsibility for failures in the planning and execution of the work and then submitted claims for costs in excess of the contract amount. The City settled all claims for $1.8 million which will be bonded.

The citywide recycling program was implemented in 1991. The municipal recycling truck remains available for use by all City residents. There is also curbside recycling offered citywide by independent haulers. In addition, the City has contracted with Automated Waste Disposal to operate a municipal solid waste and recycling center drop off location for residents who do not wish to contract with an independent hauler.

On April 21, 2004, the City of Danbury, Connecticut entered into a 12-year contract with Total Landscaping and Tree Service, LLC for the management and operation of a wood waste facility and a leaf composting facility. The wood waste and leaf composting operations are conducted at City owned facilities. Total Landscaping and Tree Service is responsible for accepting and processing wood waste and leaves deposited at these City owned facilities as generated by the City or its residents.

Enterprise Funds

Sewer Fund

On October 1, 1997, the City of Danbury, Connecticut entered into a 20-year contract with Veolia Water North America (d.b.a. U.S. Filter Operating Services, Inc.) for the management, operation and maintenance of the City's 15.5 MGD wastewater treatment facility and its 13 pump stations. The contract has been amended to increase the number of pump stations to 18 and address changes in operational requirements. Danbury will continue to exercise control over its rate setting and inter-municipal agreements. The City retains full legal title and ownership of the facility. Veolia Water North America operates and maintains the facility in accordance with the terms and conditions of the City's NPDES permit (# CT0100145). The contract with Veolia contains additional performance standards, such as Veolia implementing a program to provide year round nitrification process to ensure the quality of effluent, which are above the requirements of the City's current NPDES permit. A laboratory is maintained on site by Veolia Water North America to insure proper operation of the plant process, and to comply with Connecticut Department of Environmental Protection requirements.

All residential and other sewage collected flows to the treatment plant through lateral and trunk sewers. In those geographic areas where sewage cannot flow by gravity, pumping stations lift the sewage to a higher point in elevation so it may flow by gravity to the treatment plant. Sewers are inspected for blockage and other physical conditions. Collection system sewer gravity lines in Danbury are inspected and maintained by the Danbury Public Utilities Department.

Funds for the operation of the Wastewater Division are provided by a sewer use charge. The sewer use charge also pays for the debt service on the debt issued to construct the treatment plant and trunk sewers. The assessment of benefits for lateral sewer lines is calculated in accordance with City ordinances using a formula that includes the following four elements: area of lot or parcel, frontage of lot or parcel, number of existing building units or number of units allowed by zoning on lot or parcel and property valuation for tax purposes of lot or parcel. An individual's assessment represents a proportionate portion of the assessable cost of sewer extensions.

Sewer rates for all customers were increased as follows for the last five fiscal years:

Fiscal Year Ending	*% Increase*
June 30, 2011	18.90%
June 30, 2010	0.00%
June 30, 2009	0.00%
June 30, 2008	0.00%
June 30, 2007	8.00%

The City of Danbury has inter-municipal agreements with the Towns of Bethel, Brookfield, Newtown and Ridgefield which address and spell out the mechanism for payment of the capital improvements to the upgraded facility as well as the future operating and maintenance payments to the City of Danbury for the treatment of the sewage that is generated from within each of their towns. Both the capital and operation and maintenance formulas are a function of each municipality's proportionate share of the flow either reserved in the plant for capital expenses or actually flowing to the plant for operation and maintenance expenses. The plant is fully operational.

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Water Fund

The City's raw water supply has 9 reservoirs with a total capacity of 3.0 billion gallons of water. The safe yield of the City water system is 8.2 MGD. The Lake Kenosia well field and pump station has the ability to complement the reservoir system with an additional 7.0 MGD to 9 MGD when needed. In 2009, the Danbury Water Department produced and distributed an average of 6.6 million gallons per day.

A water quality monitoring program has been established to insure compliance with the standard for quality of drinking water listed in The State of Connecticut Public Health Code and in the Federal Safe Drinking Water Act. All the drinking water provided at the treatment plants and well field is chlorinated and fluoridated as required by the

Connecticut Department of Public Health Service. Testing for water quality is performed by the Danbury Water Department laboratory and outside laboratory services.

The Water Department completed major programs directed at improving the purity, adequacy, and safety of the supply. It is the intent of the City of Danbury to develop a water supply system consistent with its plan of development. A Vulnerability Assessment for the water system was submitted to the United States Environmental Protection Agency in December 2003 as required by federal regulations.

The City previously was under State order to repair its dams. The reconstruction of dams at Lower Kohanza, West Lake, Boggs Pond, Margerie, Padanaram and Upper Kohanza was completed in 1993-96. All reservoir dams are inspected annually for review of proper operation and maintenance.

Metered and non-metered rates provide funds for the operation, maintenance, and debt service of the water system. Water rates for all customers were increased as follows for the last five fiscal years:

Fiscal Year Ending	***% Increase***
June 30, 2011	5.90%
June 30, 2010	0.00%
June 30, 2009	0.00%
June 30, 2008	0.00%
June 30, 2007	5.00%

The rate structure is intended to provide sufficient funds for the Water System to be self-sustaining.

To ensure better accuracy and efficiency of measuring metered water use, a $1,500,000 water meter replacement program was started in 2005. This program included the replacement of all existing water meters older than 5 years and the installation of an automatic meter reading system. Although meter replacement project funding has been expended, routine replacement work on aging meters continues to be performed by Public Utilities personnel from the operating budget.

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Employee Relations and Collective Bargaining

Municipal Employees

Fiscal Year Ended June 30	*2010*	*2009*	*2008*	*2007*	*2006*
General Government……..	535	551	586	562	540
Board of Education……	1,551	1,587	1,548	1,474	1,425
Total…….	2,086	2,138	2,134	2,036	1,965

Employee Bargaining Organizations

Non-Bargaining Employees……	44	N/A
DSAA - School Administrators……	41	6/30/2010 [1]
NEA Teachers……	804	6/30/2011
Local 677 Teamsters Custodians……	75	6/30/2011
CSEA Paraprofessionals……	408	6/30/2012
School Nurses Association……...	25	6/30/2011
Local 677 Teamsters School Lunch……	79	6/30/2012
Danbury Association of School Secretaries……	75	6/30/2010 [1]
Total…….	1,551	

City Groups		
Local 891 Council 15 AFSCME Police[2]……	151	6/30/2011
UPSEIU (formerly DMEA) Municipal Employees……	97	6/30/2011
Local 677 Teamsters……	98	6/30/2011
Local 801 AFL CIO Firefighters……	117	6/30/2011
Non-Bargaining Employees……	72	N/A
Total…….	535	

[1] *In negotiation.*

[2] *Includes two canine control officers.*

The Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a-10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer for binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational Services

The Board of Education of the City is comprised of eleven members each serving a four year term, as provided by the City Charter. The Mayor serves as an ex-officio member. The Board of Education is responsible for maintaining public elementary and secondary schools. There are fourteen (14) elementary schools, two (2) middle schools, one (1) high school and one (1) alternative high school providing educational programs to students in grades pre-kindergarten through twelve.

School Facilities

School	Grades	Date Opened (Add. or Ren.)	Type of Construction	Number of Classrooms	Enrollment 10/1/09	Rated Capacity
Great Plain.....	PK - 5	1963	Brick	21	309	379
Hayestown.....	PK - 5	1955	Brick	26	448	448
King Street Primary	PK - 2	1977	Brick	22	297	488
King Street Inter.	3 - 5	1964	Brick	31	304	322
Magnet.....	K - 4	2006	Brick	18	383	390
Mill Ridge Primary	PK - 2	1974	Brick	22	335	396
Mill Ridge Inter.	3 - 5	1957	Brick	30	334	437
Morris Street.....	PK - 5	1892	Brick	24	330	379
		1963	(Addition)			
		1980	(Add. & Ren.)			
Park Avenue.....	PK - 5	1951	Brick	22	415	402
Pembroke.....	PK - 5	1970	Brick	23	341	425
Roberts Avenue.....	PK - 5	1952	Brick	19	393	356
Shelter Rock.....	PK - 5	1963	Brick	18	394	405
		1973	(Addition)			
South Street.....	PK - 5	1935	Brick	19	352	339
		1980	(Add. & Ren.)			
Stadley Rough.....	PK - 5	1971	Brick	21	465	494
Broadview M.S.	6 - 8	1967	Brick	39	1,105	1,012
Rogers Pk. M.S.	6 - 8	1972	Brick	42	1,041	1,012
Danbury H.S.	9 - 12	1964	Brick	117	2,855	2,442
Alternative Center.....	9 - 12	1977	Brick	11	89	100
Total.....				525	10,190[1]	10,226

[1] *Total Danbury school enrollment listed here does not include students categorized as "Other" in the amount of 307 as is listed below which is comprised of students enrolled in Headstart and other special programs. Total Danbury enrollment is 10,497 as is listed below under "School Enrollment".*

Source: Danbury Board of Education

School Enrollment [1]

Historical

Year	Pre-K - 5	6-8	9-12	Other	Total
2000-2001	4,453	2,144	2,564	209	9,370
2001-2002	4,182	2,205	2,673	210	9,270
2002-2003	4,517	2,201	2,844	209	9,771
2003-2004	4,525	2,177	2,886	220	9,808
2004-2005	4,533	2,093	2,936	219	9,781
2005-2006	4,491	2,123	2,994	296	9,904
2006-2007	4,574	2,122	2,966	321	9,983
2007-2008	4,699	2,175	2,931	314	10,119
2008-2009	4,935	2,125	2,926	293	10,279
2009-2010	5,100	2,146	2,944	307	10,497
		Projected [2]			
2010-2011	4,789	2,081	2,081	176	9,127
2011-2012	4,832	2,106	2,106	176	9,220
2012-2013	4,874	2,179	2,179	176	9,408
2013-2014	4,878	2,221	2,221	176	9,496
2014-2015	4,839	2,311	2,902	176	10,228

[1] *Superintendent's Office*

[2] *Connecticut State Department of Education - Enrollment Projections*

III. Economic and Demographic Information

Population and Density

Year	Actual Population [1]	% Increase	Density [2]
1970	51,066	29.7%	1,161
1980	60,470	18.4%	1,374
1990	65,585	8.5%	1,491
2000	74,848	14.1%	1,701
2008 [3]	79,256	5.9%	1,801

[1] *1970 - 2000, U.S. Department of Commerce, Bureau of Census*

[2] *Per square mile: 44 square miles*

[3] *State of Connecticut, Department of Public Health; July 1, 2008.*

Age Distribution of the Population

	City of Danbury		State of Connecticut	
	2000	Percent	2000	Percent
Under 5	4,900	6.5	223,344	6.6
5 – 9	4,540	6.1	244,144	7.2
10 – 14	4,281	5.7	241,587	7.1
15 – 19	4,561	6.1	216,627	6.4
20 – 24	5,587	7.5	187,571	5.5
25 – 34	13,332	17.8	451,640	13.3
35 – 44	13,161	17.6	581,049	17.1
45 – 54	10,011	13.4	480,807	14.1
55 – 59	3,595	4.8	176,961	5.2
60 – 64	2,644	3.5	131,652	3.9
65 – 74	4,158	5.6	231,565	6.8
75 – 84	2,946	3.9	174,345	5.1
85 years and over	1,132	1.5	64,273	1.9
Total	74,848	100.0	3,405,565	100.0
Median Age (years)		35.2		37.4

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

Income Distribution

	City of Danbury		State of Connecticut	
	Households	Percent	Households	Percent
Less than $10,000	684	3.8	33,423	3.8
$10,000 to 14,999	452	2.5	23,593	2.7
$15,000 to 24,999	1,341	7.4	63,262	7.1
$25,000 to 34,999	1,695	9.3	75,413	8.5
$35,000 to 49,999	2,721	15.0	120,134	13.6
$50,000 to 74,999	4,299	23.7	198,924	22.5
$75,000 to 99,999	2,988	16.5	141,981	16.0
$100,000 to 149,999	2,561	14.1	132,177	14.9
$150 ,000 to 199,999	790	4.4	42,472	4.8
$200,000 or more	615	3.4	54,368	6.1
Total	18,146	100.0	885,747	100.0

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

Income Levels

	City of Danbury	*State of Connecticut*
Per Capita Income, 1999	$24,500	$28,766
Per Capita Income, 1989	19,300	20,189
Median Family Income, 1999	$53,664	$53,935
Percent Below Poverty	5.90%	5.60%

Source: U.S. Department of Commerce, Bureau of Census, 2000 and 1990.

Educational Attainment

Population 25 years and over

	City of Danbury		*State of Connecticut*	
	Number	*Percent*	*Number*	*Percent*
Less than 9th grade	5,182	10.1	132,917	5.8
9th to 12th grade, no diploma	6,607	12.9	234,739	10.2
High school graduate (includes equivalency)	14,688	28.7	653,300	28.5
Some college, no degree	8,266	16.1	402,741	17.5
Associate's degree	2,596	5.1	150,926	6.6
Bachelor's degree	8,937	17.4	416,751	18.2
Graduate or professional degree	4,947	9.7	304,243	13.3
Total	51,223	100.0	2,295,617	100.0
Percent high school graduate or higher		77.0%		84.0%
Percent bachelor's degree or higher		27.1%		31.4%

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

Major Employers

As of July 2010

Name	*Business*	*Approximate Number of Employees* [1]
Boehringer-Ingelheim Pharmaceuticals [2]	Pharmaceuticals	2,547
Danbury Hospital	Hospital (excluding affiliates)	2,310
Danbury School Systems	Education	1,551
Cartus (formerly Cendant Mobility)	Relocation firm	1,364
Western CT State University	Education	595
City of Danbury General Government	Municipality	535
Goodrich	Optical Instruments & Lenses	501
Praxair	Industrial Gases	383
Barden Corporation	Industrial Gases	383

[1] *Does not include part-time employees*

[2] *Includes Danbury & Ridgefield*

Source: Greater Danbury Chamber of Commerce, Inc.

Employment by Industry

	City of Danbury		State of Connecticut	
Sector	**Number**	**Percent**	**Number**	**Percent**
Agriculture, forestry, fishing and hunting, and mining	69	0.2	7,445	0.4
Construction	3,811	9.5	99,913	6.0
Manufacturing	7,323	18.3	246,607	14.8
Wholesale trade	1,181	2.9	53,231	3.2
Retail trade	5,039	12.6	185,633	11.2
Transportation and warehousing, and utilities	1,213	3.0	64,662	3.9
Information	1,602	4.0	55,202	3.3
Finance, insurance, real estate, and rental and leasing	2,529	6.3	163,568	9.8
Professional, scientific, management, administrative, and waste management services	4,656	11.6	168,334	10.1
Educational, health and social services	6,893	17.2	366,568	22.0
Arts, entertainment, recreation, accommodation and food services	2,780	6.9	111,424	6.7
Other services (except public administration)	2,165	5.4	74,499	4.5
Public Administration	809	2.0	67,354	4.0
Total Labor Force, Employed	40,070	100.0	1,664,440	100.0

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

Employment Data
By Place of Residence

	City of Danbury		Percentage Unemployed		
Period	**Employed**	**Unemployed**	**City of Danbury**	**Danbury Labor Market**	**State of Connecticut**
May 2010	41,212	3,363	7.5	7.4	8.8
Annual Average					
2009	41,496	3,350	7.5	7.3	8.2
2008	42,856	2,120	4.7	4.5	5.7
2007	43,113	1,640	3.7	3.6	4.6
2006	42,478	1,499	3.4	3.3	4.3
2005	41,629	1,704	3.9	3.8	4.9
2004	39,193	1,447	3.6	3.1	4.7
2003	38,553	1,782	4.4	3.8	5.5
2002	36,346	1,473	3.9	3.3	4.3
2001	34,711	1,086	3.0	2.5	3.3
2000	36,010	662	1.8	1.5	2.3

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

	City of Danbury		State of Connecticut	
Year Built	**Units**	**Percent**	**Units**	**Percent**
1999 to March 2000	685	2.4	15,993	1.2
1995 to 1998	808	2.8	47,028	3.4
1990 to 1994	1,023	3.6	56,058	4.0
1980 to 1989	4,569	16.0	183,405	13.2
1970 to 1979	4,855	17.0	203,377	14.7
1960 to 1969	4,583	16.1	212,176	15.3
1940 to 1959	6,091	21.4	359,042	25.9
1939 or earlier	5,905	20.7	308,896	22.3
Total housing units, 2000	28,519	100.0	1,385,975	100.0
Percent Owner Occupied, 2000		58.3		66.8

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

Housing Inventory

Type	**Units**	**Percent**
1-unit, detached	12,653	44.4
1-unit, attached	2,137	7.5
2 units	3,457	12.1
3 or 4 units	3,414	12.0
5 to 9 units	2,254	7.9
10 to 19 units	1,456	5.1
20 or more units	2,706	9.5
Mobile home	422	1.5
Boat, RV, van, etc.	20	0.1
Total Inventory	28,519	100.0

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

Building Permits

Calendar Year	**Residential**		**Commercial**		**Industrial**		**Total**	
Ending 12/31	**No.**	**Value**	**No.**	**Value**	**No.**	**Value**	**No.**	**Value**
2009	949	$ 59,205,660	165	$ 25,269,316	11	$ 1,450,559	1,125	$ 85,925,535
2008	808	34,115,571	226	20,464,467	10	51,439,000	1,044	106,019,038
2007	1,220	68,757,868	209	73,443,295	17	45,231,176	1,446	187,432,339
2006	1,368	57,171,613	203	69,518,464	12	28,725,755	1,583	155,415,832
2005	1,441	96,350,821	177	44,660,170	4	25,324,000	1,622	166,334,991
2004	1,420	85,958,812	195	37,860,444	5	8,225,886	1,620	132,045,142
2003	1,127	40,166,000	181	24,635,638	9	3,051,936	1,317	67,853,574
2002	1,062	57,004,872	236	32,725,840	33	6,440,498	1,331	96,171,210
2001	2,160	56,853,403	582	29,916,109	13	16,853,297	2,755	103,622,809[1]
2000	1,823	62,484,901	426	29,746,777	23	9,744,553	2,272	101,976,231[1]

Source: Building Department, City of Danbury

[1] *Building permits for 2000 and 2001 include electrical and mechanical permits.*

Owner-Occupied Housing Values

	City of Danbury		State of Connecticut	
Specified Owner-occupied Values	**Number**	**Percent**	**Number**	**Percent**
Less than $50,000	43	0.40	5,996	0.80
$ 50,000 to $ 99,999	562	4.80	85,221	11.70
$100,000 to $149,999	2,347	19.90	212,010	29.10
$150,000 to $199,999	3,929	33.40	156,397	21.50
$200,000 to $299,999	3,625	30.80	137,499	18.90
$300,000 to $499,999	1,082	9.20	79,047	10.90
$500,000 to $999,999	171	1.50	38,168	5.20
$1,000,000 or more	20	0.20	13,906	1.90
Total	11,779	100.00	728,244	100.00
Median Value	$186,500		$166,900	

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

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IV. Tax Base Data

Property Tax

Assessments

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the City for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the City as of October 1. A Board of Assessment Appeal determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation which was effective for the October 1, 2007 Grand List. The City elected to phase-in those assessments over four years. Normally, this strategy allows the City to minimize the effects each year of the revaluation as the tax base grows while stabilizing tax rates. However, the economic recession, credit crunch and housing market crisis has flat-lined the City's tax base as compared to last year. Any continuation of a phase-in would have caused a sudden and substantial tax increase to the City residents without producing any additional property tax revenue in a time when such an increase could not be afforded by the taxpayers. Many cities throughout Connecticut faced the same issue and as a result Public Act 09-60 was approved which allowed a municipality that was in the process of phasing in a real property assessment increase to suspend such phase-in for a period of time, but not later than the 2011 assessment year. Consequently, the City decided to delay the second year of the phase-in and prepared a revised grand list for October 1, 2008 assessment year reflective of the assessments of real estate according to the grand list in effect for the assessment year commencing October 1, 2007, subject only to transfers of ownership, additions for new construction and reductions for demolitions.

Under Section 12-62 of the General Statutes, the City must do a revaluation every five years and the assessor must fully inspect each parcel once every ten years. The next revaluation the City will be performing will be for the October 1, 2012 grand list.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the City by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes (CGS), provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the CGS permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The City has not approved the use of this abatement provision to date.

In accordance with CGS 12-65b, the City Council adopted in November 1996 an ordinance authorizing the deferral of assessment increases attributed to construction or improvements to real property. This applies to offices, manufacturers, warehouses or storage areas.

Also, in accordance with CGS 12-65b, the City Council adopted in February 2004 an ordinance authorizing the deferral of assessment increases attributed to the placement of personal property to be located in a manufacturing facility.

Levy

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. At the discretion of the City and for the convenience of the taxpayer, tax bills are payable in four installments: July 1, October 1, January 1, and April 1. Payments not received by August 1, November 1, February 1 or May 1, respectively, become delinquent. A margin against delinquencies, legal reductions, and Grand List adjustments, such as assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. A modest estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least three times a year, with interest charged at the rate of one and one-half percent per month in accordance with CGS, with a minimum charge of $2.00. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Real estate accounts and other accounts are transferred to suspense 15 years after the due date in accordance with CGS.

Comparative Assessed Valuation

Grand List as of 10/1	Residential Real Property (%)	Commercial/ Industrial Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Manufacturers' Exemptions,[1] Veterans Relief, and Elderly	Net Taxable Grand List	Annual Change
2009 [2]	68.1	30.0	5.0	5.5	$8,082,107,319	$221,362,071	$7,860,745,248	10.13%
2008 [2]	62.1	28.0	4.5	5.4	7,346,890,180	208,910,567	7,137,979,613	-1.12%
2007 [2]	61.8	28.4	4.4	5.4	7,376,104,210	157,066,247	7,219,037,963	15.44%
2006	60.6	26.6	5.9	7.2	6,359,947,800	106,380,770	6,253,567,030	2.46%
2005	60.8	25.9	5.9	7.4	6,210,479,700	107,256,230	6,103,223,470	8.29%
2004 [2]	59.2	26.9	6.1	7.8	6,055,386,825	121,477,840	5,635,804,295	8.37%
2003 [2]	59.9	24.6	6.7	6.8	5,902,781,490	123,388,910	5,200,457,340	6.30%
2002 [2]	59.4	24.8	6.9	6.9	5,871,260,940	122,770,090	4,892,216,450	7.24%
2001	52.4	28.7	8.6	8.5	4,661,646,250	99,622,880	4,562,023,370	2.10%
2000	52.5	31.0	8.3	8.3	4,551,743,810	83,431,520	4,468,312,290	1.67%

[1] *Manufacturers' Exemptions began in 10/1/91.*

[2] *Revaluation. The column entitled "Exemptions" does not include exemptions due to phase in of revaluation.*

Source: City of Danbury, City Assessor's Office

Exempt Property
Assessed Value as of October 1, 2009

The following categories of exempt properties are not included in the grand lists.

	Assessed Value
U.S. Government	$ 63,711,800
State of Connecticut	424,226,020
Miscellaneous	362,356,100
City of Danbury	608,785,420
Total Exempt Property	$ 1,459,079,340
Percent Compared to Gross Grand List [1]	14.29%

[1] *Based on a Gross Grand List 10/1/09 of $10,208,915,949.*

Source: City of Danbury, Assessor's Office

Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Original Annual Levy	Percent of Annual Levy Collected at end of Fiscal Year	Percent of Annual Levy Uncollected at end of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/10
2008	2010[1]	$7,137,979,613	21.66	$154,604,081	98.9	1.1	1.1%
2007	2009	7,219,037,963	21.35	154,126,461	98.7	1.3	0.5%
2006	2008	6,253,567,030	22.20	138,859,007	99.2	0.8	0.4%
2005	2007	6,103,223,470	22.05	134,604,812	98.5	1.5	0.4%
2004	2006	5,635,804,295	23.03	129,801,428	98.5	1.5	0.4%
2003	2005	5,200,457,340	24.86	129,296,048	98.5	1.5	0.3%
2002	2004	4,892,216,450	24.29	118,824,972	99.3	0.7	0.3%
2001	2003	4,562,023,370	25.24	115,150,456	98.3	1.7	0.3%
2000	2002	4,468,312,290	24.30	108,588,084	98.7	1.3	0.1%
1999	2001	4,394,762,120	23.19	101,895,249	98.0	2.0	0.1%

[1] *Estimate for June 30, 2010 and subject to audit.*

Source: City of Danbury, Tax Collector's Office

Property Taxes Receivable
Last Five Fiscal Years

As of June 30	Total	Current Year
2010[1]	$5,013,030	$1,828,798
2009	5,255,595	2,753,582
2008	5,686,635	2,138,168
2007	4,215,417	1,876,605
2006	3,760,854	1,616,950

[1] *Subject to audit*

Source: Comprehensive Annual Financial Reports, City of Danbury, 2006 - 2009.
City of Danbury, Tax Collector's Office, 2010.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List[1]
Danbury Mall Associates.....	Shopping Mall	$ 226,689,880	2.88%
Boehringer-Ingelheim.....	Research Center	66,520,030	0.85%
Avalonbay Communities, Inc.	Land Developer	56,112,190	0.71%
Gera Danbury LLC.....	Real Estate Investor	53,545,520	0.68%
Connecticut Light & Power.....	Public Utilities	52,001,440	0.66%
Melvyn, Mary & Seymour Powers Danbury Industrial Corp & MMP Realty.....	Industrial Park	44,389,380	0.56%
Building 45 Eagle LLC.....	Retail	41,426,540	0.53%
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center.....	Retail	35,439,110	0.45%
Urstadt Biddle Properties, Inc.....	Retail	33,842,280	0.43%
83 Wooster Heights LLC.....	Office Park	25,155,850	0.32%
Total.....		$ 635,122,220	8.08%

[1] *Based on a Net Taxable Grand List 10/1/09 of $7,860,745,248.*

Source: Assessor's Office, City of Danbury

V. Debt Summary
Principal Amount of Bonded Indebtedness
As of July 29, 2010
(Pro Forma)

Date	Purpose	Rate %	Amount of Original Issue	Amount Outstanding	Date of Fiscal Year Maturity
08/15/92	Schools	4.125 - 6.125	$ 16,000,000	$ 2,400,000	2013
08/15/92	Public Improvement	4.125 - 6.125	350,000	45,000	2013
02/01/94	Public Improvement	3.200 - 5.100	2,705,000	320,000	2014
02/01/94	Schools	3.200 - 5.100	17,740,000	3,520,000	2014
02/01/94	Sewer [2]	3.200 - 5.100	2,100,000	420,000	2014
02/01/94	Water - Sewer Treatment Plant [2]	3.200 - 5.100	1,000,000	200,000	2014
02/01/94	Sewer - Lateral [3]	3.200 - 5.100	1,310,000	260,000	2014
02/01/94	Water - Dams [1]	3.200 - 5.100	2,000,000	400,000	2014
07/29/94	Sewers - Clean Water Fund Loan [2]	2.000	47,373,853	7,654,291	2014
01/31/95	Sewers - CWF Loan - Lateral [3]	2.000	441,322	90,104	2015
03/15/95	Sewer - Lateral [3]	5.000 - 7.000	1,500,000	375,000	2015
03/15/95	Water - Dams [1]	5.000 - 7.000	2,100,000	525,000	2015
03/15/95	Public Improvement	5.000 - 7.000	1,695,000	370,000	2015
05/15/02	Public Improvement	3.500 - 5.000	7,292,000	854,700	2012
05/15/02	Schools	3.500 - 5.000	4,500,000	450,000	2012
05/15/02	Water Service Extensions [1]	3.500 - 5.000	573,000	57,300	2012
05/15/02	Sewer Lateral [3]	3.500 - 5.000	380,000	38,000	2012
08/01/03	Schools	3.250 - 4.750	5,350,000	1,020,000	2024
08/01/03	Public Improvement	3.250 - 4.750	7,575,000	1,500,000	2024
03/01/04	Public Improvement Refunding	2.000 - 5.000	11,770,000	10,847,000	2022
03/01/04	Schools Refunding	2.000 - 5.000	2,278,000	2,278,000	2022
03/01/04	Sewer - Lateral Refunding [3]	2.000 - 5.000	998,000	997,000	2022
03/01/04	Water Refunding [1]	2.000 - 5.000	10,314,000	8,983,000	2022
08/01/04	Public Improvement	3.250 - 5.000	3,100,000	320,000	2025
08/01/04	Schools	3.250 - 5.000	515,000	60,000	2025
08/01/04	Sewer - Lateral [3]	3.250 - 5.000	1,300,000	130,000	2025
08/01/05	Public Improvement	3.000 - 4.500	9,430,000	3,555,000	2026
08/01/05	Schools	3.000 - 4.500	1,010,000	200,000	2011
08/01/05	Water [1]	3.000 - 4.500	500,000	200,000	2026
08/01/06	Public Improvement	4.250 - 5.000	19,405,500	8,890,000	2027
08/01/06	Schools	4.250 - 5.000	4,952,000	2,285,000	2027
08/01/06	Sewer - Lateral [3]	4.250 - 5.000	3,550,000	1,640,000	2027
08/01/06	Water [1]	4.250 - 5.000	3,712,500	1,715,000	2027
08/01/07	Public Improvement	4.000 - 5.000	23,146,000	14,746,000	2028
08/01/07	Schools	4.000 - 5.000	334,000	217,000	2028
08/01/07	Sewer [2]	4.000 - 5.000	1,014,000	655,000	2028
08/01/07	Sewer - Lateral [3]	4.000 - 5.000	2,697,000	1,751,000	2028
08/01/07	Water [1]	4.000 - 5.000	1,124,000	726,000	2028
08/01/08	Public Improvement	3.500 - 5.000	17,599,450	12,317,000	2029
08/01/08	Sewer [2]	3.500 - 5.000	602,000	420,000	2029
08/01/08	Sewer - Lateral [3]	3.500 - 5.000	1,241,050	866,000	2029
08/01/08	Water [1]	3.500 - 5.000	557,500	397,000	2029
07/15/09	Public Improvement	3.000 - 5.000	15,263,762	11,445,000	2030
07/15/09	Schools	3.000 - 5.000	3,821,238	2,865,000	2030
07/15/09	Water [1]	3.000 - 5.000	915,000	690,000	2030
03/18/10	Public Improvement Refunding	2.000 - 5.000	27,512,000	27,512,000	2025
03/18/10	Schools Refunding	2.000 - 5.000	5,172,000	5,172,000	2025
03/18/10	Sewer Refunding [2]	2.000 - 5.000	2,319,000	2,319,000	2025
03/18/10	Sewer - Lateral Refunding [3]	2.000 - 5.000	953,000	953,000	2025
03/18/10	Water Refunding [1]	2.000 - 5.000	2,014,000	2,014,000	2025
Total Long Term Debt			$ 301,105,175	$ 147,664,395	
This Issue					
07/15/10	Public Improvement	*tbd*	$ 21,560,500	$ 21,560,500	2031
07/15/10	Schools	*tbd*	80,000	80,000	2031
07/15/10	Sewer [2]	*tbd*	900,000	900,000	2031
07/15/10	Water [1]	*tbd*	459,500	459,500	2031
Total This Issue			$ 23,000,000	$ 23,000,000	
Grand Total			$ 324,105,175	$ 170,664,395	

[1] *Debt service is included in and paid from the operating budget of the Water Enterprise Fund.*

[2] *Debt service and capital costs incurred in the expansion, renovation, and repair of the central sewer filtering plant, major trunk lines and pumping stations are included in the sewer system operating budget. Rates are established by standards contained in an ordinance enacted by the Common Council and in conformity with Chapter 103 of the General Statutes, as amended.*

[3] *All costs associated with the extension of new sewer services and for the construction of collector lines or laterals are borne by the property owners benefiting from such extension projects. Assessments of benefits for those whose property benefits by such extension projects are established by standards contained in an ordinance enacted by the Common Council and in conformity with Chapter 103 of the General Statutes, as amended. Debt service is paid from the Sewer Assessment Fund.*

Short Term Debt
As of July 29, 2010
(Pro Forma)

Project	*Amount Authorized*	*The Notes*
21st Century Public Imp. ……	$ 55,515,000	$ 2,198,966
21st Century Sewer……	5,000,000	500,000
21st Century Water…[2]……	5,680,000	650,000
Danbury High School……	2,900,000	500,000
Danbury Neighborhood Bond……	10,930,000	1,567,000
Danbury Neighborhood Water…[2]…	998,000	175,000
G.P.I. 10-11 - Public Imps 2……	1,300,000	650,000
G.P.I. 08-09 - Public Imps……	500,000	500,000
G.P.I. 08-09 - Rec. & Field Imps….	500,000	500,000
G.P.I. 08-09 - School Imps……	497,850	497,850
G.P.I. 08-09 - School Tech……	500,000	500,000
G.P.I. 08-09 - Sewer Study……	500,000	500,000
G.P.I. 10-11 - Public Imps 1……	1,700,000	700,000
Gen. Public Imp. (G.P.I.) 07-08…..	500,000	500,000
Head Start…….....	5,600,000	2,039,000
Open Space……	16,300,000	2,550,000
Public Safety Bond - Schools……	3,655,036	1,447,184
Public Safety Bond……...	45,213,939	3,000,000
Public Safety Sewer Imp……	5,800,000	400,000
Sewer Service Ext. III.[1]……	5,000,000	325,000
Water Service Ext. II.[2]……	3,000,000	300,000
Total ……	$ 171,589,825	$ 20,000,000

[1] *Debt service is included in and paid from the operating budget of the Water Enterprise Fund.*

[2] *All costs associated with the extension of new sewer services and for the construction of collector lines or laterals are borne by the property owners benefiting from such extension projects. Assessments of benefits for those whose property benefits by such extension projects are established by standards contained in an ordinance enacted by the Common Council and in conformity with Chapter 103 of the General Statutes, as amended. Debt service is paid from the Sewer Assessment Fund.*

[3] *The City has an Interim Finance Obligation outstanding in the amount of $2,597,287 maturing on September 30, 2010. The City also anticipates a grant in the amount of $1,102,716 from the State.*

Other Obligations

The City of Danbury leases certain capital equipment. Please refer to the General Purpose Financial Statements, Note 9 for more information.

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General Fund Annual Bonded Debt Maturity Schedule
As of July 29, 2010
(Pro Forma)

Fiscal Year	Principal	Interest	Total	This Issue - Principal: Pub. Imp.	This Issue - Principal: Schools	This Issue - Principal: Total	Cummulative % Principal Retired
2011 [1]	$ 7,454,350	$ 3,851,637	$ 11,305,987	$ -	$ -	$ -	5.53%
2012	9,096,350	4,535,994	13,632,344	1,078,500	4,000	1,082,500	13.08%
2013	8,969,000	4,122,607	13,091,607	1,078,000	4,000	1,082,000	20.53%
2014	8,106,000	3,753,849	11,859,849	1,078,000	4,000	1,082,000	27.35%
2015	6,945,000	3,417,529	10,362,529	1,078,000	4,000	1,082,000	33.30%
2016	6,866,000	3,113,484	9,979,484	1,078,000	4,000	1,082,000	39.20%
2017	6,673,000	2,804,536	9,477,536	1,078,000	4,000	1,082,000	44.95%
2018	6,623,000	2,497,862	9,120,862	1,078,000	4,000	1,082,000	50.66%
2019	6,275,000	2,194,443	8,469,443	1,078,000	4,000	1,082,000	56.12%
2020	5,790,000	1,903,922	7,693,922	1,078,000	4,000	1,082,000	61.22%
2021	5,640,000	1,634,631	7,274,631	1,078,000	4,000	1,082,000	66.20%
2022	5,635,000	1,382,268	7,017,268	1,078,000	4,000	1,082,000	71.18%
2023	5,132,000	1,143,121	6,275,121	1,078,000	4,000	1,082,000	75.79%
2024	5,142,000	918,846	6,060,846	1,078,000	4,000	1,082,000	80.41%
2025	4,607,000	711,936	5,318,936	1,078,000	4,000	1,082,000	84.63%
2026	4,455,000	518,812	4,973,812	1,078,000	4,000	1,082,000	88.73%
2027	4,089,000	335,408	4,424,408	1,078,000	4,000	1,082,000	92.57%
2028	2,904,000	184,485	3,088,485	1,078,000	4,000	1,082,000	95.53%
2029	1,833,000	81,098	1,914,098	1,078,000	4,000	1,082,000	97.69%
2030	954,000	20,273	974,273	1,078,000	4,000	1,082,000	99.20%
2031	-	-	-	1,078,000	4,000	1,082,000	100.00%
Total……	$ 113,188,700	$39,126,741	$ 152,315,441	$21,560,500	$ 80,000	$21,640,500	

[1] *Excludes $959,000 in principal payments and $733,241 interest payments from July 1, 2010 through July 29, 2010.*

Self-Supporting Debt Annual Bonded Maturity Schedule
As of July 29, 2010
(Pro Forma)

Fiscal Year	Principal	Interest	Total	This Issue: Sewer	This Issue: Water	This Issue: Total	Cummulative % Principal Retired
2011 [1]	$ 4,740,189	$1,174,889	$ 5,915,077	$ -	$ -	$ -	13.2%
2012	4,963,189	1,160,916	6,124,104	45,000	22,500	67,500	27.3%
2013	4,935,539	998,119	5,933,658	45,000	23,000	68,000	41.2%
2014	2,692,939	852,585	3,545,524	45,000	23,000	68,000	48.9%
2015	2,131,839	734,678	2,866,517	45,000	23,000	68,000	55.1%
2016	1,949,000	630,395	2,579,395	45,000	23,000	68,000	60.7%
2017	1,957,000	535,593	2,492,593	45,000	23,000	68,000	66.4%
2018	1,947,000	447,129	2,394,129	45,000	23,000	68,000	72.0%
2019	1,625,000	369,836	1,994,836	45,000	23,000	68,000	76.7%
2020	1,020,000	309,419	1,329,419	45,000	23,000	68,000	79.7%
2021	895,000	263,801	1,158,801	45,000	23,000	68,000	82.4%
2022	900,000	223,462	1,123,462	45,000	23,000	68,000	85.1%
2023	853,000	185,673	1,038,673	45,000	23,000	68,000	87.7%
2024	848,000	149,173	997,173	45,000	23,000	68,000	90.2%
2025	848,000	113,018	961,018	45,000	23,000	68,000	92.8%
2026	790,000	77,723	867,723	45,000	23,000	68,000	95.2%
2027	766,000	43,946	809,946	45,000	23,000	68,000	97.5%
2028	401,000	18,437	419,437	45,000	23,000	68,000	98.8%
2029	167,000	5,778	172,778	45,000	23,000	68,000	99.5%
2030	46,000	978	46,978	45,000	23,000	68,000	99.8%
2031	-	-	-	45,000	23,000	68,000	100.0%
Total……	$34,475,694	$8,295,544	$42,771,238	$ 900,000	$459,500	$1,359,500	

[1] *Excludes $41,000 in principal payments and $88,454 interest payments from July 1, 2010 through July 29, 2010.*

Note: Long-Term capital leases and State of Connecticut Local Bridge Loans are not included.

Total General Obligation Debt
Annual Bonded Debt Maturity Schedule
As of July 29, 2010
(Pro Forma)

Fiscal Year	*Principal*	*Interest*	*Total*	*Total This Issue*	*Cumulative % Prin. Retired*
2011 [1]	$ 12,194,539	$ 5,026,525	$ 17,221,064	$ -	7.1%
2012	14,059,539	5,696,910	19,756,448	1,150,000	16.1%
2013	13,904,539	5,120,726	19,025,265	1,150,000	24.9%
2014	10,798,939	4,606,434	15,405,373	1,150,000	31.9%
2015	9,076,839	4,152,207	13,229,046	1,150,000	37.9%
2016	8,815,000	3,743,879	12,558,879	1,150,000	43.7%
2017	8,630,000	3,340,129	11,970,129	1,150,000	49.4%
2018	8,570,000	2,944,991	11,514,991	1,150,000	55.1%
2019	7,900,000	2,564,279	10,464,279	1,150,000	60.4%
2020	6,810,000	2,213,341	9,023,341	1,150,000	65.1%
2021	6,535,000	1,898,432	8,433,432	1,150,000	69.6%
2022	6,535,000	1,605,730	8,140,730	1,150,000	74.1%
2023	5,985,000	1,328,794	7,313,794	1,150,000	78.3%
2024	5,990,000	1,068,019	7,058,019	1,150,000	82.5%
2025	5,455,000	824,953	6,279,953	1,150,000	86.3%
2026	5,245,000	596,534	5,841,534	1,150,000	90.1%
2027	4,855,000	379,353	5,234,353	1,150,000	93.6%
2028	3,305,000	202,922	3,507,922	1,150,000	96.2%
2029	2,000,000	86,875	2,086,875	1,150,000	98.1%
2030	1,000,000	21,250	1,021,250	1,150,000	99.3%
2031	-	-	-	1,150,000	100.0%
Total	$ 147,664,394	$ 47,422,285	$ 195,086,678	$ 23,000,000	

[1] *Excludes $1,000,000 in principal payments and $821,696 interest payments from July 1, 2010 through July 29, 2010.*

Note: Long-Term capital leases and State of Connecticut Local Bridge Loans are not included.

Overlapping/Underlying Debt

The City of Danbury has neither overlapping nor underlying debt.

THE CITY OF DANBURY HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

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Debt Statement
As of July 29, 2010
(Pro Forma)

Long-Term Debt:		
Public Improvement ($92,721,700 Outstanding Plus $21,560,500 of This Issue)		$ 114,282,200
Schools ($20,467,000 Outstanding Plus $80,000 of This Issue)		20,547,000
Sewers ($18,568,395 Outstanding Plus $900,000 of This Issue)		19,468,395
Water ($15,907,300 Outstanding Plus $459,500 of This Issue)		16,366,800
Total Long-Term Debt [1]		170,664,395
Short-Term Debt:		
Bond Anticipation Notes (This Issue)		20,000,000
State of Connecticut Clean Water Fund Interim Finance Obligation (IFO)		2,597,287
Total Direct Debt		193,261,682
Less: Amount to be provided by the State for school construction (As of 6/30/10)	(2,155,924)	
Self-Supporting Sewer Debt (Includes IFO and Bonds and Notes)	(23,790,682)	
Self-Supporting Water Debt (Includes Bonds and Notes)	(17,491,800)	(43,438,406)
Total Net Direct Debt		149,823,276
Plus: Overlapping/Underlying Debt		-
TOTAL OVERALL NET DEBT		$ 149,823,276

[1] *Long-term debt does not include an estimated $2,847,603 for compensated absences, $12,273,875 of landfill closure and post-closure costs, and $5,305,148 in capital leases, as of June 30, 2010.*

Current Debt Ratios
As of July 29, 2010
(Pro Forma)

Population [1]	79,256
Net Taxable Grand List (10/1/09)	$ 7,860,745,248
Estimated Full Value	$ 11,229,636,069
Equalized Net Taxable Grand List (10/1/07) [1]	$ 10,347,419,783
Income per Capita (1990) [2]	$19,300
Income per Capita (2000) [2]	$24,500

	Total Direct Debt ***$193,261,682***	***Total Net Direct Debt*** ***$149,823,276***	***Total Overall Net Debt*** ***$149,823,276***
Per Capita	$2,438.45	$1,890.37	$1,890.37
Ratio to Net Taxable Grand List	2.46%	1.91%	1.91%
Ratio to Estimated Full Value	1.72%	1.33%	1.33%
Ratio to Equalized Net Taxable Grand List	1.87%	1.45%	1.45%
Debt per Capita to Income per Capita (1990)	12.63%	9.79%	9.79%
Debt per Capita to Income per Capita (2000)	9.95%	7.72%	7.72%

[1] *Office of Policy and Management, State of Connecticut, July 1, 2008.*

[2] *Department of Commerce, U.S. Bureau of Census, 1990 and 2000.*

Bond Authorization Procedure

The issuance of bonds is authorized pursuant to an ordinance passed by the City Council by affirmative vote of at least two-thirds (2/3) of all members of the Council. No bonds may be issued for a term longer than the estimated life of the improvement for which they are issued and in no event, for a term longer than twenty years. Whenever the City Council votes to issue bonds in a principal amount in excess of $3,000,000, the ordinance authorizing such issue must be submitted for approval or disapproval of the electors at the next municipal election or at a special City meeting called by the Mayor.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for school and sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Clean Water Fund Program

The City of Danbury is a participant in the State of Connecticut's Clean Water Fund Program (General Statutes Sections 22a-475 et seq., as amended), which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan). The City authorized $76,450,000 to undertake major renovations to the wastewater treatment plant. The City financed the renovations and other eligible projects through the State of Connecticut Clean Water Fund Program.

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (Interim Funding Obligation). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality. The City of Danbury has issued $52,709,321 in debt under the Clean Water Fund Program, and has received $11,901,105.71 from the State in the form of a grant. The remaining amounts have been authorized and issued by the participating municipalities.

Amortization of each Loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement, the first year's date, and thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

Statement of Debt Limitation
As of July 29, 2010
(Pro Forma)

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2009	$ 153,458,408
Reimbursement For Revenue Loss On:	
Tax Relief for Elderly	417,253
BASE	$ 153,875,661

	General Purpose	***Schools***	***Sewers***	***Urban Renewal***	***Unfunded Pension***
Debt Limitation:					
2 1/4 times base	$ 346,220,237	$ -	$ -	$ -	$ -
4 1/2 times base	-	692,440,475	-	-	-
3 3/4 times base	-	-	577,033,729	-	-
3 1/4 times base	-	-	-	500,095,898	-
3 times base	-	-	-	-	461,626,983
Total Debt Limitation	$ 346,220,237	$ 692,440,475	$ 577,033,729	$ 500,095,898	$ 461,626,983
Indebtedness:					
Outstanding Debt:					
Bonds Payable [1, 2]	$ 92,721,700	$ 20,467,000	$ 11,468,291	$ -	$ -
Bonds – This Issue	21,560,500	80,000	900,000	-	-
Short-Term Notes – This Issue [2]	4,764,000	2,247,184	500,000	-	-
Clean Water Fund - IFO	-	-	2,597,287	-	-
Authorized But Unissued [1, 2]	30,930,761	5,076,614	3,196,000	-	-
Total Indebtedness [3]	149,976,961	27,870,798	18,661,578	-	-
Less School Construction Grants [4]	-	(2,155,924)	-	-	-
Total Net Indebtedness For Debt Limitation Calculation	$ 149,976,961	$ 25,714,874	$ 18,661,578	$ -	$ -
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS	$ 196,243,276	$ 666,725,600	$ 558,372,151	$ 500,095,898	$ 461,626,983

[1] *Water debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is $15,907,300 of outstanding water bonds, $459,500 of water bonds included in this issue, $2,517,000 of water notes in this issue and $1,816,500 of water authorized but unissued debt.*

[2] *Sewer assessment debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is $7,100,104 of outstanding sewer assessment bonds, $325,000 of sewer assessment notes and $3,196,000 of authorized but unissued sewer assessment debt.*

[3] *Excludes $5,305,148 in capital leases.*

[4] *See "School Projects" herein.*

Note: With certain exclusions as set forth in Chapter 109 of the General Statutes, bonds and notes causing the aggregate indebtedness of the City to exceed seven times annual receipts from taxation may not be issued for any purpose. This limitation is $1,077,129,627.

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Debt Authorized but Unissued
As of July 29, 2010
(Pro Forma)

Project	Authorized	Debt Previously Issued	Notes Due 7/29/10	This Issue		Debt Authorized but Unissued			
				The Bonds	The Notes	General Purpose	Schools	Sewers	Water
21st Century Public Imp.	$ 55,515,000	$ 36,754,868	$ 2,113,300	$ -	$ 2,198,966	$ 16,561,166	$ -	$ -	$ -
21st Century Sewer	5,000,000	364,000	4,261,199	800,000	500,000	-	-	3,336,000	-
21st Century Water[2]	5,680,000	4,680,000	1,000,000	350,000	650,000	-	-	-	-
Danbury High School	2,900,000	1,100,000	1,400,000	80,000	500,000	-	1,220,000	-	-
Danbury Neighborhood Bond	10,930,000	7,843,000	2,000,000	500,000	1,567,000	1,020,000 [4]	-	-	-
Danbury Neighborhood Water[2]	998,000	341,000	657,000	45,000	175,000	-	-	-	437,000
G.P.I. 10-11 - Public Imps 2	1,300,000	-	-	-	650,000	650,000	-	-	-
G.P.I. 08-09 - Public Imps	500,000	-	500,000	-	500,000	-	-	-	-
G.P.I. 08-09 - Rec. & Field Imps	500,000	-	500,000	-	500,000	-	-	-	-
G.P.I. 08-09 - School Imps	497,850	-	497,850	-	497,850	-	-	-	-
G.P.I. 08-09 - School Tech	500,000	-	500,000	-	500,000	-	-	-	-
G.P.I. 08-09 - Sewer Study	500,000	-	500,000	-	500,000	-	-	-	-
G.P.I. 10-11 - Public Imps 1	1,700,000	-	-	-	700,000	1,000,000	-	-	-
Gen. Public Imp. (G.P.I.) 07-08	500,000	-	500,000	-	500,000	-	-	-	-
Head Start	5,600,000	767,000	4,821,000	-	2,039,000	-	2,794,000	-	-
Litigation Settlement	1,840,000	-	-	1,840,000	-	-	-	-	-
Open Space	16,000,000	3,000,000	6,500,000	4,709,302	2,550,000	5,740,698	-	-	-
Public Safety Bond - Schools	3,655,036	2,150,000	1,500,000	-	1,447,184	-	57,852	-	-
Public Safety Bond	45,213,939	26,229,844	16,840,983	14,500,000	3,000,000	1,484,095	-	-	-
Public Safety Sewer Imp	5,800,000	254,000	1,057,997	100,000	400,000	-	-	1,345,997 [3]	-
Sewer Service Ext. III[1]	5,000,000	1,479,000	2,500,671	-	325,000	-	-	3,196,000	-
Vision 21 Program	21,000,000	16,514,500	-	10,698	-	4,474,802	-	-	-
Vision 21/2 Pub. Imp.	16,640,000	16,639,500	-	500	-	-	-	-	-
Vision 21/2 Schools	5,360,000	4,355,238	-	-	-	-	1,004,762	-	-
Water Service Ext. I[2]	2,500,000	2,435,500	-	64,500	-	-	-	-	-
Water Service Ext. II[2]	3,000,000	1,320,500	350,000	-	300,000	-	-	-	1,379,500
Total	$218,629,825	$126,227,950	$ 48,000,000	$ 23,000,000	$20,000,000	$ 30,930,761	$ 5,076,614	$7,877,997	$ 1,816,500

[1] *All costs associated with the extension of new sewer services and for the construction of collector lines or laterals are borne by the property owners benefiting by such extension project. Assessments of benefits for those whose property benefits by such extension project are established by standards contained in an ordinance enacted by the Common Council and in conformity with Chapter 103 of the General Statutes, as amended. Debt service is paid from the Sewer Assessment Fund.*

[2] *Debt service is included in and paid from the operating budget of the Water Enterprise Fund.*

[3] *Authorized Unissued debt has been reduced by the City's outstanding Interim Finance Obligation and State of Connecticut Clean Water Fund grants received.*

[4] *The City is expecting a Grant to fund the remainder of thie authorization and does not expect to issue debt for this amount.*

Ratios of Long-Term Debt to Valuation, Population and Income

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt [1]	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population[2]	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income[3]
2010 [4]	$ 7,137,979,613	$ 10,197,113,733	$ 114,147,700	1.60%	1.12%	79,256	1,440.24	5.88%
2009	7,219,037,963	10,312,911,376	107,487,500	1.49%	1.04%	79,256	1,356.21	5.54%
2008	6,253,567,030	8,933,667,186	97,770,400	1.56%	1.09%	79,256	1,233.60	5.04%
2007	6,103,223,470	8,718,890,671	80,962,250	1.33%	0.93%	79,226	1,021.92	4.17%
2006	5,635,804,295	8,051,148,993	60,967,100	1.08%	0.76%	79,428	767.58	3.13%

[1] *Excludes self-supporting water, sewer and capital lease debt*

[2] *State of Connecticut Department of Public Health.*

[3] *U.S. Department of Commerce, Bureau of Census, 2000 data used for per capita income ($24,500).*

[4] *Subject to Audit.*

Ratio of Annual Debt Service to Total General Fund Expenditures and Other Financing Uses (Includes Transfers Out)

Fiscal Year Ended 6/30	Principal	Interest	Total	Total General Fund Expenditures	Ratio of General Fund Debt Service To Total General Fund Expenditures %
2010	$8,671,800	$4,827,430	$13,499,230	$209,248,000	6.45%
2009	7,810,350	4,497,286	12,307,636	209,087,407	5.89%
2008	6,599,850	3,855,922	10,455,772	204,004,121	5.13%
2007	5,672,350	3,136,734	8,809,084	183,768,559	4.79%
2006	5,505,611	2,668,668	8,174,279	177,974,241	4.59%

Source: City of Danbury Audit Reports 2006-2009.

City of Danbury, Finance Department, 2010 Data. Subject to Audit.

Capital Improvement Program
Fiscal Year 2011 through Fiscal Year 2015

Proposed Projects	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Airport	$ 350,000	$ -	$ -	$ -	$ -	$ 350,000
Assessor	600,000	-	-	-	-	600,000
Data Processing	-	270,000	250,000	220,000	-	740,000
Engineering	13,664,518	365,000	8,590,000	3,625,000	2,200,000	28,444,518
Equipment Maintenance	-	410,000	115,000	115,000	115,000	755,000
Fire	349,500	1,579,188	5,403,000	2,841,000	496,000	10,668,688
Forestry	-	1,025,000	790,000	650,000	435,000	2,900,000
Highway	700,000	8,442,725	7,221,991	7,572,601	7,009,527	30,946,844
Parks Maintenance	-	515,000	240,000	310,000	215,000	1,280,000
Planning	-	-	-	500,000	-	500,000
Police	400,000	4,500,000	4,000,000	3,330,000	-	12,230,000
Public Buildings	2,831,697	21,074,527	12,051,111	17,993,849	27,859,890	81,811,074
Recreation	-	-	-	170,000	55,000	225,000
Solid Waste/Recycle	28,000	-	-	25,000	-	53,000
Tarrywile Park	210,000	310,000	-	1,260,000	-	1,780,000
Sewer	5,866,000	3,453,000	4,985,000	6,385,000	18,072,000	38,761,000
Water	9,331,000	7,285,000	4,939,000	2,536,000	942,000	25,033,000
TOTAL	$34,330,715	$49,229,440	$ 48,585,102	$ 47,533,450	$57,399,417	$237,078,124
Proposed Funding Sources	***2010-11***	***2011-12***	***2012-13***	***2013-14***	***2014-15***	***Total***
User Charges [1]	$15,197,000	$10,738,000	$ 9,924,000	$ 8,921,000	$19,014,000	$ 63,794,000
Notes/Bonds /Leases	3,000,000	34,182,442	36,506,944	34,305,745	36,902,223	144,897,354
St./Fed. Grants/Other	16,133,715	4,308,998	2,154,158	4,306,705	1,483,194	28,386,770
TOTAL	$34,330,715	$49,229,440	$ 48,585,102	$ 47,533,450	$57,399,417	$237,078,124

[1] *Includes self-supporting sewer and water debt that will be paid by user fees. Does not assume any pay-as-you-go capital.*

VI. Financial Information

Fiscal Year

The City's fiscal year begins July 1 and ends June 30.

Basis of Accounting

The City's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to General Purpose Financial Statements.

Budget Procedure

The City of Danbury uses the following budgetary sequence and time schedule:

	By
All departments submit estimates to Mayor	February 15
Mayor presents budget to the City Council	April 7
City Council holds public hearings	May 1
City Council adopts budget	May 15

Investment Policy

The operating and working capital funds (excluding pension funds) of the City 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 in (i) high-grade, short-term, federal securities and variable rate obligations backed by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) 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 benefit of the Pool's participants.

In addition, the City monitors the risk based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36-382, 7-400 and 7-402 with which it places deposits or makes investments.

The Connecticut General Statues, Section 7-400 and 7-402 govern eligible investments for Connecticut municipalities. Please refer to the Notes to the Financial Statements, Note 4 regarding the City's cash and cash equivalent investments at June 30, 2009.

For an extensive description of the City's investment policy and investments related to the City's Pension Funds, see Note 12 to the City's audited financial statements in Appendix A.

Audit

The City, pursuant to the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397) is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the City Council is required to conduct the audit under the standards adopted by the Secretary of the Office of Policy and Management by regulation and approved by the Auditor of Public Accounts. For the fiscal year ended June 30, 2009, the financial statements of the City were audited by McGladrey & Pullen, LLP.

For twenty-two consecutive years, the City has been a recipient of a certificate of achievement for excellence in financial reporting. This award is issued by the Government Finance Officers Association.

Liability Insurance

The City maintains liability insurance coverage as listed below:

Comprehensive General Liability insurance on an occurrence basis with a limit of $1,000,000 per occurrence and aggregate limit of $3,000,000 with a deductible of $100,000 per occurrence.

Law Enforcement Liability with a limit of $1,000,000 each wrongful act and an aggregate limit of $1,000,000 with a deductible of $100,000 each wrongful act.

Automobile Liability insurance with a limit of $1,000,000 per each occurrence with a deductible of $100,000 per occurrence.

Public Official Liability insurance on a claims made basis, $1,000,000 limit each wrongful act and aggregate limit of $1,000,000 with a deductible of $100,000 each wrongful act.

School Board Errors and Omissions Liability on claims made basis, $2,000,000 each wrongful act and aggregate limit of $2,000,000 with a deductible of $10,000 for each wrongful act.

Student Nurses Medical Professional Liability Insurance on an occurrence basis with a limit of $2,000,000 for each occurrence and aggregate limit of $4,000,000.

Excess liability insurance over the Comprehensive General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability with a limit of $10,000,000 per occurrence and an aggregate limit of $10,000,000.

Pension Plans

See Appendix A -- "FINANCIAL STATEMENTS, Note #12 - “Employee Retirement Plans” to “General Purpose Financial Statements" herein.

Other Post Employment Benefits (OPEB)

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement #45 entitled “Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions”. Retiree medical plans will be required to disclose information about asset and liability levels and disclose historical contribution information. Actuarial valuations will be required to determine liability levels and show historical contribution information.

The implementation schedule required the City to implement the provisions of this GASB Statement and recognize the liability on its financial statements in fiscal year ending 2008. In fiscal year ending June 30, 2008, the City adopted an ordinance for the establishment of an Other Postemployment Benefit (OPEB) Trust and Board and is in the process of appointing members to the Board. The City has established a plan to reach the ARC funding level within a 3 year period and has set up a $1.2 million fund balance reserve which will be transferred when the trust is fully set up. If the City continues to make OPEB contributions in accordance with this plan, the actuaries estimate the City’s OPEB liability to be approximately $80 million with an ARC of $7.2 million. The net budget impact of the ARC is $3 million, since the City is already contributing towards retiree health benefits.

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General Fund Revenues, Expenditures and Changes in Fund Balance
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis) with Estimated Actuals and Current Budget (Budgetary Basis)

	Budget [1] 6/30/2011	Est. Actual [1] 6/30/2010	Actual 6/30/2009	Actual 6/30/2008	Actual 6/30/2007	Actual 6/30/2006
Revenues						
Property taxes	$ 164,222,148	$ 155,156,492	$ 152,551,430	$ 139,210,955	$ 133,943,860	$ 128,855,805
State and federal governments	32,497,997	33,827,049	43,575,163	42,719,455	36,546,992	35,977,718
Licenses and permits	2,919,875	2,727,062	3,328,157	3,895,922	4,908,730	6,105,553
Charges for services	4,692,980	3,520,237	3,808,050	6,457,931	3,830,298	3,997,544
Fines and penalties	1,265,000	1,366,235	1,186,314	1,325,037	1,330,121	1,222,113
Investment income	400,000	400,000	1,916,231	3,760,101	3,387,158	2,283,694
Other	2,500,000		-	-	174,461	303,541
Contributions			-	-	2,625,000	2,625,000
Total Revenues	208,498,000	196,997,075	206,365,345	197,369,401	186,746,620	181,370,968
Other Financing Sources						
Refunding Bond Proceeds			-	-	-	-
Premium on Bonds Issued		1,894,446	1,120,847	262,200	313,112	745,035
Capital Lease Financing			930,507	5,033,950	721,128	239,398
Operating Transfers In	750,000		-	-	-	-
Total Revenues and Other Financing Sources	209,248,000	198,891,521	208,416,699	202,665,551	187,780,860	182,355,401
Expenditures						
General Government	9,341,379	9,578,250	9,220,047	8,888,361	8,447,089	8,007,621
Public Safety	29,154,003	28,024,326	28,318,064	28,117,311	25,304,021	24,390,095
Public Works	9,256,155	9,087,001	9,054,873	8,237,911	8,220,435	8,092,000
Health and Welfare	2,175,304	1,970,142	4,318,069	4,728,441	2,793,825	4,322,340
Culture and Recreation	2,947,090	2,803,741	2,933,194	2,955,511	2,927,559	2,861,019
Education	114,103,866	112,103,866	121,411,300	114,914,158	107,317,345	102,381,921
Pension and Other Employee Benefits	26,923,444	22,587,330	19,822,162	19,662,590	16,970,377	18,596,490
Other	450,000		-	-	-	-
Capital Outlay	1,045,000	196,997	958,014	5,322,882	741,273	434,595
Debt Service	13,593,307	13,788,307	12,307,636	10,455,772	8,809,084	8,174,280
Total Expenditures	208,989,548	200,139,960	208,343,359	203,282,937	181,531,008	177,260,361
Other Financing Uses						
Payment to Refunding Agent			-	-	-	-
Operating Transfers Out	258,452	249,361	744,048	721,184	2,237,551	713,880
Total Expenditures and Other Financing Uses	209,248,000	200,389,321	209,087,407	204,004,121	183,768,559	177,974,241
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	-	(1,497,800)	(670,708)	(1,338,570)	4,012,301	4,381,160
Decrease (Increase) in Reserve for Encumbrances and Other Reservations	N/A	(34,220)	814,306	(104,242)	(752,547)	348,992
Net Change In Unreserved Fund Balance	N/A	(1,532,020)	143,598	(1,442,812)	3,259,754	4,730,152
Residual Equity Transfer In	N/A	-	-	-	-	-
Beginning Fund Balance - Unreserved	N/A	24,919,615	24,776,017	26,218,829	22,959,075	18,228,923
Ending Fund Balance - Unreserved	N/A	$ 23,387,595	$ 24,919,615	$ 24,776,017	$ 26,218,829	$ 22,959,075

Note: During Fiscal Year ending June 30, 2008, the State of Connecticut issued approximately $2.3 billion in taxable general obligation bonds to be used for deposit into the State of Connecticut Teachers' Retirement Fund. As contributions to the fund represent on-behalf payment to the City, an amount of $35,392,000 has been recorded as an extraordinary item in the City's financial statements but has been excluded from this table for sake of comparison with prior years.

Analysis of General Fund Equity

	Budget [1] 6/30/2011	Est. Actual [1] 6/30/2010	Actual 6/30/2009	Actual 6/30/2008	Actual 6/30/2007	Actual 6/30/2006
Reserved for Encumbrances	N/A	$1,250,000	$1,262,021	$2,071,992	$1,940,582	$1,189,484
Reserved for Continued Appropriations	N/A	175,000	128,759	133,094	160,262	158,813
Unreserved						
Designated for Future Budgets	N/A	2,500,000	4,000,000	3,000,000	4,815,000	-
Undesignated	N/A	20,100,000	20,919,615	21,776,017	21,403,829	22,959,075
Total Fund Balance	N/A	$24,025,000	$26,310,395	$26,981,103	$28,319,673	$24,307,372

[1] *Budget basis. No assurances can be given that subsequent projections and the final result of operations will not change.*

[2] *Subject to Audit.*

VII. Legal and Other Information

Litigation

The Corporation Counsel has advised that there are several personal injury, negligence, personnel and other related lawsuits pending against the City. The outcome and eventual liability of the City, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the City's management estimates that potential claims against the City not covered by insurance, resulting from such litigation would not materially affect the financial position of the City except for the following cases:

Tax Appeals: remaining and resulting from the October 1, 2007 Citywide Grand List revaluation, number approximately twelve or fifteen appeals that have been filed with the court. An additional twenty-five appeals have been filed in relation to the October 1, 2008 Grand List, bringing total appeals pending to approximately thirty-five to forty. There may be a few new tax appeals off the October 1, 2009 List, but thus far there are only a handful.. The City is processing these appeals at the present time and assessing their proposed impact. At this time, and until said review is completed, City officials cannot say with certainty that there will or will not be a material financial impact in the event appellants are successful. However, recent successful experience with the 2007 and 2008 appeals, consistent with past experience, permits us to expect many of these matters to settle, others to be tried successfully, others resulting in some assessment adjustment(s). City officials cannot, therefore, at this time, quantify an impact.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remain excluded from gross income for federal income tax purposes. Non-compliance with such requirements could cause interest on the Bonds and the Notes to be included in gross income retroactive to the date of issuance of the Bonds and the Notes. The Tax Regulatory Agreement, which will be executed and delivered by the City concurrently with the Bonds and the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and the Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the City also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds and the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the City with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purpose of the alternative minimum tax imposed on corporations.

Ownership of the Bonds and the Notes may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and the Notes.

In the opinion of Robinson & Cole LLP, Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds and the Notes are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of, and receipt of interest on, the Bonds and the Notes.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences the disposition of Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The price set forth on the inside cover page of the Official Statement may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on, the Bonds.

Transcript and Closing Documents

The original purchaser(s) will be furnished the following documents when the Bonds and the Notes are delivered:

1. Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay them.

2. Certificate on behalf of the City, signed by the Mayor, the Treasurer, and the Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, at the time bids were accepted on the Bonds and the Notes the description and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.

3. Receipts for the purchase price of the Bonds and the Notes.

4. Approving opinions of Robinson & Cole LLP, Bond Counsel.

5. Executed continuing disclosure agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendix C to this Official Statement.

The City of Danbury has prepared an Official Statement for the Bonds and the Notes, which is dated July 8, 2010. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The City will make available to the winning purchaser of the Bonds one hundred (100) copies of the Official Statement at the City's expense, and to each winning purchasers of the Notes five (5) copies. The copies of the Official Statement will be made available to the winning purchaser within seven business days of the bid opening. If the City's Financial Advisor, Phoenix Advisors, LLC, is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Bonds and the Notes. The purchaser shall arrange with the Financial Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the City with respect to the Bonds will be kept on file at the offices of U.S. Bank National Association and will be available for examination upon reasonable notice.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the City and the winnign purchaser or holders of the Bonds and the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provision of law is subject to repeal or amendment.

Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the City, and executed for and on behalf of the City by the following officials:

CITY OF DANBURY, CONNECTICUT

_____

Mark D. Boughton, Mayor

_____

Daniel P. Jowdy, Treasurer

_____

David W. St. Hilaire, Director of Finance

Dated as of July __, 2010

Appendix A

2009 General Purpose Financial Statements
(Excerpted from the City's Comprehensive Annual Financial Report)

The following includes the General Purpose Financial Statements of the City of Danbury, Connecticut for the fiscal year ended June 30, 2009. The supplemental data and letter of transmittal, which were a part of that report, have not been reproduced herein. A copy of the complete report is available upon request from Matthew Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite #3, Milford, Connecticut. Telephone (203) 878-4945.

McGladrey & Pullen
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

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

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

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

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

McGladrey & Pullen, LLP

New Haven, Connecticut
December 30, 2009

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

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

Financial Highlights

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements.

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

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

Government-wide Financial Analysis

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

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

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

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

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

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

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

Government Activities

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

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

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

Major expenditure factors included:

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

Business-Type Activities

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

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

Financial Analysis of the Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

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

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

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

Capital Asset and Debt Administration

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

Requests for Information

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

Basic Financial Statements

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CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS
June 30, 2009

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

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

* After internal receivables and payables have been eliminated.

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

CITY OF DANBURY, CONNECTICUT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ (18,306,617)	$ 7,262,312	$ 2,848,423	$ 1,100,972
Public safety	(44,778,282)	279,337	527,560	-
Public works	(15,983,893)	6,500	5,736,165	13,952
Health and welfare	(5,058,556)	2,499,088	2,498,581	-
Culture and recreation	(5,090,569)	-	320,543	557
Education	(150,405,010)	5,302,877	49,357,171	143,125
Interest on long-term debt	(4,493,919)	-	-	-
Total governmental activities	(244,116,846)	15,350,114	61,288,443	1,258,606
Business-type activities:				
Sewer	(10,133,342)	10,493,329	-	296,344
Water	(6,936,874)	8,104,719	-	338,795
Total business-type activities	(17,070,216)	18,598,048	-	635,139
Total primary government	(261,187,062)	33,948,162	61,288,443	1,893,745
Component Units:				
Danbury Parking Authority	(1,082,278)	1,042,245	-	-
Richter Park Authority	(2,308,742)	2,158,392	-	-
Tarrywile Park Authority	(445,795)	142,259	16,730	-
Danbury Museum and Historical Society Authority	(286,107)	142,186	99,757	23,658
Total component units	$ (4,122,922)	$ 3,485,082	$ 116,487	$ 23,658
General revenues:				
Property taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Total general revenues				
Change in net assets				
Net assets - beginning (as restated-Note15)				
Net assets - ending				

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

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

CITY OF DANBURY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

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

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation of $158,569,393, purchased by governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the City as a whole.	294,880,855
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(160,282,908)
Deferred revenue	12,692,482
Accrued interest	(2,441,256)
Net assets of governmental activities	$ 152,087,495

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

CITY OF DANBURY, CONNECTICUT

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

For the Year Ended June 30, 2009

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

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

CITY OF DANBURY, CONNECTICUT

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

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

Net change in fund balances – total governmental funds	$ (12,264,268)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	28,281,550
Some revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revneues in governmental funds. Examples are revenues from special assessments, property taxs and intergovernmental projects.	
Taxes and related interest	544,333
Miscellaneous revenue	132,286
School construction	(582,547)
Intergovernmental revenue	(1,328,162)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(8,622,618)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(8,823,116)
Change in net assets of governmental activities	$ (2,662,542)

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

CITY OF DANBURY, CONNECTICUT

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

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	$ 155,160,461	$ 154,210,461	152,551,430	$ (1,659,031)
Federal and state governments	33,120,718	33,120,718	32,485,163	(635,555)
Licenses and permits	3,826,600	3,826,600	3,328,157	(498,443)
Charges for services	2,111,880	3,108,380	4,715,027	1,606,647
Fines and penalties	325,600	325,600	279,337	(46,263)
Investment income	4,000,000	4,000,000	3,037,078	(962,922)
Total revenues	198,545,259	198,591,759	196,396,192	(2,195,567)
EXPENDITURES				
Current:				
General government	9,429,679	10,287,991	9,515,701	772,290
Public safety	28,889,619	28,914,619	28,582,034	332,585
Public works	9,471,668	9,757,633	9,581,068	176,565
Health and welfare	2,761,094	2,826,094	2,803,069	23,025
Culture and recreation	3,173,705	3,175,205	2,933,194	242,011
Education	112,103,866	112,103,866	111,729,554	374,312
Pension and other employee benefits	22,874,416	22,874,416	18,772,831	4,101,585
Capital outlay	-	32,508	27,507	5,001
Contingency	500,000	27,505	-	27,505
Debt service:				
Principal retirements	8,310,350	8,310,350	7,810,350	500,000
Interest	4,780,862	4,780,862	4,497,286	283,576
Total expenditures	202,295,259	203,091,049	196,252,594	6,838,454
Revenues over (under) expenditures	$ (3,750,000)	$ (4,499,290)	143,598	$ 4,642,887
UNRESERVED BUDGETARY FUND BALANCE, beginning			21,776,017	
Change in Designation for Future Appropriations			(1,000,000)	
UNRESERVED BUDGETARY FUND BALANCE, ending			$ 20,919,615	

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

CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2009

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

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

CITY OF DANBURY, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
For the Year Ended June 30, 2009

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

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

CITY OF DANBURY, CONNECTICUT

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

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

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

CITY OF DANBURY, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
June 30, 2009

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

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

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2009

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

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

Note 1. Summary of Significant Accounting Policies

Reporting entity

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

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

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

Discretely Presented Component Units

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

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

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

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

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

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

Tarrywile Park Authority
70 Southern Boulevard
Danbury, CT 06810

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

Danbury Parking Authority
21 Delay Street
Danbury, CT 06810

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

Joint ventures and related organizations

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The City reports the following major governmental funds.

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

Accounting estimates

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

Property taxes

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

Cash equivalents

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

Allowance for doubtful accounts

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

Investments

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

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

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

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

Inventories

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

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

Capital assets

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

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

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

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

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

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

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

Compensated absences

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

Long-term obligations

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

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

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

Pension accounting:

Pension Trust Funds

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

Governmental Funds

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

Funding policy

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

Net other post-employment benefit obligations

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

Encumbrances

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

Fund Equity and Net Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 3. Budgets and Budgetary Accounting

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

1. Prior to April 7, the Mayor submits proposed operating budgets to the City Council for the fiscal year commencing the following July 1. The Board of Education has the same duties and follows the same procedures with respect to the budget of the Board of Education as those required of the Mayor. The operating budgets include proposed expenditures and the means of financing them; however, capital lease acquisitions and state on-behalf payments are not included in the operating budget. The Animal Control and Ambulance are special revenue funds which have legally adopted annual budgets.

2. Upon receipt of the proposed budgets, the City Council publishes a notice of the proposed budgets and a public hearing to be held no later than May 1.

3. No later than May 15, the budgets are legally enacted through City Council resolution.

4. The legal level of budgetary control is at the department level. The Mayor is authorized to transfer budget amounts within departments and the City Council is authorized to transfer budget amounts between departments within any fund as well as any supplemental appropriations that amend the total expenditures of any budgeted fund. During the year, several supplemental appropriations were necessary; the effect of the amendments increased budgeted expenditures by approximately $796,000 and also increased budgeted revenues approximately $46,500.

5. Formal budgetary accounting is employed as a management control within the City for the General Fund and certain special revenue funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required. The General Fund budget is adopted on a modified accrual basis of accounting, except that encumbrances and continued appropriations are treated as budgeted expenditures in the year of incurrence of the commitment to purchase and certain employee benefits are budgeted on the cash basis of accounting (non-GAAP basis). Budgetary comparisons in the financial statements are presented pursuant to the applicable budgetary basis referred to above.

6. Except for purposes which are to be financed by the issuance of bonds or by special assessment, no money can be disbursed without an authorized appropriation in any fiscal year. A contingency fund may be used for emergency appropriations, however, expenditures may not be charged directly to this fund. An appropriation and transfer to the expending fund must be approved by the City Council.

7. All unencumbered appropriations, except for continued appropriations, lapse at the end of each fiscal year.

8. Continued appropriations represent approved appropriations from the current or prior years' budgets for construction or other permanent improvement projects. In accordance with the City's Charter, these appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned. Any such project is deemed to be abandoned if three years have elapsed without any expenditure from, or encumbrance of, the appropriation. At June 30, 2009, there was $128,759 in continued appropriations.

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

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

Special revenue funds

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

Capital projects funds

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

Note 4. Cash and Investments

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

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

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

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

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

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

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

Custodial credit risk:

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

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

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

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

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

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

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

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:

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

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

Note 5. Deferred Revenue/Unearned Revenue

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

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

Note 6. Interfund Receivables, Payables and Transfers

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

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

Interfund balances represent routine short-term advances.

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

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

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

Note 7. Capital Assets

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

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

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

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

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

Discretely presented component units

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

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

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

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

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

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

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

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

Note 8. Bond Anticipation Notes Payable and Subsequent Event

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

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

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

Subsequent event

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

Note 9. Long-Term Liabilities

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

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

Notes payable

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

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

General obligation bonds

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

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

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

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

	Outstanding Amount
$1,310,000 Lateral Sewer Systems general obligation bonds issued February 1, 1994 due in annual installments of $65,000 to $70,000; final maturity February 1, 2014; interest a 3.20% to 5.10%	$ 325,000
$3,100,000 Waste Water Treatment general obligation bonds (includes $1 million for water general obligation bonds) issued February 1, 1994 due in annual installments of $50,000 to $105,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	775,000
$2,000,000 Water general obligation bonds issued February 1, 1994 due in annual installments of $100,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	500,000
$2,100,000 Water general obligation bonds issued February 1, 1995 due in annual installments of $105,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	630,000
$1,500,000 Lateral Sewer Systems general obligation bonds issued February 1, 1995 due in annual installments of $75,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	450,000
$500,000 Water general obligation bonds 1999 post refunding issued March 1, 2004 due in annual installments of $50,000; final maturity August 1, 2009; interest at 2.0% to 5.0%	50,000
$800,000 Lateral Sewer Systems general obligation bonds 1999 post refunding issued March 1, 2004 due in annual installments of $50,000; final maturity August 1, 2009; interest at 2.0% to 5.0%	80,000
$953,000 Water and Sewer general obligation bonds issued May 15, 2002, due in annual installments of $19,000 to $28,650; final maturity May 15, 2012; interest at 3.5% to 5.0%	142,950
$11,312,000 Water and Sewer general obligation refunding bonds issued March 1, 2004, due in annual installments of $20,000 to $1,127,000; final maturity August 1, 2021; interest at 2.00% to 5.00%.	10,936,000
$1,300,000 Water and Sewer general obligation refunding bonds issued August 1, 2004, due in annual installments of $65000; final maturity August 1, 2024; interest at 1.40% to 4.50%.	1,040,000

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

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

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

School Bond Reimbursements

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

In-Substance Defeasance - Prior Years

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

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

Landfill postclosure monitoring

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

Other Post Employment Obligation

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

Early Retirement

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

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

Compensated absences

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

Capital lease obligations

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

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

Future minimum lease payments under capital leases are as follows:

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

Stanley L. Richter Park Authority

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

Beginning balance	$ 21,666
Additions	410,000
Deductions	(105,813)
Ending balance	$ 325,853

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%.

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

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

The future principal amortization is as follows:

Year ending December 31,	
2009	$ 41,000
2010	41,000
2011	41,000
2012	41,000
2013	41,000
Thereafter	120,853
	$ 325,853

Authorized but unissued bonds

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

General Purpose	$ 52,386,500
Sewer	5,316,090
Water	2,612,500
	$ 60,315,090

Legal Debt Limit

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

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

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

Note 10. Commitments and Contingencies

Lawsuits

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

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

Municipal Solid Waste Service Agreement

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

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

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

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

Waste Water Treatment

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

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

Note 11. Fund Deficits

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

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

Note 12. Employee Retirement Plans

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

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

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.

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

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

Three-Year Trend Information

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

SCHEDULE OF PLAN NET ASSETS
JUNE 30, 2009

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

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

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

SCHEDULE OF FUNDING PROGRESS

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

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

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

Connecticut State Teachers' Retirement System

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

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

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

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

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

Post employment retirement benefits

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

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

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

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

General Government Employees:	
Retirees and beneficiaries receiving benefits	368
Active plan members	534
Total	902
Board of Education Employees:	
Retirees and beneficiaries receiving benefits	192
Active plan members	823
Total	1,015

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

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

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

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

Schedule of Funding Progress 000's

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

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

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

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

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

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

Health cost trend rates

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

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

Note 13. Construction Commitments

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

Note 14. Risk Management

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

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

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

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

Note 15. Restatement

Entity-wide financial statements

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

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

Note 16. Joint Ventures and Related Organizations

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

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

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

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

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

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

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

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

Note 17. Pronouncements Issued, Not Yet Effective

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

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

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also provides authoritative guidance that specifically addresses the nature of these intangible assets.

- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. The statement is intended to improve how state and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements.

- GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. This statement establishes accounting and financial reporting standards for all governments

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

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

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Required Supplementary Information

CITY OF DANBURY, CONNECTICUT

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

PENSION AND OPEB
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date [1]	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Underfunded AAL (UAAL) [1]	Funded Ratio	Covered Payroll	(Over) Underfunded AAL as a Percentage of Covered Payroll
PENSION						
General Employees:						
7/1/07	$ 112,567,220	$ 93,792,699	$ (18,774,521)	120.0 %	$ 25,217,732	(74.4) %
7/1/05	104,464,850	81,604,546	(22,860,304)	128.0 %	23,777,020	(96.1) %
7/1/03	97,448,725	74,647,619	(22,801,106)	130.5 %	23,576,524	(96.7) %
1/1/02	95,940,971	71,836,054	(24,104,917)	133.6 %	21,547,768	(111.9) %
1/1/00	86,363,384	60,128,299	(26,235,085)	143.6 %	20,334,025	(129.0) %
1/1/98	69,607,623	57,592,398	(12,015,225)	120.9 %	20,024,974	(60.0) %
Pre-1967 Police:						
7/1/07	$ 6,713,395	$ 11,566,937	$ 4,853,542	58.0 %	$ -	N/A %
7/1/05	7,019,283	13,139,006	6,119,723	53.4 %	-	N/A
7/1/03	6,993,981	14,173,012	7,179,031	49.3 %	-	N/A
1/1/02	7,833,857	15,189,737	7,355,880	51.6 %	-	N/A
1/1/00	7,720,242	15,955,616	8,235,374	48.4 %	48,330	17,039.9 %
1/1/98	6,509,190	17,026,404	10,517,214	38.2 %	102,700	10,240.7 %
Pre-1967 Fire:						
7/1/07	$ 5,748,743	$ 9,425,747	$ 3,677,004	61.0 %	$ -	N/A %
7/1/05	5,753,625	12,223,443	6,469,818	47.1 %	-	N/A
7/1/03	5,864,207	13,091,400	7,227,193	44.8 %	-	N/A
1/1/02	6,558,299	13,355,820	6,797,521	49.1 %	-	N/A
1/1/00	6,421,763	13,844,291	7,422,528	46.4 %	-	N/A
1/1/98	5,475,666	14,739,221	9,263,555	37.2 %	120,025	7,718.0 %
Post-1967 Police:						
7/1/08	$ 57,259,302	$ 52,905,479	$ (4,353,823)	108.2 %	$ 1,738,046	(250.5) %
7/1/06	54,386,012	50,028,155	(4,357,857)	108.7 %	1,855.009	(234.9) %
7/1/04	50,324,387	51,774,948	1,450,561	97.2 %	2,146,668	67.6 %
1/1/03	48,161,141	53,371,318	5,210,177	90.2 %	2,541,819	205.0 %
1/1/01	44,924,489	45,301,753	377,264	99.2 %	2,532,599	14.9 %
1/1/99	36,880,541	40,634,158	3,753,617	90.8 %	2,724,359	137.8 %

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

PENSION AND OPEB
SCHEDULE OF FUNDING PROGRESS, Continued

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

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

Appendix B

Forms of Legal Opinion of Bond Counsel

ROBINSON & COLE LLP

280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

[FORM OF OPINION OF BOND COUNSEL – THE BONDS]

July __, 2010

City of Danbury,
Danbury, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Danbury, Connecticut (the "City"), a Tax Regulatory Agreement of the City, dated July 29, 2010 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of $23,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2010, dated July 15, 2010 (the "Bonds"), maturing on July 15 in each of the years, in the principal amounts and bearing interest payable on January 15, 2011 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

Year of Maturity	Principal Amount	Interest Rate Per Annum	Year of Maturity	Principal Amount	Interest Rate Per Annum
2011	$1,150,000	%	2021	$1,150,000	%
2012	1,150,000		2022	1,150,000	
2013	1,150,000		2023	1,150,000	
2014	1,150,000		2024	1,150,000	
2015	1,150,000		2025	1,150,000	
2016	1,150,000		2026	1,150,000	
2017	1,150,000		2027	1,150,000	
2018	1,150,000		2028	1,150,000	
2019	1,150,000		2029	1,150,000	
2020	1,150,000		2030	1,150,000	

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of June and December in each year, by check mailed to such registered owner at his address as shown on the registration books of the City kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

ROBINSON & COLE LLP

280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

[FORM OF OPINION OF BOND COUNSEL – THE NOTES]

July __, 2010

City of Danbury,
Danbury, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Danbury, Connecticut (the "City"), a Tax Regulatory Agreement of the City, dated July 29, 2010 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of $20,000,000 City of Danbury, Connecticut General Obligation Bond Anticipation Notes, dated July 29, 2010 and maturing July 28, 2011, consisting of Note R-__ in the aggregate principal amount of $[_____], 000, bearing interest at the rate of ___% per annum, Note R-__ in the aggregate principal amount of $[_____], 000, bearing interest at the rate of ___% per annum, and Note R-__ in the aggregate principal amount of $[_____], 000, bearing interest at the rate of ___% per annum, with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations,

and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Notes.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

Appendix C

Forms of Continuing Disclosure Agreements

[FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS]

CONTINUING DISCLOSURE AGREEMENT

City of Danbury, Connecticut
$23,000,000 General Obligation Bonds, Issue of 2010
dated July 15, 2010

July 29, 2010

WHEREAS, the City of Danbury, Connecticut (the "City") has heretofore authorized the issuance of $23,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2010, dated July 15, 2010 (the "Bonds"), and to mature on the dates and in the amounts and set forth in the City's Official Statement dated July 8, 2010 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated July 8, 2010 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the City has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the City has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the City desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the City is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the City in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the City hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Fiscal Year End" shall mean the last day of the City's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The City shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the City:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the City per capita;

(G) the ratios of total direct debt and total overall net debt of the City to the City's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the City's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the City's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the City which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the City reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the City agrees that any such modification will be done in a manner consistent with the Rule. The City also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The City shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the City shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The City agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following events, if material:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of the security;

(vii) modifications to rights of security holders;

(viii) bond calls;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the securities; and

(xi) rating changes.

Section 5. Notice of Failure. The City agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the City to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The City's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the City, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the City chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The City agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the City under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The City agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the City does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Bonds.

IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

City of Danbury, Connecticut

By: _____
Name: Mark D. Boughton
Title: Mayor

By: _____
Name: Daniel P. Jowdy
Title: Treasurer

By: _____
Name: David W. St. Hilaire
Title: Director of Finance

[FORM OF CONTINUING DISCLOSURE AGREEMENT – THE NOTES]

CONTINUING DISCLOSURE AGREEMENT

City of Danbury, Connecticut
$20,000,000 General Obligation Bond Anticipation Notes
dated July 29, 2010

July 29, 2010

WHEREAS, the City of Danbury, Connecticut (the "City") has heretofore authorized the issuance of $20,000,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated July 29, 2010, (the "Notes"), and to mature on the dates and in the amounts and set forth in the City's Official Statement dated July 8, 2010 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated July 8, 2010 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the City has heretofore acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the City has undertaken in a written agreement for the benefit of the beneficial owners of the Notes to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the City desires to assist the underwriter of the Notes in complying with the Rule; and

WHEREAS, the City is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the City in connection with the issuance of the Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, the City hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Listed Events" shall mean any of the events listed in Section 2 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following events, if material:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of the security;

(vii) modifications to rights of security holders;

(viii) bond calls;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the securities; and

(xi) rating changes.

Section 3. Termination of Reporting Obligation. The City's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the City, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the City chooses to disseminate any other information or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or provide such information or notice of the occurrence of such event in the future.

Section 7. Indemnification. The City agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the City under this Section shall survive termination of this Agreement.

Section 8. Enforceability. The City agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the City does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the City's obligations hereunder. No monetary damages shall arise or be

payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Notes.

IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

City Of Danbury, Connecticut

By: _____
Name: Mark D. Boughton
Title: Mayor

By: _____
Name: Daniel P. Jowdy
Title: Treasurer

By: _____
Name: David W. St. Hilaire
Title: Director of Finance

Appendix D

Notices of Sale & Bid Forms

NOTICE OF SALE
$23,000,000

CITY OF DANBURY, CONNECTICUT
GENERAL OBLIGATION BONDS
ISSUE OF 2010

Sealed proposals and electronic bids (as described herein) will be received by the **CITY OF DANBURY**, Connecticut (the "City"), until 11:30 A.M. (E.D.T.) Thursday,

JULY 15, 2010

for the purchase of all, but not less than all, of the $23,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2010 (the "Bonds"). Sealed proposals will be received at Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, CT, 06810. (See "Sealed Proposal Procedures".) Electronic bids must be submitted via ***PARITY*®**. (See "Electronic Bidding Procedures".)

The Bonds

The Bonds will be dated July 15, 2010, mature $1,150,000 on July 15 in each of the years 2011-2030, both inclusive, bearing interest payable on January 15, 2011, and semiannually thereafter on July 15 and January 15 in each year until maturity, or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated July 8, 2010 (the "Preliminary Official Statement").

The Bonds maturing on July 15, 2020 and thereafter are subject to redemption prior to maturity, at the election of the City, on and after July 15, 2019, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as percentages of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

Redemption Dates	Redemption Price
From: July 15, 2019 and thereafter	100%

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of $5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The winning bidder may request that the Bonds be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The winning bidder seeking the issuance of the Bonds in this manner shall bear any and all costs of any re-registration or transfer of Bonds from time to time. Any bidder seeking to have the Bonds issued in the form of a fully registered physical certificate, rather than in book-entry form, shall indicate this preference to the City at the time of the submission of its bid. The City reserves the right to decline any request to issue the Bonds in non-book-entry form if it should determine, in its sole discretion, that issuing the Bonds in this manner is not in its best interests.

Nature of Obligation

The Bonds will be general obligations of the City payable unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Bonds SHALL NOT be designated by the City as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of ***PARITY®***. Subscription to the i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of ***PARITY®*** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, ***PARITY®***, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by ***PARITY®*** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about ***PARITY®***, including any fee charged, may be obtained from ***PARITY®***, 1359 Broadway, 36th Street, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

For purposes of both the sealed proposal process and the electronic bidding process, the time as maintained by ***PARITY®*** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under "Basis of Award" below, and in the written form of Proposal for Bonds. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Bonds.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Bonds at the place and time indicated above. Bids must be enclosed in sealed envelopes marked "Proposal for Bonds" and addressed to Mr. Daniel P. Jowdy, City Treasurer, City of Danbury.

Bid Specifications

Each bid must be for the entire $23,000,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest will be considered. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Basis of Award

For the purpose of determining the successful bidder, the true interest cost to the City will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 15, 2010, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to July 29, 2010, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on July 15, 2010. The purchase price must be paid in Federal Funds.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the issue will be passed upon by Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the Official Statement prepared for this sale, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Bonds is excluded from gross income for Federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the Federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay Federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Bonds, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("SEC"), to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain material events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to

purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Settlement of the Bonds

It shall be the responsibility of the winning bidder to certify to the City before delivery of the Bonds the prices at which a substantial amount of the Bonds of each maturity were initially offered and sold to the public.

The Bonds will be delivered to DTC in New York City on or about July 29, 2010. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Official Statement is in a form "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 100 copies of the final Official Statement prepared for this bond issue at the City's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City's financial advisor. If the City's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Related Information

For more information regarding the Bonds and the City, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from Mr. Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460 Tel. (203) 878-4945.

MARK D. BOUGHTON
Mayor

DANIEL P. JOWDY
Treasurer

DAVID W. ST. HILAIRE
Director of Finance

July 8, 2010

(See attached for form of Proposal for Bonds)

PROPOSAL FOR BONDS

July ___, 2010

MARK D. BOUGHTON, Mayor
DANIEL P. JOWDY, Treasaurer
DAVID W. ST. HILAIRE, Director of Finance
City of Danbury, Connecticut
Danbury City Hall
Finance Department, Conference Room
155 Deer Hill Avenue
Danbury, CT 06810

Dear Sirs:

Subject to the provisions of the Notice of Sale dated July 8, 2010, which Notice is made a part of this proposal, we offer to purchase all $23,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2010, comprising the issue described in said notice and to pay therefor par and accrued interest to date of delivery, plus a premium of $....., provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Date of Maturity	Amount	Interest Rate	Date of Maturity	Amount	Interest Rate
July 15, 2011	$ 1,150,000	_____%	July 15, 2021	$ 1,150,000	_____%
July 15, 2012	1,150,000	_____	July 15, 2022	1,150,000	_____
July 15, 2013	1,150,000	_____	July 15, 2023	1,150,000	_____
July 15, 2014	1,150,000	_____	July 15, 2024	1,150,000	_____
July 15, 2015	1,150,000	_____	July 15, 2025	1,150,000	_____
July 15, 2016	1,150,000	_____	July 15, 2026	1,150,000	_____
July 15, 2017	1,150,000	_____	July 15, 2027	1,150,000	_____
July 15, 2018	1,150,000	_____	July 15, 2028	1,150,000	_____
July 15, 2019	1,150,000	_____	July 15, 2029	1,150,000	_____
July 15, 2020	1,150,000	_____	July 15, 2030	1,150,000	_____

_____
(Name of Bidder)

_____
(Authorized Signature)

_____

_____
(Mailing Address)

The following is our computation of the true interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of $23,000,000 bonds under the foregoing proposal:

Percent True Interest Cost .....%
(Six Decimals)

NOTICE OF SALE
$20,000,000
CITY OF DANBURY, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES

Sealed proposals and electronic bids (as described herein) will be received by the **CITY OF DANBURY**, Connecticut (the "City"), until 11:00 A.M. (E.D.T.) Thursday,

JULY 15, 2010

for the purchase of $20,000,000 City of Danbury, Connecticut General Obligation Bond Anticipation Notes (the "Notes"). Sealed proposals will be received at Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, CT 06810 in the manner specified below. (See "Sealed Proposal Procedures".) Electronic bids must be submitted via ***PARITY***®. (See "Electronic Bidding Procedures").

The Notes

The Notes will be dated July 29, 2010 and will be payable to the registered owner on July 28, 2011 as further described in the Preliminary Official Statement for the Notes dated July 8, 2010 (the "Preliminary Official Statement"). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/1000 of 1% per annum.

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of $5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder or bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the City or its agent in Federal funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

A winning bidder may request that the Notes be issued in the form of a fully registered physical certificate, rather than in book-entry form through the facilities of DTC. A winning bidder seeking the issuance of the Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to have the Notes issued in the form of fully registered physical certificates, rather than in book-entry form, shall indicate this preference to the City at the time of the submission of its bid. The City reserves the right to decline any request to issue the Notes in non book-entry form, if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests.

Nature of Obligation

The Notes will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Notes SHALL NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of ***PARITY®***. Subscription to the i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of ***PARITY®*** shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, ***PARITY®***, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by ***PARITY®*** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about ***PARITY®***, including any fee charged, may be obtained from ***PARITY®***, 1359 Broadway, 36th Street, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com.)

For purposes of both the written sealed proposal process and the electronic bidding process, the time as maintained by ***PARITY®*** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the City, as described under "Bid Specifications/Basis of Award" below, and in the written form of Proposal for Purchase. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Purchase.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Purchase at the place and time indicated above. Bids must be enclosed in sealed envelopes marked "Proposal for Notes" and addressed to Daniel P. Jowdy, City Treasurer, City of Danbury.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for $100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the City, the award will be made on the basis of the highest principal amount of the Notes specified. No bid

for less than par and accrued interest, if any, will be considered and the City reserves the right to award to any bidder all or any part of the Notes bid for in his proposal. If a bidder is awarded only a part of the Notes bid for in his proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the City with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in Federal Funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Closing Documents and Legal Opinion

The full faith and credit of the City will be pledged for the prompt payment of the principal of and the interest on the Notes. The Notes will be certified by U. S. Bank National Association, Hartford, Connecticut. The legality of the Notes will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder(s) will be furnished with their opinion without charge. Each winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinions, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Notes, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement.

Settlement of the Notes

It shall be the responsibility of the winning bidder or bidders to certify to the City before the delivery of the Notes the price or prices at which a substantial amount of the Notes were initially offered and sold to the public.

The Notes will be available for delivery on or about July 29, 2010. The deposit of the Notes with DTC, or its custodian, under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Notes prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder or bidders to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder or bidders.

The Official Statement is in a form "deemed final" by the City for purposes of Rule 15c2-12(b)(1), promulgated by the Securities and Exchange Commission ("SEC"). Each winning bidder will be furnished 5 copies of the final Official Statement prepared for the Notes at the City's expense. Additional copies may be obtained by a winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder(s) no later than seven business days after the bid opening at the office of the City's financial advisor. If the City's financial advisor is provided with the necessary information from the winning bidder(s) by 12:00 P.M. (noon) on the day after the bid opening, the copies of the final Official Statement will include

an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of SEC Rule 15c2-12(b)(5) to provide timely notice of the occurrence of certain material events with respect to the Notes. A winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

For more information regarding the Notes and the City, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460 Telephone No. (203) 878-4945.

MARK D. BOUGHTON
Mayor

DANIEL P. JOWDY
City Treasurer

DAVID W. ST. HILAIRE
Director of Finance

July 8, 2010

(See attached for form of Proposal for Purchase)

PROPOSAL FOR PURCHASE

July ___, 2010

MARK D. BOUGHTON, Mayor
DANIEL P. JOWDY, City Treasurer
DAVID W. ST. HILAIRE, Director of Finance
City of Danbury
City Hall
Finance Department Conference Room
155 Deer Hill Avenue
Danbury, CT 06810

Gentlemen:

Subject to the provisions of the Notice of Sale dated July 8, 2010, which Notice is made a part of this proposal, we offer to purchase the principal amount of the $20,000,000 City of Danbury, Connecticut General Obligation Bond Anticipation Notes specified below at the stated interest rate (provided not less than $100,000 of principal amount per interest rate is bid and the total of all principal amounts bid does not exceed $20,000,000) plus the premium specified below, if any, and to pay therefor par plus the premium specified below, if any, to the date of delivery. We further provide our computation of net interest cost as to each bid, carried to six decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____% (Six Decimals)	Net Interest Cost	_____% (Six Decimals)
Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____% (Six Decimals)	Net Interest Cost	_____% (Six Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal Funds on the date of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the Issuer.

.....
(Name of Bidder)

.....
(Authorized Signature)

.....

.....
(Mailing Address)

.....
(Telephone Number)