

City of Waterbury Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

Comprehensive Annual Financial Report

of the

City of Waterbury Connecticut

Fiscal Year Ended June 30, 2011

Prepared by:
Department of Finance
Michael J. LeBlanc, CPA
Director of Finance

CITY OF WATERBURY, CONNECTICUT

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Introductory Section

CITY OF WATERBURY, CONNECTICUT

OFFICIALS

JUNE 30, 2011

Mayor Michael J. Jarjura

Town Clerk

City Clerk

City Sheriff

Antoinette C. Spinelli

Michael J. Dalton

Stephen M. Conway

BOARD OF ALDERMEN

Joseph Begnal, Jr.
Cicero B. Booker, Jr.
Ernest M. Brunelli
Frank A. Burgio, Sr.
Francis J. Caiazzo, Jr.
Lawrence V. DePillo
Steven Giacomi
Ryan A. Mulcahy

Ronald Napoli, Jr.
Alberto Negron
Jerry Padula
Paul Pernerewski, Jr. (President)
Joyce Petteway
Anne Phelan
Anthony T. Piccochi

ADMINISTRATION

Assessor
Budget Director
Building Official
Chief of Fire
Chief of Police
City Planner
Corporation Counsel
Director of Audit
Director of Finance
Director of Health
Director of Human Resources
Director of Information Technology
Director of Libraries
Director of Public Works
Director of Purchasing
Acting Tax Collector
Acting Superintendent of Water
General Manager of Water Pollution Control

David Dietsch
Ofelia Matos
E. Gil Graveline
David Martin
Michael J. Gugliotti
James Seguin
Craig Sullivan
James Berthelson
Michael J. LeBlanc
Roseann Wright
Peter H. Abare-Brown
Daniel Iarrapino
J. Emmett McSweeney
John P. Lawlor
Rocco Orso
Frank A. Caruso Jr.
Donald Carver
Denis Cuevas

BOARD OF EDUCATION

Mayor Michael J. Jarjura, Chairman Ex-Officio

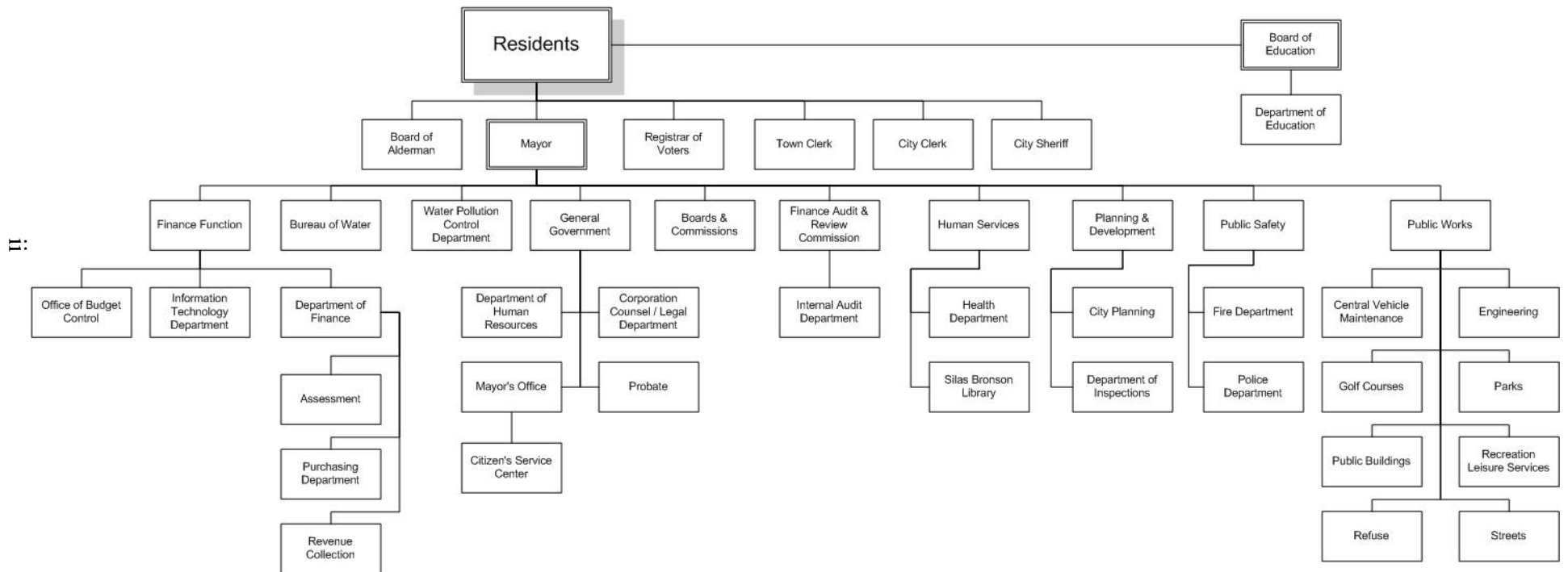
Coleen M. Flaherty-Merritt
Karen E. Harvey
Patrick J. Hayes, Jr. (President)
Jose L. Morales
Neil M. O'Leary

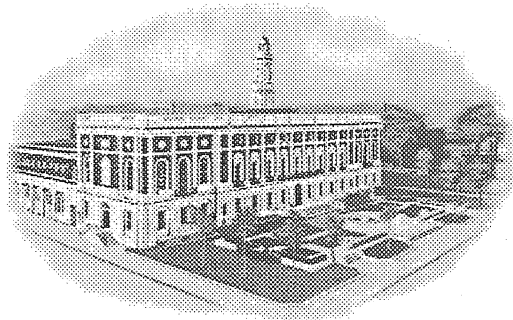
Charles L. Stango
Jason Van Stone
Ann Marie Sweeney
John E. Theriault
Mary S. White

Dr. David L. Snead, Superintendent of Schools

City of Waterbury

Table of Organization - Entire Enterprise





OFFICE OF THE DIRECTOR OF FINANCE
THE CITY OF WATERBURY
CONNECTICUT

December 23, 2011

Honorable Mayor and Board of Aldermen
City of Waterbury

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Waterbury (the City) for the fiscal year ended June 30, 2011. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the City of Waterbury. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations are issued under separate cover and are not included in this report. The City is also required to undergo a State single audit. Information related to this State single audit is issued as a separate report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City was founded in 1674, incorporated as a village in 1686 and as a city in 1853. Located in the west-central portion of the State of Connecticut, the City is 21 miles north of New Haven, 29 miles southwest of Hartford and 24 miles east of Danbury. The City operates under a Mayor-Board of Aldermen form of government with officials elected at regular biennial elections.

Waterbury is conveniently located at the crossroads of two major expressways, Interstate 84 and Connecticut Route 8. To the east, I-84 provides direct access to Hartford and joins the Massachusetts Turnpike for travel to Boston and northern New England. Heading west, I-84 passes through Danbury and crosses the states of New York and Pennsylvania, with connections to the New York Thruway and Interstate 80. Route 8 south meets the Connecticut Turnpike (I-95) in Bridgeport, making all of southern Connecticut and Fairfield County easily accessible. To the north, Route 8 ultimately leads to the Massachusetts Turnpike.

Rail passenger and freight service in the area are operated by Metro North and Conrail, respectively. Daily passenger round trips are made between Waterbury and New York City, and freight service via New Haven makes shipments possible to any point in the country.

Waterbury serves as a center of higher education for the area, being the home of Post University, Naugatuck Valley Community College and a branch of the University of Connecticut. Graduate school needs are met by the Waterbury extensions of the University of Connecticut, University of New Haven and the University of Bridgeport. The University of Connecticut's Waterbury campus offers a Master of Business Administration (MBA) program and a Teachers Certification Program. Graduate programs leading to a Master's of Social Work (MSW) and Master's Degree in Nursing (MS) are also available.

Public City school facilities include four high schools, four middle schools (one of which is a magnet school with grades 6-12), twenty elementary schools and two alternative schools. There are eleven private or parochial elementary schools, three private or parochial high schools and one vocational-technical high school. Waterbury's schools are considered "racially balanced" by the State of Connecticut Department of Education.

Waterbury provides its residents with a variety of housing options in all price ranges. Single-family dwellings from modest to luxurious, multi-family homes, apartments and condominiums meet the needs of workers and residents. Waterbury provides special housing for senior citizens and for families in low- and middle-income groupings and assisted living facilities.

Public parks and recreation facilities offering tennis, swimming pools, ball fields, ice skating and recreational programs are located throughout the City. In addition, the City offers bathing, boating and fishing facilities at Lakewood Park within the City and at Lake Quassapaug and Hitchcock Lake just outside the City limits. Two 18-hole golf courses that are owned and operated by the City and an acclaimed 18-hole private course are located in Waterbury. In addition, several 9-hole golf courses are situated immediately adjacent to the City. Mattatuck State forest with its many trails and campsites is only four miles from the center of the City. Black Rock State Park, with swimming and picnic facilities available, is a short drive from the City.

The City's Palace Theater, The Waterbury Symphony Orchestra, Seven Angels Theater, Waterbury Ballet and the Mattatuck Arts & History Museum are just a few of the additional cultural institutions serving Waterbury area residents.

The Silas Bronson Library, the public library of the City of Waterbury, was established in 1869 by an endowment from Silas Bronson. The library is now jointly supported by the Silas Bronson endowment and public funds.

Waterbury has the largest city-owned water supply system in the State. It encompasses 7,000 acres of City-owned watershed and has sufficient capacity to service 200,000 people. The system consists of two inactive and five active reservoirs with a total capacity of 7.54 billion gallons of water. The system serves customers located in Waterbury and neighboring communities and is a self-supporting enterprise fund of the City.

The City has approximately 320 miles of sanitary sewers, 20 pumping stations and an upgraded 27.5mgd average daily flow tertiary treatment plant. The City's sewage treatment facility was put into operation in April of 2000 in accordance with a Consent Order between the City and State of Connecticut Department of Environmental Protection. The planning, design and construction phases of this upgrade were funded through the State of Connecticut Clean Water Fund grant and loan program. The system serves customers located in Waterbury and neighboring communities and is a self-supporting enterprise fund of the City.

The City is governed by an elected Mayor, who serves for a two-year term, and a Board of Aldermen made up of 15 members elected for 2-year terms. A City Clerk, Town Clerk, Registrar of Voters, Sheriff, and the ten-member Board of Education are also elected. Other officials are appointed by the Mayor.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

The City has now posted its tenth consecutive balanced budget due to financial vigilance, budgetary controls, professional management and other strong financial management practices. The City's General Fund unassigned fund balance has increased from \$18.2 million to \$18.6 million now representing 4.9% of expenditures budgeted for in FY2012.

The City of Waterbury continues to feel the impact of the economic recession that has contributed to continued high unemployment, property foreclosures and a soft real-estate market resulting from depreciated property values. The City is also directly impacted by decreasing State aid in various grants and PILOT programs. In addition, short-term interest rates remain at historic lows providing for limited revenue from what used to be a sizable non-tax revenue source. The continued declines in non-tax revenues (state and federal aid, local fees and interest income) compounded by inflationary increases on operating costs and active/retiree benefits continues to place significant stress on the City's ability to limit increases in local property taxes to maintain current services. Despite all of these challenges the FY2012 adopted budget called for no change in the local property tax burden following a nearly 5% increase in the tax mil rate for FY2011. The increase in the FY2011 tax rate was necessary to maintain adequate funding for current services, fund required contributions to the City's retirement system and to maintain adequate funding of the City's self-insured benefit and risk management programs. The City's FY2012 adopted budget again includes the projected use of General Fund Balance in the amount of \$3 million. No portion of the designated fund balance was drawn down upon in FY2011 providing for the ability to again designate fund balance as a revenue source to the current FY2012 budget.

As with the adoption of prior year budgets the FY2012 adopted budget avoids the use of unreasonable assumptions regarding cost savings or new revenue sources as well as avoids the adoption of revenue estimates for one time revenue sources.

The assessed value of real property resulted in a net taxable grand list for October 1, 2010 of \$5.30 billion as compared with \$5.28 billion for October 1, 2009, representing a marginal increase of \$23 million or .4%. The October 1, 2010 net grand list assessed values formed the basis for setting the taxable mill rate for the 2012 fiscal year. Exemptions decreased by \$14.3 million in arriving at the net taxable grand list as major personal property additions within the City's designated enterprise zone have assessment exemptions that are being phased out over a seven year period.

It is anticipated that FY2013 will present the most challenging of budgets to be developed and adopted since the onset of the economic recession. The slow turnaround in the economy, continued increases in medical benefit costs, the loss of federal stimulus grants and no commitment of additional State aid present an extremely challenging budget development process that will begin in December 2011.

The City's credit ratings were recently affirmed (Moody's A1, S&P A-, and Fitch A+) in preparation for the City's September 2011 general obligation bond issue. S&P continued its positive outlook on the City based on expectations that the City will continue in FY2012 to produce stable and balanced financial results despite the high costs associated with debt service on new and existing debt (including outstanding pension obligation bonds), unfunded pension liability requirements and OPEB pay-as-you-go requirements. The positive outlook also reflects the expectation that City officials will continue to adhere to the City's established financial policies and practices.

ECONOMIC DEVELOPMENT

Waterbury continues to advance its economic development strategy with investments and projects that will serve the City well in the coming years.

Waterbury Development Corporation (WDC)

WDC is the City of Waterbury's designated economic and community development agency. The Corporation was founded as a partnership of the public and private sectors to help the City of Waterbury, its businesses, and its residents revitalize their City, stimulate and support economic development, promote investment in education, rehabilitate and maintain the City's housing stock, eliminate urban blight and decay, manage construction projects, and improve the overall quality of life for city residents and businesses. The City provides an annual contribution to fund a portion of WDC's activities in support of economic and community development activities within the City.

Waterbury Industrial Commons Site Remediation & New Public Works Campus

Demolition will begin this year on the Waterbury Industrial Commons property, one of the largest brownfields sites in the City. This project, which includes a \$14.7 million federal Department of Defense grant and \$45.7 million in local funding, is a true public/private partnership that will improve government efficiency and contribute to the private sector's ability to retain and increase jobs. The end result of this project will be a remediated site that houses a modern Public Works campus and provides over 100,000 square feet of modern manufacturing space. Negotiations for long-term leases are ongoing with two of the City's premier specialty manufacturing firms that will allow them to expand over time as their business needs dictate.

Brownfield Redevelopment

Waterbury continues to make significant strides in transitioning from its reliance on cyclical manufacturing business to a more diverse business and service driven economy, although its manufacturing sector continues to perform well in the face of global economic challenges. Brownfield redevelopment is seen as an integral component of this continued transition and future economic development.

A combination of federal, local and state funding for assessment and cleanup is presently underway at over a dozen sites across the City. Brownfield properties have been the City's biggest obstacle to meeting a pent-up demand for high quality distribution and light manufacturing pad sites. The City and the Waterbury Development Corporation (WDC) have ramped up efforts to prepare abandoned sites for future redevelopment and reuse by better leveraging a variety of funds. The WDC was invited to the Spring EPA National Brownfield Conference in Philadelphia where specific City projects were recognized by the EPA. Waterbury garnered four out of five grants awarded to Connecticut by EPA, reinforcing Waterbury's reputation as the leader in the State for brownfield remediation.

The following is a summary of project sites in the process of remediation/redevelopment:

Mattatuck Manufacturing Site

The remediation of the seven acre former Mattatuck Manufacturing facility in the City's East End is complete. A developer has received all approvals from local boards and is ready to begin construction of a multi-purpose facility housing a 20,000 square foot medical office building which has already been leased, a funeral home and a community center for the City. The site located at a busy intersection in the middle of a residential neighborhood has long sat idle and blighted. As the skeleton of the new structure rises it will signify the successful reclamation of a significant Brownfield site and a combined effort between the City, WDC, Connecticut Department of Economic and Community Development and a private developer resulting in jobs and revenue for the City.

Cherry Avenue

A second factory demolition and cleanup funded with a \$650 thousand grant from the state Department of Economic and Community Development's brownfield pilot program is ongoing with the anticipation that a local plumbing supply wholesaler will add 60,000 square feet of warehouse space in the Cherry Avenue Industrial Park. That pilot program has been fully funded in the new fiscal year, and the City plans to aggressively compete for another \$6 million in Brownfield cleanup funding.

Police Activity League (PAL) Park Project

Adjacent to the City's construction of the new Reverend Jonathan Reed School in the City's North End is the future site of the PAL Park. The project is being funded through both local fundraising efforts and grant funds. PAL Park will create green space along the Great Brook and feature baseball, tennis, bocce and basketball courts. Remediation and deconstruction is presently underway at the site located at 27-57 Division Street funded through a \$400 thousand EPA cleanup grant. The deconstruction project will allow for the contractor to salvage the original building materials for reuse. Deconstruction is a new technique in the area of Brownfield remediation and this project will become a model for similar brownfield redevelopment projects throughout the City.

South End Brownfield Redevelopment - 313 Mill Street, 777 & 835 South Main

Along the Mad River in the heavily urbanized South End, properties at 777 & 835 South Main and 313 Mill Street are presently being assessed through EPA grant funds. Collectively, the properties are sited on over nine riverfront acres. A private developer seeking to create a mixed use development approached WDC and has since toured the sites. WDC is presently assisting the developer, and all efforts are being made to return these long vacant, impressive industrial buildings back to productive re-use.

1056 South Main Street- Harper Leader

The abandoned electroplating facility located on a gateway into the City's Downtown has long been a detriment to the surrounding neighborhood. The WDC received EPA grant funds for the demolition of the structure. Demolition is presently underway at the site and a future tenant is aggressively being sought. This property is in the general vicinity of the other South End properties which will lead to significant redevelopment in this very important neighborhood within the central City.

North Square Redevelopment Project

New Opportunities Inc. ("NOW") is seeking to expand its services in the area known as the North Square in the North End of the City. NOW is the community action agency serving Waterbury and 27 surrounding Connecticut towns through 70 social service programs that target the low income, elderly and disabled communities. In accordance with the mission of NOW, the Agency aims to increase the self-sufficiency of its customers and support their move out of poverty toward a more middle-class lifestyle.

Adjacent to NOW's facility is a vacant mill building that was once home to the Waterbury Clock Company. NOW and WDC collaborated on a grant application to EPA and received \$600 thousand for assessment and cleanup of the existing structures. EPA funding, grant and private funds from NOW will allow for the adaptive re-use of the adjacent buildings into housing, an incubator for green jobs and much needed office space.

Manufacturing Employment Base

The City continues to see activity in the manufacturing portion of its economic base. Over the past year, the WDC assisted eight manufacturing companies that undertook projects in the City and are representative of a variety of industries. Of the eight, one was a new business, three were existing companies that relocated to the City, three were expansions of existing manufacturers and one was retention of an existing City-based business. There were a total of 234 full-time positions and 12 part-time positions affiliated with these companies.

Of the eight projects, one resulted in the construction of a 5,800 sq.ft. addition to an existing facility and the remaining seven projects resulted in the occupancy of a total of 138,218 sq.ft. of previously vacant industrial space which was put back to productive use.

These eight projects resulted in a total of \$582 thousand being spent on build-out/space preparation, and, there was a total of \$690 thousand added to the City's personal property portion of its October 1, 2010 Grand List. Taking into account the fact that most of this personal property qualified for certain state-reimbursed tax abatements, there was still a net gain to the Grand List.

Activity continues for the manufacturing portion of the City's economic base. Another five companies have expressed serious interest in undertaking projects and the WDC continues to work with several brokers with manufacturing prospects.

During the first half of 2011, the City has experienced increased interest shown by companies seeking to establish a presence in the City. Forum Plastics, Inc., a high-end manufacturer of plastic injection molded components primarily for the medical and aerospace industries, is in the process of relocating to the City from Stamford, bringing more than 90 high paying jobs with the prospects of creating an additional 50 jobs within the next five years. The facility offers the company an additional 15,000 square feet which they will use to offer additional products and services. The average salary is \$28.00 per hour.

The WDC was able to offer a financial incentive package that prevented Forum Plastics from looking elsewhere including areas outside of Connecticut.

A growing number of area manufacturers have put plans in place to invest in new technologies that will make them more competitive within their specific markets. As a result these companies are rapidly moving towards increasing their workforce to operate and program the new equipment. One such company, Noujaim Tool, Inc., had 18 employees in 2008 and now has 30 full-time employees. Not only did the company invest in new technology, they used local resources to train their employees on the latest technologies, a benefit that also enhances workers' employability.

The City is home to one of the states premier technical-vocational high schools. Area manufacturers often tap into the W.F. Kaynor Technical School's student population for skilled workers. Kaynor is one of the few schools in Connecticut that has a robust, much heralded manufacturing program, teaching students the fundamentals of tooling, machining and process automation.

East End Development

The East End of the City continues to dominate the City's retail sector with significant ongoing investment. Currently, there are plans for developments that include a new school, Lowes, Super Wal-Mart, a new bank and several restaurants that will complement existing business, including, Kohl's and Costco, that already exist in the East End adjacent to Connecticut's only indoor water park. Not only will said development increase the City's tax base, it will also provide employment opportunities for City residents.

Naugatuck River Greenway Project

The Naugatuck River Greenway Project continues to progress with the hiring of Weston & Sampson, one of the nation's top design firms, to continue the transformation of the river - which powered the industrial economy of early Waterbury - into a modern, multi-use recreational and commercial development area that ultimately will connect the region from Winsted to the lower Naugatuck River Valley area.

Health Care Services

The City is served by two hospitals, Waterbury Hospital and Saint Mary's. Both hospitals collaborated to open a Cardiac Surgery Center as a joint venture and that facility has outperformed most of its State-mandated objectives. In addition to the two hospitals and the cardiac surgery center, the City is home to the Harold Leever Cancer Center which continues to experience a growth in the number of patients it serves annually.

A significant change in health care services sector is the proposed acquisition by LHP Hospital Group of Plano, TX, of Saint Mary's Hospital, with a potential significant investment into the property based on changes in the federal health care landscape. A proposed \$400 million construction of a new main hospital campus in downtown Waterbury is also being proposed as part of a proposed merger to consolidate Saint Mary's Hospital and Waterbury Hospital.

Education

Commitment to Primary Education

The City's commitment to Education continued in the past year with the official opening of the new Gilmartin Pre-K - 8 neighborhood School in September 2010, opening of the renovated media center and library expansion at Wilby High School and an official groundbreaking for the Reverend Jonathan Reed Pre-K - 8 Neighborhood School. In response to a City-wide public educational facility assessment, the City embarked on a School Construction Program focused on meeting the needs of the population and to satisfy various inefficiencies within the public school system. In September 2011, the renovated Pre-K - 8 Duggan School opened in the City's Brooklyn section once again becoming the centerpiece of the neighborhood.

The return to the neighborhood school model in the City has been assisted by the targeting of Federal Community Development Block Grant (CDBG) funds to make specific improvements to the area around the new schools. Aggressive sidewalk, curb replacement, and paving initiatives have been implemented in the areas surrounding the new schools creating a targeted approach to neighborhood revitalization. Over the next few years façade improvement programs will additionally target the commercial areas within the neighborhoods served by the schools furthering in the renaissance of the City's neighborhoods.

Secondary Education Development

The City is home to several secondary educational facilities. Post College in the City's Country Club Neighborhood has seen enrollment increase to 782 in the past year with 68% of its students living on campus and 32% commuting to the campus. Post has 17 different undergraduate programs and presently has 4,157 students enrolled in its Advanced Degree Program on-line. The significant growth of Post College has led to an expansion at their main campus with the addition of dorm space, and planning for a state of the art athletic complex to further Post's desire to offer not only academic options for their student body but athletic ones as well. Post's excellent reputation in the on-line arena has led to significant hiring to facilitate the on-line program. Post's continued success and growth is seen as a major economic and educational benefit to the City.

The University of Connecticut Waterbury Campus has grown from a student body of 400 to 1,200 in five years. The rapid growth of UCONN Waterbury is a result of additional course offerings and the opening of the present state of the art facility in the Central Business District (CBD). In the past year the campus has completed a courtyard improvement project adding outdoor recreational and educational features to the once grass courtyard at the campus, the center piece of such being the impressive fountain referred to as "Synergy."

The Connecticut General Assembly recently allocated \$2.1 million to renovate "The Rectory Building," a historic structure between the Palace Theater and the Arts Magnet School. It is hoped this linchpin building will serve as a mixed-use commercial facility serving UCONN Waterbury. The City owned and vacant four-story Rectory Building adjacent to the Palace Theater and directly across from UCONN Waterbury will be undergoing renovations over the next year to create additional space for the UCONN Waterbury campus. WDC has been working with representatives from UCONN Waterbury to program the space for educational and social programs. By incorporating the Rectory Building into the UCONN Waterbury fold, a real campus atmosphere will be created downtown bringing students out of the campus into the downtown. The first floor of the building will house a commercial tenant adding to the renaissance of the City's historic downtown.

Neighborhood Revitalization

The City has fully committed its \$3.2 million share of the federal Neighborhood Stabilization Program funds for the acquisition and rehabilitation of foreclosed residential properties and received a second round of funding on that basis.

The City is the recipient of a \$3 million Lead Grant that is being used for lead reduction property improvements throughout the city.

Enterprise Zone

The expansion of the City's Enterprise Zone into the Central Business District has shown promise. A \$3 million office building on Meadow Street, constructed in response to the City's tax incentive program is nearly at capacity. A market-rate residential renovation on Bank Street is fully leased, and the developer is fully engaged in the renovation of Apothecaries Hall, a seven-story structure across the street. These residential projects are consistent with the City's long-term goals for its downtown.

City Hall Restoration & Government Campus

The \$36 million renovation of the City's Cass Gilbert designed City Hall including the City's main governmental offices was completed in December 2010. The building was rededicated in January and fully occupied by March. The 90,000 sq. ft. building was restored to its original splendor while taking into consideration modern office functions and energy efficiency. The project has received awards from the Connecticut Building Council, Main Street Association of Connecticut, Architectural Awards and the project of distinction from the Connecticut Trust for Historic Preservation. The successful project has reintroduced the breathtaking building to a new generation of Waterburians and gives a remarkable first impression of the City to visitors, and those looking to conduct business within the City.

The consolidation of City offices into the structure has allowed for significant savings through an elimination of lease payments that were being made for temporary office spaces. That move and the acquisition of 1 Jefferson Square have allowed the City to relocate all of its office facilities to downtown City-owned buildings, eliminating the need for rent. Combined, Jefferson Square and City Hall projects eliminated nearly \$500 thousand in annual rent payments, and have established a downtown government campus consisting of three large building facilities on "Grand Street".

US Reserve Center

Work will begin in 2011 on the building of a \$20 to \$25 million United States Reserve Center in the City on an 18 acre site in the City's East End. Once completed, more than 600 reservists will be in the City drilling and training every month. Moreover, during construction of the facility it is anticipated that local tradesmen and constructors will be utilized. After the facility is complete and ready for use, it will be local contractors, plumbers, electricians, etc. that will service maintenance and repair needs.

Palace Theatre

The Palace Theater just completed its sixth full season. The historic preservation project was completed as part of the Waterbury Phase II Development project. With over five million dollars in annual revenue and one hundred thousand patrons annually the Palace has become the cultural cornerstone for the City.

CITY MANAGEMENT FINANCIAL POLICIES AND INITIATIVES

During 2010-2011, some specific financial policies and initiatives included the following:

Comprehensive Annual Financial Report

The City submitted its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2010 to the Government Finance Officers Association (GFOA) for certification. For the fourth consecutive year the City's CAFR was awarded the "Certificate of Achievement for Excellence in Financial Reporting."

Fund Balance Policy

The City has an adopted Fund Balance Policy designed to balance the concerns of the bond rating agencies, bond investors, and financial institutions to maintain sufficient resources to meet unexpected emergencies with the taxpayers' desire to have a reasonable tax levy. The policy's general goals include maintaining an unreserved general fund balance equal to 5% to 8% of budgetary expenditures and a limitation to designate no more than 1% of prior year's budgetary based actual expenditures as a revenue source during the budget development and approval process for the subsequent budget year. The City complied with the adopted policy in setting the designation of \$3 million from Fund Balance for tax relief as part of the FY2012 adopted budget.

Energy Efficiency Conservation Block Grant

The City of Waterbury is a grantee of the U.S. Department of Energy, Recovery Act - Energy Efficiency and Conservation Block Grant for a one time grant allocation of \$1 million. During fiscal year 2009-2010 the Finance Department successfully completed the grant application process and received approval to expend the grant on several energy conservation measures. During fiscal year 2010-2011, grant proceeds provided funding for retrofitting existing lighting fixtures, install light sensor controls, upgrading direct digital HVAC system controls and various HVAC equipment replacements. Specifically, nearly \$300 thousand in lighting retrofits was completed at the Kennedy High School. In addition, the grant provided for the replacement of baseball/softball field lighting at the City Mills Park. The replacement of those lights is currently underway. The balance of the grant has been allocated to energy engineering consulting services to provide for the completion of energy audits on the City's largest buildings and will include an audit of the City's street lighting program.

Utility Business Administration Division

Through the FY2012 Budget Adoption Process a new Utility Business Administration Division was established to consolidate the Bureau of Water and Water Pollution Control business functions to provide for a unified and more efficient business service function going forward. The new Division will actively oversee the ongoing efforts to improve the utility billing software system.

White Collar Retirement Incentive Program

The City offered a white collar retirement incentive program to obtain both short-term and long-term budgetary savings through the attrition of white collar employees while also providing Department Heads with the opportunity for staff restructuring. In evaluating various unions for participation in this type of program it was determined that the white collar union provided realistic opportunities for both costs savings and staff restructuring.

Pension Funding

In September 2009, the City issued a \$313 million pension obligation bond to provide for a 70% funding of the Pension Plan's actuarial accrued liability. The July 1, 2010 Pension Plan Actuarial Valuation Report prepared by Hooker & Holcombe, Inc., reports the actuarial value of plan assets at \$383.4 million and an actuarial accrued benefit liability of \$542.5 million representing a 70.7% actuarial value plan funding status as of July 1, 2010. This represents a .3% increase in the plan funding status when compared with a plan funding status of 70.4% on July 1, 2009. In FY2011, the City fully funded the \$15.9 million annual required contribution. In addition the City paid debt service totaling \$28.2 million for principal and interest on the pension obligation bonds.

DEBT MANAGEMENT

The City's general outstanding bonded indebtedness totaled \$451.2 million on June 30, 2011. Included in the outstanding debt as of June 30, 2011 are outstanding pension obligation bonds in the amount of \$305.1 million and special capital reserve deficit bonds in the amount of \$57.0 million.

In addition to the City's general outstanding debt, the Water Pollution Control (WPC) enterprise fund has self-supporting bond and clean water fund serial note outstanding debt totaling \$50.8 million on June 30, 2011. The Bureau of Water enterprise fund has no long-term outstanding debt obligations as of June 30, 2011.

On July 19, 2010 the Board of Alderman approved a resolution designating the City of Waterbury as a recovery zone. This designation allowed the City to issue \$24.2 million of Recovery Zone bonds on September 1, 2010 with an interest cost reimbursement of 45% provided through the American Recovery and Assistance Act. In addition to the Recovery Zone bonds \$4.7 million of taxable Qualified Energy Conservation bonds and \$8.0 million of taxable Build America bonds were issued with similar interest cost reimbursements. The interest reimbursements on the taxable bonds are anticipated to save the City in excess of \$6 million in interest costs over the 20-year life of the bonds when compared with the interest costs had the City issued traditional tax exempt municipal bonds. With credit ratings of "A1, A-, & A+" assigned to the City's long-term debt and reimbursements provided through the American Recovery and Assistance Act, the City on September 1, 2010 sold \$45 million in General Obligation Bonds with a net interest cost of 2.85%, providing permanent financing for the City's ongoing capital improvement and expansion program.

On August 18, 2011, the City permanently financed \$30 million of capital project expenditures through the issuance of 20-year general obligation bonds. The bond sale provided financing for ongoing capital and infrastructure improvements in accordance with previously approved bond authorizations. The bond proceeds were delivered on August 31, 2011. The combination of the City's rating affirmations and favorable market conditions at the time of the bond sale provided for the sale of the \$30 million general obligation bonds at a true interest cost of 3.79%.

The following bond authorizations were approved during the course of the past year demonstrating the City's continued commitment to address long overdue capital needs of school and government building facilities as well as the infrastructure needs of the community:

Acquisition of the Waterbury Industrial Commons Property and Construction of a Centralized DPW Facility: The Board of Aldermen approved at its meeting held on July 19, 2010, an appropriation in the amount of \$60.4 million for the acquisition of property located at 1875 Thomaston Avenue, environmental remediation, demolition and reconstruction activities at the property and construction of a centralized DPW facility. A U.S. Department of Defense grant awarded for \$14.7 million will reduce the net requirement for bonds to be issued.

Police Department Parking Garage: The Board of Aldermen approved at its meeting held on February 7, 2011 an amendment to increase the appropriation for the replacement of the parking garage adjacent to the Police Department headquarters from \$2.7 million to \$3.9 million.

Pre-K-12 Comprehensive School Facilities Plan: The Board of Aldermen approved at its meeting held on June 20, 2011, an appropriation in the amount of \$15.8 million a school addition and alterations to the Wallace Middle School.

FINANCIAL MANAGEMENT

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to manage spending within prescribed budget limitations and for the preparation of financial statements in conformity with generally accepted accounting principles. The City's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City's accounting records for general government are maintained on the modified accrual basis. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The City's accounting records for enterprise funds, internal service funds, pension and nonexpendable trust funds are maintained on an accrual basis. Revenues are recognized when earned, and expenses recognized when incurred.

INDEPENDENT AUDIT

State Statute and the City Charter require an annual audit by an independent certified public accountant. The statute further prescribes that each municipality's annual report shall be prepared in accordance with accounting principles generally accepted in the United States of America. This report has been prepared according to these standards. The auditors' unqualified opinion is included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waterbury for its comprehensive annual financial report for the fiscal year ended June 30, 2010.

In order to receive the Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Department who assisted and contributed to its preparation. I also would like to thank the Mayor and Board of Aldermen for their interest and commitment in planning and conducting the financial operations of the City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael J. LeBlanc". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael J. LeBlanc, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waterbury
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Davison

President

Jeffrey R. Enos

Executive Director

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen
City of Waterbury, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Waterbury, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the City of Waterbury, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Waterbury, Connecticut, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011 on our consideration of the City of Waterbury, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. 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.

Management's discussion and analysis on pages 3 through 11 and the budgetary comparison information on pages 51 through 54 are not required parts 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 of Waterbury, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

Blum, Shapiro & Company, P.C.

December 23, 2011

CITY OF WATERBURY, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2011

This discussion and analysis of the City of Waterbury, Connecticut's (the City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information. The government-wide statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances, similar to the private-sector. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Financial Highlights

- The City's net assets, on a government-wide full accrual basis, increased \$17.7 million as a result of this year's operations. Net assets of our governmental activities increased \$15.1 million. Net assets of our business-type activities increased \$2.6 million (Table 2).
- During the year, the City had government-wide expenses of \$514.9 million as compared with \$532.5 million in government-wide program revenues, operating & capital grants, property taxes and other general revenues.
- The City's increase in net assets is largely attributable to capital funding provided through the State of Connecticut's school construction reimbursement program. The State's capital grants for approved school construction and renovation projects provide (75%-78%) reimbursement on costs that will be capitalized and depreciated over the useful life of the asset. Therefore the capital grants provide for an increase in net assets when earned with no offsetting expense during the period of construction.
- When comparing revenue and expenses with the prior 2010 fiscal year it should be noted that the prior year amounts include the City's issuance of \$313.1 million of pension obligation bonds. The 2010 expenses include the functional expense allocation of the bond proceeds contributed into the Retirement System's Pension Trust as an employer contribution.
- In the City's business-type activities, expenses of \$28.9 million, including depreciation expense of \$5.8 million, were \$2.6 million less than the \$31.5 million generated in user fees, capital grants and other revenues.
- The General Fund reported a total fund balance this year of \$22.4 million representing an increase of \$1.2 million. The General Fund unassigned component of fund balance increased by \$391 thousand to \$18.6 million as of June 30, 2011.
- The General Fund's revenue resources available for appropriation were \$2.3 million less than anticipated. Expenditures were \$6.5 million less than appropriated. The net budgetary surplus of \$4.2 million avoided the drawdown of the \$3 million designation of fund balance, provided for in the 2011 adopted budget for mil rate relief, and provided for a modest increase in the unassigned component of fund balance.

Government-Wide Financial Statements

The analysis of the City as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net assets and changes in them. The City's net assets, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the statement of net assets and the statement of activities the City reports the following activities:

- *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public works, human services, culture, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Bureau of Water Enterprise Fund and Water Pollution Control Enterprise Funds are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City establishes many other funds to help control and manage financial activities for particular purposes to show that it is meeting legal responsibilities for using grants and other money. The City's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities - such as the City's Self Insured Internal Service Funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension plan. All of the City's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The City's combined net assets increased from a year ago increasing from \$272.8 million to \$290.4 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

TABLE 1
NET ASSETS
(In Thousands)

	Governmental		Business-Type		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 397,836	\$ 397,191	\$ 35,469	\$ 35,199	\$ 433,305	\$ 432,390
Capital assets	<u>451,238</u>	<u>402,279</u>	<u>185,034</u>	<u>189,652</u>	<u>636,272</u>	<u>591,931</u>
Total assets	<u>849,074</u>	<u>799,470</u>	<u>220,503</u>	<u>224,851</u>	<u>1,069,577</u>	<u>1,024,321</u>
Long-term liabilities:						
Long-term debt	450,967	422,933	59,502	65,690	510,469	488,623
Employee benefit obligations	171,553	140,539	700	720	172,253	141,259
Risk management and other	42,699	44,083			42,699	44,083
Other liabilities	<u>48,263</u>	<u>71,403</u>	<u>5,480</u>	<u>6,199</u>	<u>53,743</u>	<u>77,602</u>
Total liabilities	<u>713,482</u>	<u>678,958</u>	<u>65,682</u>	<u>72,609</u>	<u>779,164</u>	<u>751,567</u>
Net assets:						
Invested in capital assets, net of debt	357,192	321,056	124,232	123,052	481,424	444,108
Restricted	9,085	9,035			9,085	9,035
Unrestricted	<u>(230,685)</u>	<u>(209,579)</u>	<u>30,589</u>	<u>29,190</u>	<u>(200,096)</u>	<u>(180,389)</u>
Total Net Assets	<u>\$ 135,592</u>	<u>\$ 120,512</u>	<u>\$ 154,821</u>	<u>\$ 152,242</u>	<u>\$ 290,413</u>	<u>\$ 272,754</u>

Net assets of the City's governmental activities increased by \$15.1 million (\$135.6 million compared to \$120.5 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements is a deficit of \$230.7 million at the end of this year compared with \$209.6 million at the end of last year. The \$21.1 million increase in the City's governmental activities unrestricted net assets deficit is directly attributable to the increase in the City's net Other Post Employment Benefit (OPEB) accrued obligation. An increase of \$30.6 million in the net OPEB obligation was accrued against the City's net assets for the fiscal year ended June 30, 2011. The increase in the OPEB obligation is directly attributable to the high healthcare cost trend increase assumptions used in the valuation of future medical benefit obligations for eligible active and retired employees.

The governmental activities net assets invested in capital assets, net of debt amount of \$357 million excludes \$57 million of outstanding general obligation bonds previously issued for special capital reserve fund purposes. The special capital reserve fund bonds provided deficit financing and the establishment of other special reserves in 2002 unrelated to the City's capital assets. Outstanding general obligation bonds for capital asset construction purposes totaled \$89 million as of June 30, 2011. Additionally, the net assets invested in capital assets, net of debt excludes pension obligation bonds of \$305 million offset by a net pension asset of \$234 million.

The net assets of the City's business-type activities increased by \$2.6 million in 2011 (\$154.8 million compared to \$152.2 million). The City generally can only use these net assets to finance the continuing operations of the Bureau of Water and Water Pollution Control Enterprise Funds.

TABLE 2
CHANGES IN NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 9,418	\$ 9,426	\$ 29,832	\$ 27,853	\$ 39,250	\$ 37,279
Operating grants and contributions	209,616	212,170			209,616	212,170
Capital grants and contributions	35,569	27,301	616	1,377	36,185	28,678
General revenues:						
Property taxes	214,816	207,627			214,816	207,627
Grants and contributions not restricted to specific purposes	21,593	22,888			21,593	22,888
Unrestricted investment earnings	9,374	6,308	84	97	9,458	6,405
Other general revenues	645	504	983	1,125	1,628	1,629
Total revenues	<u>501,031</u>	<u>486,224</u>	<u>31,515</u>	<u>30,452</u>	<u>532,546</u>	<u>516,676</u>
Expenses:						
General government	81,785	114,871			81,785	114,871
Public works	39,998	61,731			39,998	61,731
Public safety	57,945	222,160			57,945	222,160
Development and community affairs	5,087	5,483			5,087	5,483
Human services	6,860	10,692			6,860	10,692
Education	262,232	352,648			262,232	352,648
Culture and recreation	5,624	9,911			5,624	9,911
Interest on long-term debt	26,420	20,900			26,420	20,900
Bureau of Water			12,688	12,801	12,688	12,801
Water Pollution Control			16,248	16,298	16,248	16,298
Total program expenses	<u>485,951</u>	<u>798,396</u>	<u>28,936</u>	<u>29,099</u>	<u>514,887</u>	<u>827,495</u>
Transfers in (out)		2,800		(2,800)	-	-
Special item - pension obligation bonds		313,145			-	313,145
Change in Net Assets	\$ <u>15,080</u>	\$ <u>3,773</u>	\$ <u>2,579</u>	\$ <u>(1,447)</u>	\$ <u>17,659</u>	\$ <u>2,326</u>

Governmental Activities

The City's total governmental revenues were \$501.0 million as compared with \$486.2 million in the prior year. Operating grants and contributions decreased \$2.6 million as State funding of grants and PILOT programs reported in the City's General Fund were \$2.1 million lower than in FY2010. Capital grants increased by \$8.3 million as the City expended more on capital outlays for various State reimbursable school addition projects including the construction of three new Pre-K-8 elementary schools. Approximately 75% of eligible school construction project costs are reimbursed by the State as costs are incurred. Property tax revenue increased \$7.2 million derived from an increase in the mil rate for 2011 that was necessitated by the drop in local State aid, investment income and other non-tax revenues and compounded by an increase in funding requirements to the City health benefit and workers compensation programs. The increase in stocks and bond investment earnings reflects the favorable market conditions during the fiscal year ended June 30, 2011.

The total cost of all governmental programs and services was \$486 million as compared with \$798.4 million reported last year. The prior year governmental expenses of \$798.4 million included a one-time expense allocation relating to the \$311.1 million additional employer contribution to the Pension Trust. The prior year also includes a special item - pension obligation bonds representing the proceeds from the City's \$313.1 million issuance of pension obligation bonds in September 2009.

The increase in interest on long-term debt is a result of new bond issuances and the accruing a full year of interest expense during FY2011 on the general obligation and pension obligation bonds issued in September 2009.

Table 3 presents the cost of each of the City’s five largest programs - general government, public works, public safety, human services and education - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions.

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
General government	\$ 81,785	\$ 114,871	\$ 80,047	\$ 113,037
Public works	39,998	61,731	34,571	59,229
Public safety	57,945	222,160	53,552	215,997
Human services	6,860	10,692	3,100	6,417
Education	262,232	352,648	30,859	126,606
All others	37,131	36,294	29,219	28,213
Totals	<u>\$ 485,951</u>	<u>\$ 798,396</u>	<u>\$ 231,348</u>	<u>\$ 549,499</u>

Cost of Services - 2010

The prior 2010 total and net costs of services included a cost allocation for the City’s \$311 million employer contribution to the Pension Trust funded by the City’s issuance of pension obligation bonds in September 2009. The 2010 “special item - pension obligation bonds” revenue source of \$313 million reported on Table 2 offset the current financial burden placed on the City’s taxpayers, however the offset is not reflected in the 2010 cost of services and net cost of services reported in Table 3. As the debt service on the pension obligation bonds, issued in September 2009, will be amortized over the next thirty years the financial burden placed on the City’s taxpayers will as well be amortized over that same period of years. The issuance of the pension obligation bonds in fiscal year 2010 did not create an additional current financial burden on the taxpayers.

Business-Type Activities

Service revenues of the City’s business-type activities (see Table 2) increased by \$1.9 million from \$27.9 million in 2010 to \$29.8 million in 2011. The increase was a combination of an increase in water user rates and a significant reduction in the number of adjustments to receivable balances based on stipulated judgments and billing corrections. Capital grants and contributions decreased \$761 thousand as both Water and WPC enterprise operations concluded projects funded by State and Federal capital grants for various plant improvements initiated in the prior year. Operating expenses were consistent with the prior fiscal year decreasing by \$169 thousand.

City Funds Financial Analysis

Governmental Funds

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$29.1 million.

The General Fund reported a total fund balance this year of \$22.4 million representing an increase of \$1.2 million. The General Fund unassigned component of fund balance increased by \$391 thousand to \$18.6 million as of June 30, 2011. The City's General Fund revenue resources available for appropriation were \$2.3 million less than budgeted for. Budgetary based expenditures were \$6.5 million less than the final amended appropriated expenditure budget. The net budgetary surplus of \$4.2 million avoided the drawdown of the \$3 million designation of fund balance, provided for in the 2011 adopted budget for mill rate relief.

The \$10.1 million fund balance in the City's Debt Service fund decreased by \$135 thousand. The Debt Service fund balance will be drawn down in subsequent years as the City begins to realize the debt service impact resulting from the financing of its comprehensive capital improvement program. The \$6.7 million restricted portion of fund balance relates to a debt service reserve requirement on the City's outstanding SCRF deficit financing bonds, issued in 2002.

The General Capital Improvement Fund and Education Capital Improvement Fund reported a combined increase of \$22.5 million in fund balance resulting from the City's \$45 million issuance of general obligation bonds in September 2010. The bond proceeds were used to fund ongoing construction, renovation and infrastructure improvement costs. The City bonded \$28 million in September 2009, \$45 million in September 2010 and another \$28.7 million in September 2011 to finance construction and renovation expenditures authorized as part of the City's comprehensive capital improvement plan.

Proprietary Funds

The City's self-insured programs for Health Benefits, General Liability, Workers' Compensation, and Heart and Hypertension are reported as internal service funds of the City. The combined net assets in the City's self-insured internal service funds is \$7.2 million, excluding amounts set aside in the OPEB Reserve Fund. The \$7.2 unrestricted net asset position represents a combined increase of \$876 thousand in unrestricted net assets benefitted by \$6.8 million in investment earnings on the reserve funds during FY2011. The investment earnings reflect the general recovery/stabilization of investment performance in both bond and equity markets during the fiscal year ended June 30, 2011.

Benefits, claims and administrative expenses increased \$5.5 million over last year. Medical claim and prescription drug benefit trend rates continue to increase at percentages far in excess of the inflation rate. Increases in utilization and significant end of life claim events have been identified in the medical claim analysis data. In addition, the general liability self-insured program settled three significant cases during the past year resulting in a drawdown of program reserves. The 2012 General Fund contribution to the fund has been increased to replenish those reserves.

General Fund Budgetary Highlights

General fund revenues came in \$2.3 million less than budgetary revenue estimates. The majority of non-tax revenue sources have suffered significant declines in light of the 2009 great recession and its continued effects on the economy through 2011.

Income from investments missed budgetary projections by \$1.1 million as liquid fund rates remained well below half-a-percent. Charges for services also missed budgetary estimates by \$1.1 million as income from conveyance fees and housing permits continued to deteriorate as the mortgage crises continues to play out. General Fund intergovernmental revenues were \$1.8 million below estimates as the State reduced funding allocated to the manufacturing equipment program and school transportation programs. One bright spot in FY2011 was the realization of benefit cost reimbursements from the Board of Education’s federal grants to the tune of \$1.9 million above revenue estimates. During 2011, the Board of Education received federal stimulus funding to avoid reductions in education programs and staffing. A portion of that funding was allocable to employee benefit reimbursements.

The City’s General Fund expenditures were \$6.5 million less than budgeted. During FY2011, the City’s self-insured Health, Workers Compensation and Heart and Hypertension internal service funds experienced operating surpluses sufficient to allow the City’s General Fund to skip the last monthly contribution to those funds. That action provided for a \$2.4 million budgetary savings in general financial costs.

The General Fund’s total fund balance as of June 30, 2011 is \$22.4 million with \$750 thousand designated for awarded wage increases to be paid in FY2012 and \$3 million designated for mil rate relief as was done in FY2010 & FY2011. To the extent that the \$3 million designation is not drawn upon during the fiscal year it remains available for designation in the subsequent fiscal year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2011 the City had \$636.3 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads and bridges, and water and sewer facilities and lines - Table 4. This amount represents a net increase (including additions, deductions and depreciation) of \$44.3 million over last year.

**TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)**
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and land improvements	\$ 20,392	\$ 21,579	\$ 1,773	\$ 1,773	\$ 22,165	\$ 23,352
Buildings, utility plant and improvements	252,222	209,112	70,924	70,661	323,146	279,773
Infrastructure	39,208	39,358	59,577	59,924	98,785	99,282
Machinery and equipment	12,643	11,222	44,153	46,018	56,796	57,240
Vehicles	3,697	3,988	714	619	4,411	4,607
Construction in progress	123,076	117,020	7,893	10,657	130,969	127,677
Totals	\$ 451,238	\$ 402,279	\$ 185,034	\$ 189,652	\$ 636,272	\$ 591,931

Major capital activities during the year included the capitalization of \$60.6 million in school construction and renovation costs and other improvements to City buildings. More detailed information about the City’s capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2011 the City had \$510.7 million in bonds and notes outstanding versus \$512.5 million last year - as shown in Table 5.

TABLE 5
OUTSTANDING DEBT, AT YEAR-END
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 451,206	\$ 423,123	\$ 1,484	\$ 1,636	\$ 452,690	\$ 424,759
Serial notes payable			49,268	54,245	49,268	54,245
Bond anticipation notes (backed by the City)	5,000	29,150	3,750	4,375	8,750	33,525
	<u>\$ 456,206</u>	<u>\$ 452,273</u>	<u>\$ 54,502</u>	<u>\$ 60,256</u>	<u>\$ 510,708</u>	<u>\$ 512,529</u>

During the year, the City issued \$45 million in general obligation capital bonds to permanently finance ongoing capital expenditures including costs incurred related to the construction of several new elementary schools and the complete historical renovation/restoration of Waterbury's City Hall.

Included in the outstanding debt as of June 30, 2011 are pension obligation bonds in the amount of \$305.1 million and special capital reserve deficit bonds in the amount of \$57.0 million. Additionally, the Water Pollution Control (WPC) enterprise fund has self-supporting bond and clean water fund serial note outstanding debt totaling \$50.8 million on June 30, 2011. The Bureau of Water enterprise fund has no long-term outstanding debt obligations.

Bond anticipation notes totaling \$8.750 million are outstanding as of June 30, 2011 providing temporary financing for the City's and Water Department's capital improvement programs.

The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The City's outstanding general obligation debt is significantly below this \$1.53 billion state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's budget setting process avoids the utilization of unreasonable assumptions to project revenues and appropriations. Ongoing budget monitoring systems are in place to allow the City to react timely to unanticipated revenue shortfalls or unplanned costs with controlled use of the budgeted contingency for non-recurring expenses. The budget appropriation process is precise in its detail yet considers variables that may be encountered in the course of operations. The fiscal year 2012 budget has been crafted in a manner which takes into consideration the continued effects of the great recession. Revenue estimates were developed on the basis of achievable objectives and realism as a means to limit income deficiencies and thereby strengthening the likelihood of maintaining undesignated fund balance objectives. The 2012 adopted budget does not contain a mill rate increase. Difficult reductions were made to Departments' initial appropriation requests and funding for several unfilled vacancies was eliminated. The adopted budget includes a judicious designated use of fund balance in accordance with the City's fund balance policy.

The fiscal year 2012 budget calls for \$379.4 million in revenues and expenditures, a decrease of \$1.3 million or approximate .35% when compared with fiscal year 2011. A mill rate of 41.82 mills is applied to a net taxable grand list of \$5.3 billion that reflected little net taxable grand list growth over the October 1, 2009 assessed values. Property taxes are projected to provide 58.3% of all revenues compared with 57.8% in the prior year. The fiscal year 2012 revenue estimates include a \$500 thousand reduction in investment income and \$2.6 million reduction in local aid to be provided by the State resulting in a greater percentage of revenues provide by property taxes. The property tax collection rate continued to hold steady given the economic conditions at 96.91%. The high rate of tax collection is a credit to the taxpaying residents of the City of Waterbury coupled with the use of appropriate methods of delinquent tax collection including the use of tax sale auctions.

Overall, the 2012 budgeted revenues from sources other than taxation and designated use of fund balance have been reduced by \$2.3 million. The 2012 reduction is in addition to a similar \$2.9 reduction in the 2011 estimated revenues. Reductions in both years were necessary to reflect the ongoing impact of the economic recession on non-property tax revenues.

On the expenditure side, the City has not implemented any significant new programs or services. Cost control measures utilized during 2011 will be evaluated for use again in 2012. New savings from those cost savings measures will be impacted by the reduction of \$1.3 million in the appropriated expenditures for 2012.

The City's unemployment rate at fiscal year end was 14.1%. The local metropolitan area unemployment rate is 11.7%. The State and national unemployment rates were 9.0% and 9.1%, respectively. To date in fiscal year 2012, tax collections and other revenues dependent on the local economy have not appeared to be materially impacted by the State or local economies beyond the already reduced estimates built-into the fiscal budget.

As the City begins to prepare its fiscal year 2013 budget, it does so with the knowledge that there will be intensified pressure on the expenditure budget by virtue of continued stagnant and/or reduced revenues generated locally, flat and/or reduced local aid provided by the State and the loss of federal stimulus program revenues. The outlook for the 2013 budget development and adoption presents a daunting task to balance the governmental service needs of the taxpayers and holding the line on property taxes in contrast with the rising costs of providing medical benefits to the City's active and retired workforce and the funding of general wage increases set through negotiations or arbitration.

In the City's business-type activities, the Bureau of Water and Water Pollution Control rate charges remained unchanged for FY2012.

Contacting the City's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Finance Department, City of Waterbury, 235 Grand Street, Waterbury, Connecticut 06702.

Basic Financial Statements

CITY OF WATERBURY, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2011

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 32,525	\$ 22,045	\$ 54,570
Investments	80,163		80,163
Receivables, net	50,351	12,713	63,064
Deferred charges	634		634
Net pension asset	234,027		234,027
Other current assets	136	711	847
Capital assets:			
Assets not being depreciated	136,735	9,666	146,401
Assets being depreciated, net	314,503	175,368	489,871
Total assets	<u>849,074</u>	<u>220,503</u>	<u>1,069,577</u>
Liabilities:			
Accounts payable and accrued expenses	40,673	1,730	42,403
Bond anticipation notes payable	5,000	3,750	8,750
Unearned revenue	2,590		2,590
Noncurrent liabilities:			
Due within one year	40,515	6,204	46,719
Due in more than one year	624,704	53,998	678,702
Total liabilities	<u>713,482</u>	<u>65,682</u>	<u>779,164</u>
Net Assets:			
Invested in capital assets, net of related debt	357,192	124,232	481,424
Restricted for trust purposes:			
Trust purposes - nonexpendable	565		565
Trust purposes - expendable	1,820		1,820
Debt service - temporarily restricted	6,700		6,700
Unrestricted	<u>(230,685)</u>	<u>30,589</u>	<u>(200,096)</u>
Total Net Assets	<u>\$ 135,592</u>	<u>\$ 154,821</u>	<u>\$ 290,413</u>

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 81,785	\$ 1,738	\$	\$	\$ (80,047)	\$	\$ (80,047)
Public works	39,998	497	3,112	1,818	(34,571)		(34,571)
Public safety	57,945	3,488	718	187	(53,552)		(53,552)
Development and community affairs	5,087	1,086	5,186		1,185		1,185
Human services	6,860	181	3,579		(3,100)		(3,100)
Education	262,232	901	196,908	33,564	(30,859)		(30,859)
Culture and recreation	5,624	1,527	113		(3,984)		(3,984)
Interest on long-term debt	26,420				(26,420)		(26,420)
Total governmental activities	<u>485,951</u>	<u>9,418</u>	<u>209,616</u>	<u>35,569</u>	<u>(231,348)</u>	<u>-</u>	<u>(231,348)</u>
Business-type activities:							
Bureau of Water	12,688	12,457				(231)	(231)
Waste Treatment	<u>16,248</u>	<u>17,375</u>		<u>616</u>		<u>1,743</u>	<u>1,743</u>
Total business-type activities	<u>28,936</u>	<u>29,832</u>	<u>-</u>	<u>616</u>	<u>-</u>	<u>1,512</u>	<u>1,512</u>
Total	\$ <u>514,887</u>	\$ <u>39,250</u>	\$ <u>209,616</u>	\$ <u>36,185</u>	<u>(231,348)</u>	<u>1,512</u>	<u>(229,836)</u>
General revenues:							
Property taxes					214,816		214,816
Grants and contributions not restricted to specific programs					21,593		21,593
Unrestricted investment earnings					9,374	84	9,458
Miscellaneous					<u>645</u>	<u>983</u>	<u>1,628</u>
Total general revenues					<u>246,428</u>	<u>1,067</u>	<u>247,495</u>
Change in net assets					15,080	2,579	17,659
Net Assets, July 1, 2010					<u>120,512</u>	<u>152,242</u>	<u>272,754</u>
Net Assets, June 30, 2011					\$ <u>135,592</u>	\$ <u>154,821</u>	\$ <u>290,413</u>

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2011

(In Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Improvement</u>	<u>Education Capital Improvement</u>	<u>Educational Grants</u>	<u>Housing and Development Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 7,572	\$ 5,498	\$ 3,931	\$ 2,749	\$ 2,996	\$ 625	\$ 4,274	\$ 27,645
Investments	12,556	4,573					1,019	18,148
Receivables, net	19,752		2,570	13,831	2,130	9,399	1,880	49,562
Due from other funds	17,285							17,285
Other	65						72	137
Total Assets	<u>\$ 57,230</u>	<u>\$ 10,071</u>	<u>\$ 6,501</u>	<u>\$ 16,580</u>	<u>\$ 5,126</u>	<u>\$ 10,024</u>	<u>\$ 7,245</u>	<u>\$ 112,777</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$ 16,205	\$	\$ 2,507	\$ 11,423	\$ 2,504	\$ 851	\$ 437	\$ 33,927
Due to other funds				14,377			307	14,684
Notes payable			2,000	3,000				5,000
Deferred revenue	18,639		3		2,056	8,619	720	30,037
Total liabilities	<u>34,844</u>	<u>-</u>	<u>4,510</u>	<u>28,800</u>	<u>4,560</u>	<u>9,470</u>	<u>1,464</u>	<u>83,648</u>
Fund balances:								
Nonspendable	65						626	691
Restricted		6,700	1,991				1,820	10,511
Committed		3,371			566	554	3,498	7,989
Assigned	3,750							3,750
Unassigned	18,571			(12,220)			(163)	6,188
Total fund balances	<u>22,386</u>	<u>10,071</u>	<u>1,991</u>	<u>(12,220)</u>	<u>566</u>	<u>554</u>	<u>5,781</u>	<u>29,129</u>
Total Liabilities and Fund Balances	<u>\$ 57,230</u>	<u>\$ 10,071</u>	<u>\$ 6,501</u>	<u>\$ 16,580</u>	<u>\$ 5,126</u>	<u>\$ 10,024</u>	<u>\$ 7,245</u>	<u>\$ 112,777</u>

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

(In Thousands)

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I)
are different because of the following:

Fund balances - total governmental funds	\$	29,129
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	678,017	
Less accumulated depreciation		<u>(226,779)</u>	
Net capital assets			451,238

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	12,421
Interest receivable on property taxes	5,523
Other receivables and deferred amounts	884
Unamortized bond issuance costs	634
Housing loans	8,619
Net pension asset	234,027

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net assets.

20,550

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(451,206)
Deferred charges on refunding	1,637
Unamortized bond premium	(1,398)
Interest payable on bonds and notes	(3,583)
Accrued compensated absences	(33,520)
Retired employee obligations	(3,700)
Net OPEB obligation	(134,333)
Landfill post-closure	<u>(1,330)</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>135,592</u></u>
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The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	General	Debt Service Fund	General Capital Improvement	Education Capital Improvement	Educational Grants	Housing and Development Programs	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:								
Property taxes	\$ 218,483	\$	\$	\$	\$	\$	\$	\$ 218,483
Intergovernmental	153,659		4,956	33,052	52,360	5,502	12,281	261,810
Investment income	390	196	7	8		6	307	914
Charges for services	5,584				73		4,332	9,989
Reimbursements	12,913							12,913
Other	590	419	336		120	202	211	1,878
Total revenues	<u>391,619</u>	<u>615</u>	<u>5,299</u>	<u>33,060</u>	<u>52,553</u>	<u>5,710</u>	<u>17,131</u>	<u>505,987</u>
Expenditures:								
Current:								
General government	10,050						244	10,294
Public works	18,793							18,793
Public safety	43,580						2,724	46,304
Development and community affairs	1,070					5,892		6,962
Human services	3,324						3,563	6,887
Education	168,429				54,026		8,830	231,285
Culture and recreation	1,893						1,744	3,637
General financial	96,463							96,463
Capital outlay			25,423	39,008				64,431
Debt service:								
Principal		16,916						16,916
Interest		26,102						26,102
Total expenditures	<u>343,602</u>	<u>43,018</u>	<u>25,423</u>	<u>39,008</u>	<u>54,026</u>	<u>5,892</u>	<u>17,105</u>	<u>528,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>48,017</u>	<u>(42,403)</u>	<u>(20,124)</u>	<u>(5,948)</u>	<u>(1,473)</u>	<u>(182)</u>	<u>26</u>	<u>(22,087)</u>
Other Financing Sources (Uses):								
Issuance of bonds			40,000	5,000				45,000
Bond premium		148						148
Transfers in		42,694	3,393	229	1,497		110	47,923
Transfers out	(46,811)	(574)					(538)	(47,923)
Total other financing sources (uses)	<u>(46,811)</u>	<u>42,268</u>	<u>43,393</u>	<u>5,229</u>	<u>1,497</u>	<u>-</u>	<u>(428)</u>	<u>45,148</u>
Net Change in Fund Balances	1,206	(135)	23,269	(719)	24	(182)	(402)	23,061
Fund Balance, July 1, 2010	21,180	10,206	(21,278)	(11,501)	542	736	6,183	6,068
Fund Balance, June 30, 2011	<u>\$ 22,386</u>	<u>\$ 10,071</u>	<u>\$ 1,991</u>	<u>\$ (12,220)</u>	<u>\$ 566</u>	<u>\$ 554</u>	<u>\$ 5,781</u>	<u>\$ 29,129</u>

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$	23,061
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	61,652
Depreciation expense	(12,028)

In the statement of activities, the loss on the sale or disposal of capital assets is reported. However, in the governmental funds, the transaction is not reported. Thus the change in net assets differs from the change in fund balance by the loss on assets disposed.

(665)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(1,384)
Property tax interest and lien revenue - accrual basis change	(2,282)
Housing assistance loans receivable - accrual basis change	1,618
Other receivables - accrual basis change	157

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 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 amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	16,916
General obligation bonds issued	(45,000)
Amortization of deferred charge on refunding	(59)
Amortization of issuance costs	(58)
Amortization of premiums and discounts	108

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 the governmental funds. The details of the changes in other recorded obligations are as follows:

Net OPEB benefit obligation	(30,595)
Net pension asset	(180)
Compensated absences	(64)
Retired employee obligations	(355)
Accrued interest	(515)
Landfill post closure care	70

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

4,683

Change in Net Assets of Governmental Activities (Exhibit II)

\$	<u>15,080</u>
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The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

(In Thousands)

	Business-Type Activities			Governmental
	Water Pollution		Total	Activities
	Bureau of Water Enterprise Fund	Control Enterprise Fund		Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,465	\$ 19,580	\$ 22,045	\$ 4,880
Investments			-	62,015
Receivables, net	4,935	7,778	12,713	789
Inventories	711		711	
Total current assets	<u>8,111</u>	<u>27,358</u>	<u>35,469</u>	<u>67,684</u>
Noncurrent assets:				
Capital assets, net	<u>58,018</u>	<u>127,016</u>	<u>185,034</u>	
Total assets	<u>66,129</u>	<u>154,374</u>	<u>220,503</u>	<u>67,684</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	845	885	1,730	3,164
Due to other funds			-	2,601
Bond anticipation notes payable	3,750		3,750	
Capital lease obligations		524	524	
Bonds and serial notes payable		4,977	4,977	
Compensated absences	95	45	140	
Deferred credit		563	563	
Risk management claims			-	14,177
Total current liabilities	<u>4,690</u>	<u>6,994</u>	<u>11,684</u>	<u>19,942</u>
Noncurrent liabilities:				
Capital lease obligations		3,050	3,050	
Bonds and notes payable		45,775	45,775	
Compensated absences	379	181	560	
Deferred credit		4,613	4,613	
Risk management claims			-	27,192
Total noncurrent liabilities	<u>379</u>	<u>53,619</u>	<u>53,998</u>	<u>27,192</u>
Total liabilities	<u>5,069</u>	<u>60,613</u>	<u>65,682</u>	<u>47,134</u>
Net Assets:				
Invested in capital assets, net of related debt	56,718	67,514	124,232	
Unrestricted	<u>4,342</u>	<u>26,247</u>	<u>30,589</u>	<u>20,550</u>
Total Net Assets	<u>\$ 61,060</u>	<u>\$ 93,761</u>	<u>\$ 154,821</u>	<u>\$ 20,550</u>

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	Business-Type Activities			Internal Service Funds
	Bureau of Water Enterprise Fund	Water Pollution Control Enterprise Fund	Total	
Operating Revenues:				
Operations	\$ 12,457	\$ 17,375	\$ 29,832	\$
Employer premiums			-	76,306
Charges for services			-	10,048
Other	849	134	983	3,639
Total operating revenues	<u>13,306</u>	<u>17,509</u>	<u>30,815</u>	<u>89,993</u>
Operating Expenses:				
Operations	8,541	8,791	17,332	
Administration and general	2,657	2,001	4,658	
Depreciation	1,467	4,353	5,820	
Benefits, claims and administration			-	93,768
Total operating expenses	<u>12,665</u>	<u>15,145</u>	<u>27,810</u>	<u>93,768</u>
Operating Income (Loss)	<u>641</u>	<u>2,364</u>	<u>3,005</u>	<u>(3,775)</u>
Nonoperating Income (Expense):				
Investment income		84	84	8,458
Interest expense	(23)	(1,103)	(1,126)	
Net nonoperating income (expense)	<u>(23)</u>	<u>(1,019)</u>	<u>(1,042)</u>	<u>8,458</u>
Income Before Grants and Contributions	618	1,345	1,963	4,683
Capital Grants and Contributions		616	616	
Change in Net Assets	618	1,961	2,579	4,683
Total Net Assets, July 1, 2010	<u>60,442</u>	<u>91,800</u>	<u>152,242</u>	<u>15,867</u>
Total Net Assets, June 30, 2011	<u>\$ 61,060</u>	<u>\$ 93,761</u>	<u>\$ 154,821</u>	<u>\$ 20,550</u>

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	Business-Type Activities			Governmental
	Bureau of Water Enterprise Fund	Water Pollution Control Enterprise Fund	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from operations	\$ 11,903	\$ 16,851	\$ 28,754	\$
City's contribution			-	76,306
Cash received from employees and other	849	134	983	13,716
Cash paid to employees for services	(5,841)	(4,290)	(10,131)	
Cash paid to vendors	(5,493)	(6,464)	(11,957)	(91,210)
Net cash provided by (used in) operating activities	<u>1,418</u>	<u>6,231</u>	<u>7,649</u>	<u>(1,188)</u>
Cash Flows from Capital and Related Financing Activities:				
Capital grants		616	616	
Acquisition and construction of capital assets	(676)	(526)	(1,202)	
Principal payment - bonds, notes and leases	(4,375)	(6,188)	(10,563)	
Bond anticipation notes issued	3,750		3,750	
Interest paid on bonds and notes	(23)	(1,105)	(1,128)	
Net cash used in capital and related financing activities	<u>(1,324)</u>	<u>(7,203)</u>	<u>(8,527)</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities:				
Transfer from other funds			-	2,297
Transfer (to) other funds			-	(2,297)
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income on investments		84	84	2,121
Purchases of investments			-	(5,008)
Sales of investments			-	5,800
Net cash provided by investing activities	<u>-</u>	<u>84</u>	<u>84</u>	<u>2,913</u>
Net Increase (Decrease) in Cash and Cash Equivalents	94	(888)	(794)	1,725
Cash and Cash Equivalents, July 1, 2010	<u>2,371</u>	<u>20,468</u>	<u>22,839</u>	<u>3,155</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 2,465</u>	<u>\$ 19,580</u>	<u>\$ 22,045</u>	<u>\$ 4,880</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 641	\$ 2,364	\$ 3,005	\$ (3,775)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	1,467	4,353	5,820	
(Increase) decrease in receivables	(554)	(524)	(1,078)	29
Decrease in inventory	14		14	
Increase (decrease) in accounts payable and accrued expenses	(112)	20	(92)	2,877
Increase in due to other funds			-	995
Increase (decrease) in compensated absences	(38)	18	(20)	
Decrease in risk management claim liabilities			-	(1,314)
Net Cash Provided by Operating Activities	<u>\$ 1,418</u>	<u>\$ 6,231</u>	<u>\$ 7,649</u>	<u>\$ (1,188)</u>
Noncash Investing, Capital and Financing Activities:				
Amortization of deferred credit		<u>\$ 560</u>		
Increase in value of investments				<u>\$ 6,337</u>

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

(In Thousands)

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 12,533	\$ 2,257
Investments:		
Corporate bonds	47,175	
U.S. treasury obligations	28,511	
Asset backed securities	28,196	
Managed futures	30,299	
Common stock and equities	<u>253,452</u>	
Total assets	<u>400,166</u>	<u>\$ 2,257</u>
Liabilities:		
Deposits held for others		<u>\$ 2,257</u>
Net Assets:		
Held in trust for pension benefits	<u>\$ 400,166</u>	

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET ASSETS

PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

Additions:		
Contributions:		
Employer		\$ 15,865
Plan members		6,594
Total contributions		<u>22,459</u>
Investment income:		
Net appreciation in fair value of investments	\$ 64,045	
Interest and dividends	9,496	
Total investment income		<u>73,541</u>
Total additions		96,000
Deductions:		
Benefits	\$ 44,267	
Refunds	211	
Administration	2,650	
Total deductions		<u>47,128</u>
Net Increase		48,872
Net Assets Held in Trust for Pension Benefits, Beginning of Year		<u>351,294</u>
Net Assets Held in Trust for Pension Benefits, End of Year		<u><u>\$ 400,166</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Waterbury (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the City are described below.

A. Reporting Entity

Waterbury was founded in 1674, incorporated as a village in 1686 and became a City in 1853. The City operates under a Mayor-Board of Aldermen form of government with officials elected at regular biennial elections. Included in the services provided by the City are public safety, highways and streets, sanitation, health and social services, culture, recreation, education, public improvement, planning and zoning, and general administrative services.

Blended Component Unit

Waterbury Development Agency

The Waterbury Development Agency (WDA) was established in 1949 to administer various programs including urban renewal and economic development, central relocation and housing development. The WDA's sole remaining purpose of existence is to represent the City as its designated redevelopment agency, allowing for the performance of certain activities on behalf of the City that only a designated redevelopment agency can perform such as acquiring properties that will then be owned by the City. The WDA is included as part of the Housing and Development Programs Fund (Nonmajor Special Revenue Fund).

Related Organizations

The City has designated the Waterbury Development Corporation (the Corporation), among other designations, as the City's economic development agency, housing site development agency and community development agency. Under a subrecipient agreement between the City and the Corporation, the Corporation has assumed certain City responsibilities and obligations to administer grants and programs on behalf of the City. The City provides pass-through grant reimbursements to the Corporation from the City's Community Development Block Grant. The Mayor sits on the Board of the Corporation and is responsible for the ultimate appointment of 10 members of the 25 member Board.

The Mayor is responsible for appointing board members to the City's Housing Authority and the Naugatuck Valley Development Corporation (NVDC). The City's accountability for these organizations extends beyond making these appointments. The City has provided for certain guarantees in the event a future environmental liability associated with NVDC's Brass Mill Center Project was to occur.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City 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 City 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate 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.

C. 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 funds and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

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

The Debt Service Fund accounts for financial resources transferred in from other funds to fund debt service obligations. Additionally, the Debt Service Fund accounts for the City's equivalent to the highest annual debt service payment remaining on the City's outstanding special capital reserve financing bonds.

The General Capital Improvement Fund accounts for all the financial resources including transfers from the General Fund and bond proceeds used to finance the City's general capital improvement projects.

The Education Capital Improvement Fund accounts for all the financial resources including school construction grants, bond proceeds and transfers from the General Fund to finance the City's school building construction, addition and renovation projects.

The Educational Grants Fund accounts for all the educational grants administered by the Board of Education.

The Housing and Development Programs Fund accounts for the financial resources dedicated primarily for housing loan assistance and economic development initiatives.

The City reports the following major proprietary funds:

The Bureau of Water Enterprise Fund accounts for the operation of the City's water distribution system.

The Water Pollution Control Fund accounts for the operation of the sewage treatment plant and collection systems.

Additionally, the City reports the following fund types:

The Internal Service Funds account for the City's risk management function.

The Pension Trust Fund accounts for the activities of the City of Waterbury Retirement System, which accumulates resources for pension benefit payments to qualified City employees.

The Agency Funds account for monies held by the City in an agent capacity for student groups and developer funds.

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 business-type activities and enterprise funds, subject to this same limitation. The City 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 payments in lieu of taxes and other charges between certain City's functions because the 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 property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Bureau of Water and Water Pollution Control enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses 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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City and the component units to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the City, as well as for its component units, are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables, including those for component units, are shown net of an allowance for uncollectibles. The property tax receivable allowance of \$5,139 is equal to 28.1% of outstanding property taxes at June 30, 2011.

Real, personal and motor vehicle property taxes are levied on the assessed value at the rate enacted by the Board of Aldermen in the annual budget ordinance.

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year and are billed on the following July 1 and January 1. Taxes are overdue on August 1 and February 1. Interest at the rate of 1-1/2% per month accrues on all overdue taxes. If taxes are unpaid as of June 30, following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value.

Property tax revenues are recognized when they become measurable and available. Available means due, or past due and collectible within 60 days of the end of the current period. The amount of property taxes receivable but not recorded as revenue is recorded as a deferred revenue. Deferred revenue resulting from the accounting for property taxes is \$12,421.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	50
Other structures	25
Infrastructure	10-65
Machinery and equipment	5-20
Vehicles	5

H. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, eligible employees are compensated for unused sick and vacation leave (subject to certain limitations) at specified payment rates established by contract, regulation or policy. The General Fund generally liquidates this liability.

Accumulated vacation and sick time is recognized as a liability of the City.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the 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 any significant applicable bond premium or discount. Significant 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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the government-wide financial statements and in proprietary fund types, 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 externally imposed constraints placed on the net assets by grantors, contributors or laws and regulations of other governments.

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

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

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City Council).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the City Charter.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

A budget for the General Fund is authorized annually by the Board of Aldermen. The procedures for establishing the budgetary data reflected in the basic financial statements are as follows:

- The Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- The Board of Aldermen holds two public hearings and adjusts the proposed budget to incorporate taxpayer comments, as considered necessary.

- The budget is legally enacted through a Board of Aldermen resolution.
- At any time, in any fiscal year, upon recommendation of the Mayor and approval of the Board of Aldermen, the City may transfer any unexpended balance or any part thereof of any specific appropriation as made for that year to such other department or for such other purposes as the Board of Aldermen may designate.
- At any time, in any fiscal year, upon recommendation of the Mayor and approval of the Board of Aldermen, the City may increase the amount of any specific appropriation as made for that year to such department or for such purpose as the Board of Aldermen may designate. Any increased appropriation must be reconciled by an accompanying increase in revenue.

Formal budgetary integration is employed as a management control device in the General Fund during the year. Formal budgetary integration is not employed in Capital Projects and Special Revenue Funds because budgetary control is alternately achieved by constraints imposed by the project authorization or grant awards related to these funds.

Except for encumbrance accounting and budgeting for year end accrued payroll, the budget is prepared on the modified accrual basis of accounting. The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.

Generally, all unencumbered appropriations lapse at year end except those for capital project funds. Appropriations for capital projects are continued until completion of applicable projects even when projects extend more than one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Deficit Fund Equity

The following funds had deficit net asset balances as of June 30, 2011:

	<u>Amount</u>
Education Capital Improvement Fund	\$ 12,220*
Nonmajor and Other Funds:	
Internal Service Fund:	
Workers' Compensation	2,748**
General Liability	842**
Special Revenue Funds:	
Recreational Programs	163***

* Deficit will be funded in futures years through bond financing in accordance with approved bond authorizations for various school projects.

** Deficit balances will be systematically funded based on annual actuarial valuations.

*** Deficit will be reduced in future years when additional revenues are realized.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 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. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposit will not be returned. The City’s formal deposit policy includes sections regarding safekeeping and custody of deposits to mitigate custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$43,015 of the City’s bank balance of \$49,977 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	18,974
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name		<u>24,041</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>43,015</u></u>

Cash Equivalents

At June 30, 2011 the City's cash equivalents amounted to \$24,969. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
StateTax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Cooperative	
Liquid Assets Securities System (CLASS) Plus	AAAm

*Not rated

Investments

As of June 30, 2011, the City had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Corporate bonds	AAA to BBB+	\$ 46,067	\$ 2,774	\$ 43,293	\$
Corporate bonds	BB+ to B	16,111	330	13,204	2,577
Asset backed securities	AAA	37,263	89	5,906	31,268
Municipal bonds	AAA to A-	3,170		3,170	
U.S. Government agencies	AAA	44,007	10,732	21,286	11,989
Certificates of deposit	N/A	11,840		11,840	
Total		158,458	<u>\$ 13,925</u>	<u>\$ 98,699</u>	<u>\$ 45,834</u>
Other investments:					
Common stock		277,163			
Managed futures		30,299			
Mutual funds		1,876			
Total Investments		<u>\$ 467,796</u>			

N/A - Not available

Interest Rate Risk - The City's formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The City's investment policy further limits its investment choices including prohibiting investments in derivatives.

Concentration of Credit Risk - The City's investment policy does not allow for an investment in securities that are not readily marketable, other than those securities or deposits that mature within seven days, in any one issuer that is in excess of five percent of the City's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's formal investment policy includes sections regarding safekeeping and custody of investments to mitigate custodial credit risk. The City's individual investments in equities, corporate bonds, corporate asset backed securities and U.S. government agencies are uninsured and unregistered securities held by a counterparty or by its trust department or agent that are not in the City's name.

4. RECEIVABLES

Receivables as of year end for the City's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>General Capital Improvement</u>	<u>Education Capital Improvement</u>	<u>Educational Grants</u>	<u>Housing and Development Programs</u>	<u>Bureau of Water</u>	<u>Water Pollution Control</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:									
Taxes	\$ 18,272	\$	\$	\$	\$	\$	\$	\$	\$ 18,272
Accrued interest on taxes	12,269								12,269
Service fees						4,329	5,863		10,192
Unbilled revenue						1,718	2,064		3,782
Intermunicipal fees							813		813
Intergovernmental		2,570	13,831	2,130	780			1,491	20,802
Loans					8,619				8,619
Accounts and other	<u>3,114</u>					<u>160</u>	<u>894</u>	<u>1,210</u>	<u>5,378</u>
Gross receivables	<u>33,655</u>	<u>2,570</u>	<u>13,831</u>	<u>2,130</u>	<u>9,399</u>	<u>6,207</u>	<u>9,634</u>	<u>2,701</u>	<u>80,127</u>
Less allowance for uncollectibles:									
Taxes	(5,139)								(5,139)
Accrued interest on taxes	(6,746)								(6,746)
Service fees						(1,272)	(1,856)		(3,128)
Accounts and other	<u>(2,018)</u>							<u>(32)</u>	<u>(2,050)</u>
Total allowance	<u>(13,903)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,272)</u>	<u>(1,856)</u>	<u>(32)</u>	<u>(17,063)</u>
Net Total Receivables	<u>\$ 19,752</u>	<u>\$ 2,570</u>	<u>\$ 13,831</u>	<u>\$ 2,130</u>	<u>\$ 9,399</u>	<u>\$ 4,935</u>	<u>\$ 7,778</u>	<u>\$ 2,669</u>	<u>\$ 63,064</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 12,421	\$	\$ 12,421
Accrued interest on delinquent property taxes	5,523		5,523
Other account receivables	575		575
Advance tax collections		120	120
Other funds:			
Grant drawdowns prior to meeting all eligibility requirements		2,417	2,417
Housing loans and accrued interest	8,619		8,619
Other deferred revenue	309	53	362
	<u> </u>	<u> </u>	<u> </u>
Total Deferred/Unearned Revenue for Governmental Funds	\$ 27,447	\$ 2,590	\$ 30,037
	<u> </u>	<u> </u>	<u> </u>

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,303	\$	\$ (644)	\$ 13,659
Construction in progress	117,020	60,592	(54,536)	123,076
Total capital assets not being depreciated	<u>131,323</u>	<u>60,592</u>	<u>(55,180)</u>	<u>136,735</u>
Capital assets being depreciated:				
Land improvements	14,157			14,157
Buildings and improvements	294,021	49,301		343,322
Infrastructure	129,767	2,043		131,810
Machinery and equipment	36,242	3,845		40,087
Vehicles	13,913	407	(2,414)	11,906
Total capital assets being depreciated	<u>488,100</u>	<u>55,596</u>	<u>(2,414)</u>	<u>541,282</u>
Less accumulated depreciation for:				
Land improvements	(6,881)	(543)		(7,424)
Buildings and improvements	(84,909)	(6,191)		(91,100)
Infrastructure	(90,409)	(2,193)		(92,602)
Machinery and equipment	(25,020)	(2,424)		(27,444)
Vehicles	(9,925)	(677)	2,393	(8,209)
Total accumulated depreciation	<u>(217,144)</u>	<u>(12,028)</u>	<u>2,393</u>	<u>(226,779)</u>
Total capital assets being depreciated, net	<u>270,956</u>	<u>43,568</u>	<u>(21)</u>	<u>314,503</u>
Governmental Activities Capital Assets, Net	\$ <u>402,279</u>	\$ <u>104,160</u>	\$ <u>(55,201)</u>	\$ <u>451,238</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,773	\$	\$	\$ 1,773
Construction in progress	10,657	826	(3,590)	7,893
Total capital assets not being depreciated	<u>12,430</u>	<u>826</u>	<u>(3,590)</u>	<u>9,666</u>
Capital assets being depreciated:				
Utility plant	99,689	2,316		102,005
Infrastructure	97,750	867		98,617
Machinery and equipment	74,723	478	(82)	75,119
Vehicles	2,705	305	(95)	2,915
Total capital assets being depreciated	<u>274,867</u>	<u>3,966</u>	<u>(177)</u>	<u>278,656</u>
Less accumulated depreciation for:				
Utility plant	(29,028)	(2,053)		(31,081)
Infrastructure	(37,826)	(1,214)		(39,040)
Machinery and equipment	(28,705)	(2,343)	82	(30,966)
Vehicles	(2,086)	(210)	95	(2,201)
Total accumulated depreciation	<u>(97,645)</u>	<u>(5,820)</u>	<u>177</u>	<u>(103,288)</u>
Total capital assets being depreciated, net	<u>177,222</u>	<u>(1,854)</u>	<u>-</u>	<u>175,368</u>
Business-Type Activities Capital Assets, Net	<u>\$ 189,652</u>	<u>\$ (1,028)</u>	<u>\$ (3,590)</u>	<u>\$ 185,034</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,234
Public works (including parks)	2,851
Public safety	1,599
Human services	15
Education	4,875
Culture and recreation	<u>1,454</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 12,028</u>
Business-type activities:	
Water	\$ 1,467
Water Pollution Control	<u>4,353</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 5,820</u>

Construction Commitments

The City has authorized capital projects for the improvement and expansion of the City's facilities, infrastructure and other capital items. The following is a summary of the City's authorized capital projects by major program and the related commitments as of June 30, 2011:

<u>Program</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance June 30, 2011</u>
General Capital Improvement	\$ 193,529	\$ 113,724	\$ 9,736	\$ 70,069
Education Capital Improvement	323,680	178,765	68,658	76,257
Water Enterprise Capital Improvement	22,285	11,001	169	11,115
WPC Enterprise Improvement	<u>37,132</u>	<u>8,149</u>	<u>749</u>	<u>28,234</u>
	<u>\$ 576,626</u>	<u>\$ 311,639</u>	<u>\$ 79,312</u>	<u>\$ 185,675</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2011 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Education Capital Improvement	\$ 14,377
General Fund	Nonmajor Governmental	307
General Fund	Internal Service	<u>2,601</u>
	Total	<u>\$ 17,285</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>					<u>Total</u>
	<u>Debt Service</u>	<u>General Capital Improvement</u>	<u>Education Capital Improvement</u>	<u>Educational Grants</u>	<u>Nonmajor Governmental</u>	
Transfers out:						
General Fund	\$ 42,694	\$ 2,510	\$	\$ 1,497	\$ 110	\$ 46,811
Debt Service		469	105			574
Nonmajor Governmental Funds		<u>414</u>	<u>124</u>			<u>538</u>
Total	<u>\$ 42,694</u>	<u>\$ 3,393</u>	<u>\$ 229</u>	<u>\$ 1,497</u>	<u>\$ 110</u>	<u>\$ 47,923</u>

Transfers from the General Fund to the Debt Service and Nonmajor Governmental Funds are in accordance with budgetary appropriations authorizing the transfer of funds for designated purposes. Transfers from the General Fund to the General and Education Capital Improvement Funds are designed to locally fund portions of capital activities to reduce future bonding requirements.

7. DEFERRED CREDITS - WATER POLLUTION CONTROL ENTERPRISE FUND

The State of Connecticut Department of Environmental Protection has provided Clean Water Financing in the form of serial notes for the City's sewage treatment plant. Pursuant to certain inter-municipal agreements, a portion of the plant financing agreement will be paid for by other municipalities in exchange for guaranteed capacity for those towns. The serial notes are not reflected on the City's statement of net assets since the obligations are directly financed by the participating municipalities. Deferred credits are reflected as of June 30, 2011 amounting to \$5,176 and will be amortized and recorded as revenue as the contributing municipalities make payments to the State of Connecticut.

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Credit Amortization</u>
2012	\$ 562
2013	566
2014	569
2015	572
2016	574
2017-2020	<u>2,333</u>
Total	<u>\$ 5,176</u>

8. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 423,123	\$ 45,000	\$ 16,917	\$ 451,206	\$ 18,972
Add unamortized premiums	1,506		108	1,398	
Less deferred amount on refunding	<u>(1,696)</u>		<u>(59)</u>	<u>(1,637)</u>	
Total bonds payable	422,933	<u>45,000</u>	<u>16,966</u>	450,967	<u>18,972</u>
Accrued compensated absences	33,456	6,755	6,691	33,520	6,704
Retired employee obligations	3,345	1,004	649	3,700	592
Net OPEB obligation	103,738	30,595		134,333	
Landfill post-closure	1,400		70	1,330	70
Risk management	<u>42,683</u>	<u>92,454</u>	<u>93,768</u>	<u>41,369</u>	<u>14,177</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 607,555</u>	<u>\$ 175,808</u>	<u>\$ 118,144</u>	<u>\$ 665,219</u>	<u>\$ 40,515</u>

The risk management claims accounted for in the Internal Service Funds are reported in the long-term liabilities as part of the above totals for governmental activities. All governmental long-term liabilities are generally liquidated by the General Fund.

A schedule of governmental activities bonds and serial notes outstanding at June 30, 2011 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2011</u>
General purpose bonds payable:				
Special Capital Reserve Funds	04/01/02	4.0-5.5	\$ 82,075	\$ 5,130
Refunding Bond - 1998 and 2000	10/01/04	3.0-5.0	17,833	12,232
Refunding Bond - Special Capital Reserves	10/01/04	2.0-5.0	25,365	24,980
Refunding Bond - Special Capital Reserves	02/15/07	3.8-4.5	27,055	26,905
Capital Acquisition & Infrastructure Improvements	09/01/09	3.0-5.0	20,000	18,700
Capital Acquisition & Infrastructure Improvements	09/01/10	2.0-6.1	40,000	40,000
Total general purpose				<u>127,947</u>
School bonds payable:				
Refunding Bond - 1998 and 2000	10/01/04	3.0-5.0	6,286	5,514
School Construction	09/01/09	3.0-5.0	8,000	7,600
School Construction	09/01/10	2.0-6.1	5,000	5,000
Total school				<u>18,114</u>
Pension deficit bonds payable:				
Pension Obligation Bonds	09/17/09	2.7-7.1	313,145	<u>305,145</u>
Total				<u>\$ 451,206</u>

A schedule of governmental activities bonds outstanding at June 30, 2011 is presented below:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 18,972	\$ 26,451	\$ 45,423
2013	19,172	25,786	44,958
2014	19,245	25,056	44,301
2015	19,540	24,241	43,781
2016	19,881	23,389	43,270
2017-2021	99,336	101,266	200,602
2022-2026	83,260	72,901	156,161
2027-2031	75,800	46,873	122,673
2032-2036	60,000	23,393	83,393
2037-2039	<u>36,000</u>	<u>3,828</u>	<u>39,828</u>
Total	<u>\$ 451,206</u>	<u>\$ 373,184</u>	<u>\$ 824,390</u>

Compensated Absences

Employees can accumulate unused vacation and sick leave (as determined by individual union contracts) until termination of their employment. At termination, pay-out provisions as determined by individual union contract provides for payments to vested employees net of provisions to exchange selected amounts of accumulated sick time for pension service years. The amount recorded represents 35% of the total accumulated time of employees to account for the estimated percentage of employees that will never vest and to account for those employees who have accrued days in excess of that which will be paid by contract.

Retired Employee Obligations

Board of Education

Board of Education obligations to retired employees of \$3,700 consists of amounts due retired employees for unused compensated absences that are amortized over various years as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 604
2013	751
2014	850
2015	685
2016	453
2017-2018	357
Total	<u>\$ 3,700</u>

Landfill Post Closure Care Costs

The City received a consent order from the State of Connecticut Department of Environmental Protection requiring as of October 9, 1994 that its landfill no longer accept any solid waste and that by October 31, 1996 the facility be capped. The City has closed and capped the landfill and is in the sixth year of a thirty (30) year required post closure monitoring period. Governmental Accounting Standard Board (GASB) Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs," requires a liability related to closure and postclosure care to be estimated and recorded based on landfill capacity used to date. The City has estimated \$1,330 for the postclosure monitoring liability as of June 30, 2011. However, due to changes in technology, laws or regulations, these costs may change in the future.

Business-Type Activities

Changes in Long-Term Liabilities

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Bond and serial notes payable	\$ 55,881	\$	\$ 5,129	\$ 50,752	\$ 4,977
Deferred credit	5,736		560	5,176	563
Capital leases	4,073		499	3,574	524
Accrued compensated absences	720	124	144	700	140
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 66,410</u>	<u>\$ 124</u>	<u>\$ 6,332</u>	<u>\$ 60,202</u>	<u>\$ 6,204</u>

All business-type liabilities are generally liquidated by the Water and WPC user fees.

A schedule of business-type activities bonds and serial notes outstanding at June 30, 2011 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2011</u>
Business Type Activities:				
Water Pollution Control:				
Bonds payable:				
Refunding Bond - 1998 and 2000	10/01/04	3.0-5.0	\$ 2,076	\$ 1,484
Serial notes payable - State of Connecticut:				
Clean Water Act	08/30/95	2.0	4,008	564
Clean Water Act	07/31/97	2.0	6,448	1,631
Clean Water Act	12/31/00	2.0	69,647	35,523
Clean Water Act	10/30/02	2.0	11,547	6,759
Clean Water Act	11/30/03	2.0	2,424	1,582
Clean Water Act	05/30/04	2.0	2,953	1,969
Clean Water Act	06/30/04	2.0	1,138	687
Clean Water Act	11/30/05	2.0	544	390
Clean Water Act	06/29/07	2.0	226	163
Total				\$ <u>50,752</u>

A schedule of business-type activities bonds and serial notes outstanding at June 30, 2011 is presented below:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 5,232	\$ 999	\$ 6,231
2013	5,336	890	6,226
2014	5,444	780	6,224
2015	5,408	668	6,076
2016	5,492	556	6,048
2017-2021	22,594	1,140	23,734
2022-2023	<u>1,246</u>	<u>19</u>	<u>1,265</u>
Total	\$ <u>50,752</u>	\$ <u>5,052</u>	\$ <u>55,804</u>

Capital Leases

The City has entered into a twenty-year capital lease agreement for a sewage sludge incinerator facility that became operational in January 1997 and is operated by Synagro Technologies, Inc. The gross value of assets acquired through capital leases is \$6,224, all of which is recorded as machinery and equipment. The assets are amortized over the life of the lease and are included as part of annual depreciation expense. The City's annual sludge disposal fee includes a capital cost component payable through 2017.

The following is a schedule of future capital lease payments together with the net present value as of June 30, 2011.

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 707
2013	707
2014	707
2015	707
2016	707
2017	<u>706</u>
Minimum lease payments	4,241
Less: Amount representing interest at the City's incremental borrowing rate of interest	<u>(667)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,574</u>

Bonds Authorized/Unissued

Bonds authorized/unissued for which bonds and notes outstanding are as follows:

<u>Project Description</u>	<u>Date Authorized</u>	<u>Total Authorized</u>	<u>Bonds Issued</u>	<u>Notes Outstanding</u>	<u>Grants Received</u>	<u>Authorized Unissued</u>
General Purpose:						
Road Improvements III	03/22/10	\$ 1,000	\$ 500	\$	\$	500
Library - HVAC System	10/06/08	2,404	2,200			204
Chase Avenue Reconstruction	09/03/08	8,205	5,600			2,605
Division Street Drainage	09/03/08	1,200	900			300
Golf Course Equipment	12/10/07	751	700			51
Police Facility Projects	12/10/07	819	700			119
City Hall Improvements	05/31/07	35,900	31,800	2,000		2,100
Road Improvement Projects	08/09/06	8,930	8,100			830
Education:						
Special Education Facility	11/19/07	14,635	500	500	7,919	5,716
New Elementary School #1 - Duggan	06/25/04	31,900	5,000	1,000	22,122	3,778
New Elementary School #2 - Jonathan E. Reed	06/25/04	31,900	2,000	500	7,873	21,527
New Elementary School #3 - Gilmartin	06/25/04	31,900	4,500	1,000	21,794	4,606
Crosby Media Center	06/25/04	<u>5,800</u>	<u>1,000</u>		<u>4,016</u>	<u>784</u>
Total		<u>\$ 175,344</u>	<u>\$ 63,500</u>	<u>\$ 5,000</u>	<u>\$ 63,724</u>	<u>\$ 43,120</u>

Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes outstanding for the year ended June 30, 2011:

Governmental Activities:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
9/1/2010	8/31/2011	2.0	\$	\$ 5,000	\$	5,000
9/2/2009	9/1/2010	2.5	29,150		29,150	-
		Total	\$ 29,150	\$ 5,000	\$ 29,150	\$ 5,000

The Bureau of Water Enterprise Fund retired bond anticipation notes of \$4.375 million this year on September 1, 2010. The notes carried an interest rate of 2.5%. The Bureau of Water Enterprise Fund has \$3,750 of bond anticipation notes outstanding at June 30, 2011, which carry an interest rate of 2.0%.

Other

The City has defeased general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2011, the following refunded bonds outstanding are considered defeased:

<u>Original Issue</u>	<u>Date Refunded</u>	<u>Refunded Amount</u>	<u>Defeased Balance</u>
April 1, 2002	02/15/2007	\$ 26,635	\$ 26,635
February 1, 2000	10/01/2004	11,065	7,380
April 1, 2002	10/01/2004	25,015	24,635

Debt Limitations

The City's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 491,045	\$ 136,656	\$ 354,389
Schools	982,089	32,108	949,981
Sewers	818,408	50,752	767,656
Urban renewal	709,287		709,287
Pension deficit	654,726	305,145	349,581

The total of the City's net statutory indebtedness of \$524.7 million does not exceed the legal debt limitation of \$1.53 billion (seven times the base for debt limitation computation).

Bonds authorized/unissued used in the calculation of net indebtedness are net of grants received of \$63.7 million and estimated grants of \$25.4 million to be received under the State’s school building grant program in the form of proportional progress payments for eligible construction costs during certain construction phases of the school projects.

The net indebtedness excludes water bonds authorized and unissued of \$5.3 million.

9. RISK MANAGEMENT

The City is self-insured in most areas of risk. Self-insured risks include general and auto liability, workers’ compensation, unemployment and employee health claims. The City’s Legal Counsel defends the City in any lawsuits that arise from the normal course of operations.

The City purchases commercial insurance for individual stop loss insurance coverage of \$750 thousand for self-insured medical benefits. Additionally, the City purchases commercial insurance for excess coverage for self-insured general liability claims set at \$10 million with a City retention of \$1 million. Settlements over the last three years have not exceeded the insured coverage limits maintained by the City.

The City has an Anthem Blue Cross/Blue Shield medical plan for which payments are based upon actual claims (versus premium payments). In this case, Anthem Blue Cross/Blue Shield acts as a claims processor and a transfer of risk does not occur.

All funds of the City participate in the program and make payments to the Self-Insurance Internal Service Fund to pay claims, claim reserves and administrative costs of the program. During the fiscal year ended June 30, 2011, \$74.6 million in health care benefits and administrative costs were paid. Incurred but not reported health claims of \$4.1 million have been accrued as a liability based upon information supplied by the City’s Health Care Administrator. Actuarial estimated liability for claims incurred but not reported is not available.

An actuarial study estimates the present value of general liability outstanding losses including case reserves for known claims and incurred but not reported claims at \$4.2 million as of June 30, 2011.

An actuarial study estimates the present value of workers’ compensation claims liabilities, including case reserves for known claims and incurred but not reported claims, at \$23.0 million as of June 30, 2011.

The present value of future costs to current eligible recipients subject to Heart and Hypertension benefits is estimated at \$10.1 million as of June 30, 2011. The actuarial estimate is based on the present value of seven times current year paid benefits.

Changes in the reserve amounts in fiscal years 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Beginning of year	\$ 42,683	\$ 42,599
Fiscal year claims incurred and changes in prior years’ estimates	93,768	87,502
Fiscal year claims payments	<u>(95,082)</u>	<u>(87,418)</u>
End of Year	<u>\$ 41,369</u>	<u>\$ 42,683</u>

10. OPERATING LEASES

Lease Agreements as Lessor

The City leases the Waterbury Palace Theater to the Palace Theater Group under a twenty year lease agreement commenced on November 10, 2004 whereby the Place Theater Group serves as the sole and exclusive manager and maintainer of the Theater. The agreement permits use of the facility by the Waterbury Board of Education for its programs at an annual contribution of \$250.

Lease Agreements as Lessee

The City has entered into various operating leases related to the rental of property for office space, storage, and Board of Education instructional use. In addition, the Waterbury Board of Education uses the Waterbury Palace Theater for its programs for an annual contribution of \$250 in accordance with the City's theater lease agreement with the Palace Theater Group. The operating leases consist of both noncancelable operating leases and month-to-month lease arrangements. The costs for such leases were \$2,740 for the fiscal year ended June 30, 2011.

Future minimum lease payments are projected as follows:

2012	\$ 742
2013	417
2014	250
2015	250
2016	250

11. FUND EQUITY

The components of fund balance at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>General Capital Improvement</u>	<u>Education Capital Improvement</u>	<u>Educational Grants</u>	<u>Housing and Development Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:								
Nonspendable:								
Inventory	\$	\$	\$	\$	\$	\$	\$ 47	\$ 47
Prepaid assets	65						14	79
Trust							565	565
Restricted for:								
Debt service		6,700						6,700
Trust							1,820	1,820
Capital improvements			1,991					1,991
Committed to:								
Debt Service		3,371						3,371
Public safety							1,329	1,329
Human services							62	62
Development & community affairs						554		554
General government							367	367
Education					566		1,740	2,306
Assigned to:								
Public safety	750							750
Subsequent year budget	3,000							3,000
Unassigned	18,571			(12,220)			(163)	6,188
Total Fund Balances	\$ 22,386	\$ 10,071	\$ 1,991	\$ (12,220)	\$ 566	\$ 554	\$ 5,781	\$ 29,129

12. OTHER POSTEMPLOYMENT BENEFITS

The City, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses. Benefits are established and amended through negotiations between the City and the various unions representing City employees. The City pays the full cost of life insurance premiums. The percentage contribution of employees and retirees for medical benefits are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving benefits under the City's self-insured medical benefits program.

The postemployment benefit plan is a single-employer defined benefit plan and is considered to be part of the City of Waterbury's financial reporting entity. Plan benefit payments are included in the City's medical benefits fund. There are no stand-alone financial statements available for the plan.

Funding Policy

The City's current strategy is to fund postemployment obligations based upon the following distinct characteristics of benefits and status of recipient:

- Retirees and active members hired prior to June 30, 2004, which represent the largest element of both the actuarial accrued liability and ARC, are funded on a pay-as-you-go basis. This method, in time, will eliminate the unfunded status of this group;
- Active members hired after June 30, 2004 will be funded in accordance with the actuarially determined ARC, which includes both normal cost and the amortization of the accrued liability. The benefits of this employee group are substantially less than the benefits negotiated for employees hired prior to July 1, 2004.

The City's goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers. Although a trust fund may be established in the future to exclusively control the funding and reporting of postemployment benefits, since a combination of a trust fund and internal service fund control structure may be used, the City anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability.

The funding and payment of postemployment benefits are accounted for in an internal service fund. Additionally the City has established an OPEB Reserve Fund within the City's internal service funds to account for employer contributions towards funding the normal cost of active members hired after June 30, 2004. The City has not established a trust fund, as of June 30, 2011, to irrevocably segregate assets to fund the liability associated with postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

The following is the current census of City benefit participants as of July 1, 2010:

	<i>(not rounded)</i>
Active members	3,263
Retirees	<u>3,653</u>
Total	<u><u>6,916</u></u>

Postemployment retiree benefit payments for the year ended June 30, 2011, net of retiree and other contributions, amounted to approximately \$34,190. For the year ended June 30, 2011, retirees contributed \$671. The City set aside an additional \$2,297 in an OPEB Reserve Fund as of June 30, 2011.

Annual OPEB Cost and Net OPEB Obligations

The City of Waterbury's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

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 following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation (asset):

	Other Post Employment Benefits (OPEB)
Annual required contribution (ARC)	\$ 65,846
Interest on net OPEB obligation	5,706
Adjustment to annual required contribution	<u>(6,767)</u>
Annual OPEB cost	64,785
Contributions made	<u>(34,190)</u>
Increase in net OPEB obligation	30,595
Net OPEB obligation, beginning of year	<u>103,738</u>
Net OPEB obligation, End of Year	<u>\$ 134,333</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) for the fiscal years ended June 30, 2011, 2010, and 2009 is presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/09	\$ 64,260	\$ 30,842	48.0%	\$ 69,595
6/30/10	64,491	30,348	47.0%	103,738
6/30/11	64,785	34,190	52.8%	134,333

Projections for 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 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.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date.

An annual healthcare cost trend rate of 10% is used initially, decreasing 1% per year to an ultimate rate of 5% for 2015 and later. The expected inflation rate is 4%. The remaining amortization period at July 1, 2010 remained open at 30 years. As of July 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$801.2 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$801.2 million. The unfunded accrued liability is amortized each year over a constant 30 year period, as a level dollar amount.

Required Supplemental Information - OPEB

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability(AAL) Projected Unit Credit (b)	Funded Ratio (a/b)	Covered Payroll (c)	UFAL as a % of Covered Payroll ((b-a)/c)
7-1-06	\$ -	\$ 803,860	0%	\$ 159,469	504%
7-1-08	-	770,408	0	163,149	472
7-1-10	-	801,261	0	169,794	472

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contributions	Actual Contribution	Percentage ARC Contributed
6/30/09	\$ 64,663	\$ 30,842	47.6%
6/30/10	65,203	30,348	46.5%
6/30/11	65,846	34,190	51.9%

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

City of Waterbury Retirement System

A. Plan Description

The City is the administrator of the City of Waterbury Retirement System, a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its non-teacher employees. The PERS is considered to be part of the City of Waterbury’s financial reporting entity and is included in the City’s financial reports as a pension trust fund and there are no stand-alone financial statements available for the plan.

Membership as of July 1, 2010 of the PERS consisted of the following:

	<u>Number of Employees</u>
Retirees and Beneficiaries Currently Receiving Benefits	2,105
Terminated Employees Not Yet Receiving Benefits	58
Current Active Members	<u>1,776</u>
Total	<u><u>3,939</u></u>

Members are required to contribute to the Plan and the City is required to contribute the remaining amounts necessary to finance the coverage for its employees. Benefits and contributions are established by the City and may be amended only by the City Charter and Union negotiation. Benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed by the plan and used in determining the City's annual required contribution.

Refer to the PERS actuarial valuation report for summaries of specific plan provisions and actuarial assumptions and for eligibility and benefit exception provisions applicable to employees based on pre-existing hire dates and years of services. The following is a brief summary of current plan provisions:

	<u>Retirement Eligibility</u>	<u>Benefit</u>	<u>Employee Vesting</u>	<u>Contribution</u>
Police	25 Yrs.	2% of Final Average Compensation Max. 70%	10 Yrs.	9.5%
Fire	25 Yrs.	2%/Yr. Max. 70%	10 Yrs.	9.5%
Blue Collar	Earlier of 15 Yrs. and Age 65 25 Yrs. and Age 55	2%/Yr. Max. 70%	10 Yrs.	7.5%
White Collar	Earlier of 15 Yrs. and Age 65 25 Yrs. and Age 55	2%/Yr.	10 Yrs.	7.5%
Nurses	Earlier of 15 Yrs. and Age 65 25 Yrs. and Age 55	2% of FABC/ Yrs. of Service	10 Yrs.	7.5%
WMAA	Earlier of 15 Yrs. and Age 65 25 Yrs. and Age 55	2%/Yr.	10 Yrs.	7.5%
SAW	20 Yrs.	1%/Yr.	None	3% (1% member and 2% by Board)
Development	Earlier of 15 Yrs. and Age 65 25 Yrs. and Age 55	2%/Yr.	10 Yrs.	7.5%

B. Significant Accounting Policies and System Assets

The Plan follows the accrual basis of accounting. The investments of the PERS are valued at fair value.

C. Funding Status and Progress

Employees are required to contribute various percentages of their earnings to the PERS (See A above). If an employee leaves employment or dies before meeting the vesting requirements, accumulated employee contributions and interest are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined by its actuaries; the current rate is 20.3% of annual covered payroll. Benefits and employee contributions are fixed by contract and may be amended subject to union negotiations. In September 2009, the City issued \$313.1 million in Pension Obligation Bonds and contributed the proceeds to the plan.

D. Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the PERS for the current year were as follows:

Annual required contribution	\$ 15,866
Interest on net pension obligation	(19,907)
Adjustment to annual required contribution	<u>20,086</u>
Annual pension cost	16,045
Contributions made	<u>15,865</u>
Decrease in net pension asset	180
Net pension asset, beginning of year	<u>(234,207)</u>
Net Pension Asset, End of Year	<u>\$ (234,027)</u>

The following is a summary of certain significant actuarial assumptions and other PERS information:

Actuarial valuation date	July 1, 2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Remaining amortization period	29 years-closed
Asset valuation method	Actuarial Asset Smoothed
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases*	4.5%
Cost-of-living adjustments	n/a
*Inflation rate included	4%

E. Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/09	\$ 41,549	107%	\$ 77,021
6/30/10	16,385	2,000	(234,207)*
6/30/11	16,045	99	(234,027)

* Net pension asset of \$234,207 has been established after the \$311.1 million employer contribution per the City's pension obligation bond issuance of \$313.1 million.

F. Pension Plan Required Supplemental Information

Schedule of Employer Contributions

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2006	\$ 40,257	104%
2007	42,345	102
2008	42,238	104
2009	41,610	107
2010	16,444	1,992*
2011	15,866	100

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability(AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a-b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
7/1/05	\$ 41,621	\$ 507,434	\$ 465,813	8.2%	\$ 63,992	727.9%
7/1/06	47,405	515,860	468,455	9.2	69,555	673.5
7/1/07	59,935	522,177	462,242	11.5	70,371	656.9
7/1/08	68,756	527,860	459,104	13.0	73,978	620.6
7/1/09	381,606 *	541,960	160,354	70.4	74,268	215.9
7/1/10	383,409	542,456	159,047	70.7	78,151	203.5

* Includes pension bond proceeds accrued contribution of \$311.1 million.

State of Connecticut Teachers' Retirement System

Certified teachers employed by the City of Waterbury Board of Education are eligible to participate in the State of Connecticut Teachers' Retirement System. This system is a cost-sharing multi-employer defined benefit PERS with the State acting as a non-employer contributor, which is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). The State of Connecticut Teachers' 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.

Full-time certified staff who are employed for an average of at least one-half of a school day are required to participate. A member who completes 10 years of service in Connecticut public schools is eligible for a vested benefit commencing at age 60. Members are required to contribute 7.25% of their annual salary while the contributions by the State are determined on an actuarial reserve basis described in CGS Sections 10-1831 and 10-183z. During fiscal year 2011, members contributed \$7.1 million.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The City does not contribute to the Connecticut Teachers' Retirement System nor has any legal obligation for benefits. For the year ended June 30, 2011, the City has recorded in the General Fund revenues and expenditures in the amount of \$16.2 million as payments made by the State of Connecticut on behalf of the City. The City has no liability for teachers' pensions.

14. CONTINGENT LIABILITIES

The City is contingently liable in connection with litigation involving general liability, automobile liability, professional liability, law enforcement liability, employment practice liability, and other related miscellaneous suits and unasserted claims. These claims are estimated to total \$4.2 million and the City has recorded a provision for these claims in the General Liability Internal Service Fund. The City is also contingently liable in connection with litigation involving contractual liability, tax appeals and environmental liability. There is no specific provision for these claims as the City currently does not expect probable losses. The City intends to vigorously defend these actions; however, there can be no assurance that the City will prevail.

15. SUBSEQUENT EVENTS

On August 31, 2011, the City issued \$30 million general obligation bonds in accordance with existing capital project bond authorizations. The City redeemed \$5.4 million of maturing bond anticipation notes from the August 31, 2011 bond proceeds.

**Required Supplementary
Information**

CITY OF WATERBURY, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes:				
Current property taxes	\$ 210,937	\$ 210,937	\$ 211,613	\$ 676
Prior year property taxes	3,800	3,800	2,871	(929)
Supplemental auto list	1,600	1,600	1,510	(90)
Interest and penalties prior year	1,500	1,500	1,369	(131)
Interest and penalties current year	1,000	1,000	1,120	120
Total property taxes	<u>218,837</u>	<u>218,837</u>	<u>218,483</u>	<u>(354)</u>
Intergovernmental:				
Exemptions for elderly	855	855	795	(60)
Veterans additional exemption	135	135	137	2
Grant abatement for elderly housing	200	200	222	22
Manufacturing equipment incentive	2,700	2,700	2,077	(623)
Pequot - State	3,012	3,012	3,018	6
PILOT - State owned properties	4,130	4,130	4,154	24
PILOT - Private tax exempt property	6,790	6,790	6,926	136
PILOT - Housing Authority	10	10	46	36
PILOT - Vessels	-	-	11	11
Industrial incentive program	250	250	157	(93)
Education equalization	113,617	113,617	97,313	(16,304)
ARRA Stabilization	-	-	16,209	16,209
Nonpublic school transportation	417	417	393	(24)
Public school transportation	2,036	2,036	1,251	(785)
Nonpublic school medical services	650	650	555	(95)
Special Education - excess cost and agency placement	3,000	3,000	2,849	(151)
Education services for the blind	220	220	100	(120)
Special Education - Medicaid	985	985	833	(152)
Special revenue - federal grants			217	217
Special revenue - State grants	177	177	156	(21)
Total intergovernmental	<u>139,184</u>	<u>139,184</u>	<u>137,419</u>	<u>(1,765)</u>
Investment income:				
Income from investments	<u>1,500</u>	<u>1,500</u>	<u>390</u>	<u>(1,110)</u>
Charges for services:				
Probate court costs - Wolcott/Md	25	25	36	11
Proceeds - off track revenue	200	200	190	(10)
Deed transfer and recording fees	353	353	264	(89)
Real estate conveyance tax	1,000	1,000	767	(233)
Vital statistics and fees	253	253	357	104
Dog pound fees and licenses	19	19	7	(12)
Zoning appeal fees	15	15	-	(15)

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Refuse disposal charge	\$ 215	\$ 215	\$ 151	\$ (64)
Sewer permits	-	-	31	31
False alarm fines	65	65	26	(39)
Parking violation fees	550	550	511	(39)
Garage and meters parking fees	685	685	585	(100)
Marriott ramp garage	3	3	-	(3)
Building permits	600	600	582	(18)
Electrical work permits	200	200	132	(68)
Heating etc. permits	200	200	165	(35)
Plumbing permits	110	110	68	(42)
Restaurant license permits	130	130	123	(7)
Outside tuition	785	785	553	(232)
Building rental fees	245	245	177	(68)
Departmental charges	196	196	220	24
Other permits, licenses and fees	813	813	639	(174)
Total charges for services	<u>6,662</u>	<u>6,662</u>	<u>5,584</u>	<u>(1,078)</u>
Reimbursements:				
Employee fringe benefit contribution	7,500	7,500	9,424	1,924
Park Department	235	235	234	(1)
Bureau of Water	1,939	1,939	1,993	54
Waste Treatment	1,261	1,261	1,262	1
Total reimbursements	<u>10,935</u>	<u>10,935</u>	<u>12,913</u>	<u>1,978</u>
Other:				
Telephone access lines	450	450	335	(115)
Miscellaneous sources	140	140	255	115
Total other	<u>590</u>	<u>590</u>	<u>590</u>	<u>-</u>
Total	\$ <u>377,708</u>	\$ <u>377,708</u>	375,379	\$ <u>(2,329)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers'

Retirement System for City teachers are not budgeted

16,240

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues

Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 391,619

CITY OF WATERBURY, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2011**

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Government:				
Office of the Mayor	\$ 635	\$ 635	\$ 616	\$ 19
Board of Aldermen	48	48	48	-
Legal Department	1,708	1,968	1,927	41
City Clerk	232	257	255	2
Town Clerk	584	584	554	30
Department of Human Resources	852	854	806	48
Registrar of Voters	358	393	386	7
City Sheriff	16	16	16	-
Probate Court	192	195	172	23
Finance Department	1,310	1,310	1,295	15
Department of Assessment	870	870	856	14
Collector of Revenue	1,283	1,283	1,199	84
Department of Purchases	244	245	241	4
Department of Audit	145	145	143	2
Department of Budget Control	170	170	170	-
Department of Information Technology	1,483	1,483	1,366	117
Total general government	<u>10,130</u>	<u>10,456</u>	<u>10,050</u>	<u>406</u>
Public Works:				
Public Works Administration	626	626	600	26
Engineering	1,217	1,192	1,117	75
Public Works Services	4,920	4,884	4,622	262
Public Works Operations	12,300	12,681	12,454	227
Total public works	<u>19,063</u>	<u>19,383</u>	<u>18,793</u>	<u>590</u>
Public Safety:				
Police Department	25,537	25,537	24,714	823
Fire Department	18,957	18,957	18,866	91
Total public safety	<u>44,494</u>	<u>44,494</u>	<u>43,580</u>	<u>914</u>
Planning and Development:				
Office of the City Plan	396	396	340	56
Department of Inspections	799	799	730	69
Total planning and development	<u>1,195</u>	<u>1,195</u>	<u>1,070</u>	<u>125</u>
Human Services:				
Department of Health	3,357	3,411	3,324	87
Education:				
Department of Education	155,625	155,625	153,686	1,939
Culture and Recreation:				
Silas Bronson Library	2,008	2,008	1,893	115

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Financial:				
Contractual services	\$ 903	\$ 903	\$ 870	\$ 33
Employee benefits	5,635	5,995	5,849	146
Health benefits	62,639	61,639	61,139	500
Pension	15,987	15,987	15,958	29
Legal - general liability	1,300	1,300	1,300	-
Heart and hypertension	1,700	1,700	1,558	142
Workers compensation	9,000	9,000	8,250	750
Municipal groups	1,404	1,460	1,354	106
Contingency and other	1,924	838	185	653
Total general financial	<u>100,492</u>	<u>98,822</u>	<u>96,463</u>	<u>2,359</u>
 Total expenditures	 <u>336,364</u>	 <u>335,394</u>	 <u>328,859</u>	 <u>6,535</u>
Other Financing Uses:				
Transfers Out:				
Debt Service Fund	42,694	42,694	42,694	-
Special revenue programs	100	140	140	-
Capital Improvement	1,550	2,480	2,480	-
Total other financing uses	<u>44,344</u>	<u>45,314</u>	<u>45,314</u>	<u>-</u>
 Total	 <u>\$ 380,708</u>	 <u>\$ 380,708</u>	 374,173	 <u>\$ 6,535</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers'
Retirement System for City teachers are not budgeted.

16,240

Total Expenditures and Other Financing Uses as Reported on the Statement of
Revenues, Expenditures and Changes in Fund Balances - Governmental Funds -
Exhibit IV

\$ 390,413

**Combining and Individual
Fund Statements and Schedules**

General Fund

GENERAL FUND

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specific funds. The General Fund accounts for the normal recurring activities of the City (i.e., police, fire, education, recreation, public works, general government, etc.). These activities are funded principally by property taxes on individuals and businesses, and grants from other governmental units.

CITY OF WATERBURY, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

(In Thousands)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 7,572	\$ 21,148
Investments	12,556	11,349
Receivables:		
Property taxes receivable, net	13,133	14,683
Property taxes accrued interest receivable, net	5,523	7,805
Accounts receivable, net	1,096	925
Due from other funds	17,285	1,834
Other assets	<u>65</u>	
Total Assets	<u>\$ 57,230</u>	<u>\$ 57,744</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 16,205	\$ 14,324
Deferred revenue	<u>18,639</u>	<u>22,240</u>
Total liabilities	<u>34,844</u>	<u>36,564</u>
Fund balance:		
Unreserved:		
Nonspendable	65	
Assigned	3,750	3,000
Unassigned	<u>18,571</u>	<u>18,180</u>
Total fund balance	<u>22,386</u>	<u>21,180</u>
Total	<u>\$ 57,230</u>	<u>\$ 57,744</u>

CITY OF WATERBURY, CONNECTICUT

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

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Grand List Year	Combined Uncollected Taxes July 1, 2010	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Principal Tax Collections	Interest, Liens and Warrants	Total Collections	Combined Uncollected Taxes June 30, 2011*	Uncollected Taxes Non-City Owned	Uncollected Taxes City Owned
		Additions	Deductions								
2009	\$ 221,652	\$ 548	\$ 2,088	\$ 294	\$ 219,818	\$ 213,022	\$ 1,192	\$ 214,214	\$ 6,796	\$ -	\$ 6,796
2008	6,375	283	848	1,282	4,528	2,185	612	2,797	2,343	-	2,343
2007	3,233	66	233	1,152	1,914	337	206	543	1,577	-	1,577
2006	3,044	52	29	1,966	1,101	215	129	344	886	-	886
2005	1,050	18	5	207	856	19	29	48	837	-	837
2004	955	8	2	207	754	7	24	31	747	-	747
2003	771		3	127	641	6	17	23	635	-	635
2002	654		4	43	607	6	10	16	601	-	601
2001	759		2	43	714	6	12	18	708	-	708
2000	887		4	377	506	5	12	17	501	-	501
1999	840			277	563	7	13	20	556	62	494
1998	690			227	463	4	8	12	459	-	459
1997	2,054		3	1,144	907	17	44	61	890	308	582
1996	1,651		47	825	779	5	39	44	774	696	78
1995	1,428		1,281	** 145	2	2	48	50	-	-	-
	<u>\$ 246,043</u>	<u>\$ 975</u>	<u>\$ 4,549</u>	<u>\$ 8,316</u>	<u>\$ 234,153</u>	<u>\$ 215,843</u>	<u>\$ 2,395</u>	218,238	<u>\$ 18,310</u>	<u>\$ 1,066</u>	<u>\$ 17,244</u>
				Suspense Collections				508			
				Less:							
				Collection agency fees				(123)			
				Change in overpayments liability				141			
				Principal tax collections paid to lien holder agencies				(113)			
				Subtotal				218,651			
				City Owned - Property taxes receivable considered available:							
				June 30, 2010				(878)			
				June 30, 2011				710			
				Total				<u>\$ 218,483</u>			

* Represents total receivable of \$19,338 net of \$1,028 representing overpayment balances recorded as a liability in the General Fund.

** Operation of law

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are established in the City of Waterbury pursuant to State Statutes or local ordinances and resolutions. The criteria for the creation of a Special Revenue Fund are generally the desire or need to conspicuously segregate revenues, which are to be utilized for special and specific purposes, or expenditures incurred for the performance of specific activities, or both.

Fund	Funding Source	Function
Public Safety Grants and Programs	State and federal grants and charges for services	Public safety activities and police services - private duty
Health Grants and Programs	State and federal grants and charges for services	General public assistance programs
Recreational Programs	Charges for services	Recreation Department programs and municipal golf courses
Miscellaneous Grants and Programs	Various	Miscellaneous activities
Special Projects	General Fund transfers	Nonrecurring special purpose projects
Food Service	Sale of food and grants	School lunch and breakfast programs
Silas Bronson Library	Charges for services, contributions and grants	City library operations
Expendable Trust Funds	Trust and investment Income	Various specified purposes and activities

Permanent Funds

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

CITY OF WATERBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

(In Thousands)

	<u>Special Revenue</u>				
	<u>Public Safety Grants and Programs</u>	<u>Health Grants and Programs</u>	<u>Recreational Programs</u>	<u>Miscellaneous Grants and Programs</u>	<u>Special Projects</u>
ASSETS					
Cash and cash equivalents	\$ 1,248	\$ 388	\$ 240	\$ 120	\$ 285
Investments					
Intergovernmental receivables	19	238			
Accounts receivable, net	383		4		2
Other assets			11		
Inventory					
Total Assets	<u>\$ 1,650</u>	<u>\$ 626</u>	<u>\$ 255</u>	<u>\$ 120</u>	<u>\$ 287</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued liabilities	\$ 12	\$ 206	\$ 58	\$ 18	\$ 22
Due to other funds			307		
Deferred revenue	309	358	53		
Total liabilities	<u>321</u>	<u>564</u>	<u>418</u>	<u>18</u>	<u>22</u>
Fund Balance:					
Nonspendable					
Restricted					
Committed	1,329	62		102	265
Unassigned			(163)		
Total fund balance	<u>1,329</u>	<u>62</u>	<u>(163)</u>	<u>102</u>	<u>265</u>
Total Liabilities and Fund Balance	<u>\$ 1,650</u>	<u>\$ 626</u>	<u>\$ 255</u>	<u>\$ 120</u>	<u>\$ 287</u>

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

COMBINING BALANCE SHEET

JUNE 30, 2011
(In Thousands)

	Special Revenue				Permanent Trust Funds	Total Nonmajor Governmental Funds
	Food Service	Silas Bronson Library	Expendable Trust Funds	Total		
ASSETS						
Cash and cash equivalents	\$ 605	\$ 60	\$ 763	\$ 3,709	\$ 565	\$ 4,274
Investments		1,019		1,019		1,019
Intergovernmental receivables	1,234			1,491		1,491
Accounts receivable, net				389		389
Other assets	14			25		25
Inventory	47			47		47
Total Assets	\$ 1,900	\$ 1,079	\$ 763	\$ 6,680	\$ 565	\$ 7,245
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable and accrued liabilities	\$ 99	\$ 3	\$ 19	\$ 437	\$ -	\$ 437
Due to other funds				307		307
Deferred revenue				720		720
Total liabilities	99	3	19	1,464	-	1,464
Fund Balance:						
Nonspendable	61			61	565	626
Restricted		1,076	744	1,820		1,820
Committed	1,740			3,498		3,498
Unassigned				(163)		(163)
Total fund balance	1,801	1,076	744	5,216	565	5,781
Total Liabilities and Fund Balance	\$ 1,900	\$ 1,079	\$ 763	\$ 6,680	\$ 565	\$ 7,245

CITY OF WATERBURY, CONNECTICUT

EXHIBIT B-2

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	Special Revenue				
	Public Safety Grants and Programs	Health Grants and Programs	Recreational Programs	Miscellaneous Grants and Programs	Special Projects
Revenues:					
Intergovernmental	\$ 698	\$ 3,561	\$	\$ 24	\$
Investment income	3				
Charges for services	1,979	12	1,487	23	
Other		10	26	9	
Total revenues	<u>2,680</u>	<u>3,583</u>	<u>1,513</u>	<u>56</u>	<u>-</u>
Expenditures:					
General government				47	197
Public safety	2,724				
Human services		3,543		20	
Education					
Culture and recreation			1,611		
Total expenditures	<u>2,724</u>	<u>3,543</u>	<u>1,611</u>	<u>67</u>	<u>197</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(44)</u>	<u>40</u>	<u>(98)</u>	<u>(11)</u>	<u>(197)</u>
Other Financing Sources (Uses):					
Transfers in			110		
Transfers out	(350)				(64)
Total other financing sources (uses)	<u>(350)</u>	<u>-</u>	<u>110</u>	<u>-</u>	<u>(64)</u>
Net Change in Fund Balances	(394)	40	12	(11)	(261)
Fund balance, July 1, 2010	<u>1,723</u>	<u>22</u>	<u>(175)</u>	<u>113</u>	<u>526</u>
Fund balance, June 30, 2011	<u>\$ 1,329</u>	<u>\$ 62</u>	<u>\$ (163)</u>	<u>\$ 102</u>	<u>\$ 265</u>

CITY OF WATERBURY, CONNECTICUT

EXHIBIT B-2

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	<u>Special Revenue</u>					<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service</u>	<u>Silas Bronson Library</u>	<u>Expendable Trust Funds</u>	<u>Total</u>	<u>Permanent Trust Funds</u>	
Revenues:						
Intergovernmental	\$ 7,991	\$ 7	\$	\$ 12,281	\$	\$ 12,281
Investment income		170	133	306	1	307
Charges for services	812	19		4,332		4,332
Other		14	152	211		211
Total revenues	<u>8,803</u>	<u>210</u>	<u>285</u>	<u>17,130</u>	<u>1</u>	<u>17,131</u>
Expenditures:						
General government				244		244
Public safety				2,724		2,724
Human services				3,563		3,563
Education	8,780		50	8,830		8,830
Culture and recreation		40	88	1,739	5	1,744
Total expenditures	<u>8,780</u>	<u>40</u>	<u>138</u>	<u>17,100</u>	<u>5</u>	<u>17,105</u>
Excess (Deficiency) of Revenues over Expenditures	<u>23</u>	<u>170</u>	<u>147</u>	<u>30</u>	<u>(4)</u>	<u>26</u>
Other Financing Sources (Uses):						
Transfers in				110		110
Transfers out	(124)			(538)		(538)
Total other financing sources (uses)	<u>(124)</u>	<u>-</u>	<u>-</u>	<u>(428)</u>	<u>-</u>	<u>(428)</u>
Net Change in Fund Balances	(101)	170	147	(398)	(4)	(402)
Fund balance, July 1, 2010	<u>1,902</u>	<u>906</u>	<u>597</u>	<u>5,614</u>	<u>569</u>	<u>6,183</u>
Fund balance, June 30, 2011	<u>\$ 1,801</u>	<u>\$ 1,076</u>	<u>\$ 744</u>	<u>\$ 5,216</u>	<u>\$ 565</u>	<u>\$ 5,781</u>

CITY OF WATERBURY, CONNECTICUT

GENERAL CAPITAL IMPROVEMENT FUND

SCHEDULE OF CHANGES IN PROJECT FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011
(In Thousands)

	Accounting Unit	Fund Balance July 1, 2010	Capital Grants	Investment Income	Other Income	Capital Outlay Expenditures	Internal Transfers In (Out)	External Transfers In	Issuance of Bonds	Fund Balance June 30, 2011	
Capital Projects and Programs:											
	DPW Consolidated Facility	60000, 60001	\$ 1,435	\$ 2,071	\$	\$ 3,853	\$	\$	\$	(347)	
	Wachovia Building	60002	(3,884)		2	100	1,942	750	350	5,000	376
	Energy Efficiency	60003		464			464				-
	Infrastructure Improvements Brass Mills	60010	255				21				234
	City Road Repairs and Improvement	60020	370				71				299
	Division Street Drainage	60021	(423)				21		400		(44)
	Chase Avenue	60022	(5,634)				120		5,600		(154)
	City Wide Paving	60023	(2,853)		1		2,035		5,000		113
	Cooke Street Sidewalks	60026		498			498				-
	East Main Street / Mad River Bridge	60027		76			76				-
	Park Improvements	60030	12				5				7
	Library HVAC	60071	(600)				79		700		21
	Town Aid Road	60085	1,288	539			288				1,547
	Local Capital Improvement Program	60106	(1)	406			405				-
	Capital Revolving Fund - City Hall and Chase	60115	644				1,213	600			31
	City Hall Renovation	60120	(16,574)		4		9,697	469	21,800		(3,998)
	DOT Traffic Safety Improvement	60125	(6)								(6)
	Police Parking	60146	(150)				1,372				(1,522)
	Police Facility Projects	60147	(692)				18		700		(10)
	Police - Buckingham Elevator	60148	(85)				17				(102)
	Capital Budget	60180	4,160	474		141	1,787	(786)	1,210		3,412
	Road Improvement Program	60182	(474)				98		600		28
	Vehicle Replacement Fund	60185	1,656			57	824	700			1,589
	Town Clerk - Public Act	60221	95			35	22				108
	Technology HRIS/Payroll Project	60226	248								248
	Live Burn Trailer	60236	51	187			238				-
	Mobile Data Terminals	60240		32			40	36			28
	Driver Training System	60241						64			64
	Recreation Area Improvement Park 98-10	61000	30	6			17				19
	CT Urban Forest Council	61002				3	3				-
	Open Space East Mountain CUAP 2002-21	61005		31			31				-
	Town Plot Park CUAP 2006-13	61009		1			1				-
	Golf Course Equipment	61013	(213)				4		200		(17)
	East Mountain Park CUAP 2008-08	61014		39			39				-
	Fulton Greenhouse CUAP 2008-04	61016		7			7				-
	Longhill Berkeley CSAP 2009-10	61017		125			125				-
	Schofield Park - NOW	61035	3								3
	Miscellaneous Improvements	61050	64								64
	Total		\$ (21,278)	\$ 4,956	\$ 7	\$ 336	\$ 25,423	\$ -	\$ 3,393	\$ 40,000	\$ 1,991

CITY OF WATERBURY, CONNECTICUT
EDUCATION CAPITAL IMPROVEMENT FUND
SCHEDULE OF CHANGES IN PROJECT FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011
(In Thousands)

	<u>Accounting Unit</u>	<u>Fund Balance July 1, 2010</u>	<u>Capital Grants</u>	<u>Investment Income</u>	<u>Other Income</u>	<u>Capital Outlay Expenditures</u>	<u>Transfers In (Out)</u>	<u>Issuance of Bonds</u>	<u>Fund Balance June 30, 2011</u>
Capital Projects and Programs:									
	Rotella Magnet School	\$ 514	\$ (511)		\$		\$		\$ 3
	Wilby Science Lab	65001 (18)	2,591			3,298			(725)
	Carrington School	65002 (84)	887			1,129			(326)
	AHMMA Magnet School	65003 (91)	1,191			1,516			(416)
	School Improvement Code Compliance	65005 (2,160)				36			(2,196)
	Kennedy Media Expansion	65020 56	14			18			52
	Crosby School	65025 (22)	14			18			(26)
	Wilby Addition	65030 141	14			18			137
	School Building Maintenance Program	65035.65040.65041 135							135
⌘	Consolidated Construction Grant	65050 (20)							(20)
	New Elementary School #1	65051 (4,901)	13,072	5		13,554	56	2,500	(2,822)
	New Elementary School #2	65052 908	5,755	2		8,028	3		(1,360)
	New Elementary School #3	65053 (3,325)	2,962	1		3,874	46	2,000	(2,190)
	Crosby/Wallace School	65054 (266)	14			18			(270)
	Alternative/Special Education School Facility	65055 (2,624)	7,049			7,199		500	(2,274)
	Kitchen Renovations	65060 233				302	147		78
	Café POS System	65061 23					(23)		-
	Total	<u>\$ (11,501)</u>	<u>\$ 33,052</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 39,008</u>	<u>\$ 229</u>	<u>\$ 5,000</u>	<u>\$ (12,220)</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost-reimbursement basis.

Health Benefits - A fund used to pay health insurance claims and to purchase administrative services and stop loss insurance for the health care plans.

OPEB Reserve - A fund used to accumulate employer contributions to pay health insurance claims of current employees upon retirement for the period of eligibility.

General Liability - To account for the receipt of General Fund contributions to fund general and auto liability claims.

Workers' Compensation - Accounts for the receipt of General Fund contributions to fund incurred Workers' Compensation claims. Contribution amounts are based on projections from an actuarial valuation.

Heart and Hypertension - To account for the receipt of General Fund contributions to fund heart and hypertension claims and settlements.

CITY OF WATERBURY, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2011
(In Thousands)

	<u>Health Benefits</u>	<u>OPEB Reserve</u>	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Heart and Hypertension</u>	<u>Total</u>
Assets:						
Cash and cash equivalents	\$ 421	\$ 206	\$ 3,643	\$ 457	\$ 153	\$ 4,880
Investments	13,578	13,190	2,843	20,154	12,250	62,015
Receivables - other	716		9	64		789
Total assets	<u>14,715</u>	<u>13,396</u>	<u>6,495</u>	<u>20,675</u>	<u>12,403</u>	<u>67,684</u>
Liabilities:						
Current:						
Accounts payable	6		3,115	43		3,164
Due to other funds	2,178			413	10	2,601
Risk management claim liabilities:						
Current	4,080		1,198	6,599	2,300	14,177
Noncurrent			3,024	16,368	7,800	27,192
Total liabilities	<u>6,264</u>	<u>-</u>	<u>7,337</u>	<u>23,423</u>	<u>10,110</u>	<u>47,134</u>
Net Assets:						
Unrestricted	<u>\$ 8,451</u>	<u>\$ 13,396</u>	<u>\$ (842)</u>	<u>\$ (2,748)</u>	<u>\$ 2,293</u>	<u>\$ 20,550</u>

CITY OF WATERBURY, CONNECTICUT

INTERNAL SERVICE FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	<u>Health Benefits</u>	<u>OPEB Reserve</u>	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Heart and Hypertension</u>	<u>Total</u>
Operating revenues:						
Employer premiums	\$ 63,133	\$	\$ 2,427	\$ 9,188	\$ 1,558	\$ 76,306
Charges for services	10,048					10,048
Other	3,418		16	204	1	3,639
Total operating revenues	<u>76,599</u>	<u>-</u>	<u>2,443</u>	<u>9,392</u>	<u>1,559</u>	<u>89,993</u>
Operating expenses:						
Benefits, claims and administration:						
Paid	75,052	112	7,527	9,912	2,479	95,082
Claims incurred reported/unreported	(457)		(424)	(1,233)	800	(1,314)
Total operating expenses	<u>74,595</u>	<u>112</u>	<u>7,103</u>	<u>8,679</u>	<u>3,279</u>	<u>93,768</u>
Operating income (loss)	2,004	(112)	(4,660)	713	(1,720)	(3,775)
Nonoperating income:						
Investment income	<u>1,805</u>	<u>1,622</u>	<u>976</u>	<u>2,317</u>	<u>1,738</u>	<u>8,458</u>
Income (loss) before transfers	3,809	1,510	(3,684)	3,030	18	4,683
Transfers in (out)	<u>(2,297)</u>	<u>2,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	1,512	3,807	(3,684)	3,030	18	4,683
Total net assets, July 1, 2010	<u>6,939</u>	<u>9,589</u>	<u>2,842</u>	<u>(5,778)</u>	<u>2,275</u>	<u>15,867</u>
Total Net Assets, June 30, 2011	<u>\$ 8,451</u>	<u>\$ 13,396</u>	<u>\$ (842)</u>	<u>\$ (2,748)</u>	<u>\$ 2,293</u>	<u>\$ 20,550</u>

CITY OF WATERBURY, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
(In Thousands)

	<u>Health Benefits</u>	<u>OPEB Reserve</u>	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Heart and Hypertension</u>	<u>Total</u>
Cash Flows from Operating Activities:						
Employer premiums	\$ 63,133	\$	\$ 2,427	\$ 9,188	\$ 1,558	\$ 76,306
Cash received from users and other	13,568		7	140	1	13,716
Cash paid to suppliers and other	(74,481)	(112)	(4,505)	(9,643)	(2,469)	(91,210)
Net cash provided by (used in) operating activities	<u>2,220</u>	<u>(112)</u>	<u>(2,071)</u>	<u>(315)</u>	<u>(910)</u>	<u>(1,188)</u>
Cash Flows from Noncapital Financing Activities:						
Transfers (to) from other funds	<u>(2,297)</u>	<u>2,297</u>				<u>-</u>
Cash Flows from Investing Activities:						
Investment income	458	292	255	686	430	2,121
Purchases of investments	(207)	(2,466)	(329)	(1,641)	(365)	(5,008)
Sales of investments			5,200		600	5,800
Net cash provided by (used in) investing activities	<u>251</u>	<u>(2,174)</u>	<u>5,126</u>	<u>(955)</u>	<u>665</u>	<u>2,913</u>
Net Increase (Decrease) in Cash and Cash Equivalents	174	11	3,055	(1,270)	(245)	1,725
Cash and Cash Equivalents, July 1, 2010	<u>247</u>	<u>195</u>	<u>588</u>	<u>1,727</u>	<u>398</u>	<u>3,155</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 421</u>	<u>\$ 206</u>	<u>\$ 3,643</u>	<u>\$ 457</u>	<u>\$ 153</u>	<u>\$ 4,880</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	<u>\$ 2,004</u>	<u>\$ (112)</u>	<u>\$ (4,660)</u>	<u>\$ 713</u>	<u>\$ (1,720)</u>	<u>\$ (3,775)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
(Increase) decrease in receivables	102		(9)	(64)		29
Increase in due to other funds	572			413	10	995
Increase (decrease) in accounts payable	(1)		3,022	(144)		2,877
Increase (decrease) in risk management claim liabilities	(457)		(424)	(1,233)	800	(1,314)
Total adjustments	<u>216</u>	<u>-</u>	<u>2,589</u>	<u>(1,028)</u>	<u>810</u>	<u>2,587</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,220</u>	<u>\$ (112)</u>	<u>\$ (2,071)</u>	<u>\$ (315)</u>	<u>\$ (910)</u>	<u>\$ (1,188)</u>
Noncash Investing, Capital and Financing Activities:						
Net Increase in Value of Investments	<u>\$ 1,347</u>	<u>\$ 1,330</u>	<u>\$ 721</u>	<u>\$ 1,631</u>	<u>\$ 1,308</u>	<u>\$ 6,337</u>

Fiduciary Funds

FIDUCIARY FUNDS

Agency Funds

Student Activities - to account for the collection and payment of expenses for education extra-curricular activities at the high school, middle school and elementary schools.

Performance Bonds & Escrow Accounts - This fund was established to account for cash bonds and other cash and cash equivalent securities held by the City to ensure compliance with specifications and regulations with respect to various building projects and improvements.

CITY OF WATERBURY, CONNECTICUT

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ <u>429</u>	\$ <u>964</u>	\$ <u>943</u>	\$ <u>450</u>
Liabilities:				
Deposits held for others	\$ <u>429</u>	\$ <u>964</u>	\$ <u>943</u>	\$ <u>450</u>
Performance Bonds & Escrow Accounts				
Assets:				
Cash and cash equivalents	\$ <u>2,079</u>	\$ <u>409</u>	\$ <u>681</u>	\$ <u>1,807</u>
Liabilities:				
Deposits held for others	\$ <u>2,079</u>	\$ <u>409</u>	\$ <u>681</u>	\$ <u>1,807</u>
Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ <u>2,508</u>	\$ <u>1,373</u>	\$ <u>1,624</u>	\$ <u>2,257</u>
Liabilities:				
Deposits held for others	\$ <u>2,508</u>	\$ <u>1,373</u>	\$ <u>1,624</u>	\$ <u>2,257</u>

Supplementary Data

CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF CHANGES IN BONDS AND SERIAL NOTES

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding July 1, 2010	Issued	Retired	Balance Outstanding June 30, 2011
GENERAL								
General Purpose:								
Special Capital Reserve Funds	04/01/02	04/01/22	4.0-5.5	\$ 82,075	\$ 10,260	\$	\$ 5,130	\$ 5,130
Refunding Bond - 1998 & 2000	10/01/04	02/01/20	3.0-5.0	17,833	13,642		1,410	12,232
Refunding Bond - Special Capital Reserves	10/01/04	04/01/17	2.0-5.0	25,365	25,065		85	24,980
Refunding Bond - Special Capital Reserves	02/15/07	02/15/22	3.8-4.5	27,055	26,955		50	26,905
Capital Acquisition & Infrastructure Improvements	09/01/09	09/01/29	3.0-5.0	20,000	20,000		1,300	18,700
Capital Acquisition & Infrastructure Improvements	09/01/10	09/01/30	2.0-6.1	40,000		40,000		40,000
Total					<u>95,922</u>	<u>40,000</u>	<u>7,975</u>	<u>127,947</u>
Schools:								
Refunding Bond - 1998 & 2000	10/01/04	02/01/20	3.0-5.0	6,286	6,056		542	5,514
School Construction	09/01/09	09/01/29	3.0-5.0	8,000	8,000		400	7,600
School Construction	09/01/10	09/01/30	2.0-6.1	5,000		5,000		5,000
Total					<u>14,056</u>	<u>5,000</u>	<u>942</u>	<u>18,114</u>
Pension Deficit:								
Pension Obligation Bonds	09/17/09	12/01/38	2.7-7.1	313,145	313,145		8,000	305,145
Total general government bond indebtedness					<u>423,123</u>	<u>45,000</u>	<u>16,917</u>	<u>451,206</u>
BUSINESS-TYPE ACTIVITIES								
Bureau of Waste Water Treatment:								
Refunding Bond - 1998 & 2000	10/01/04	02/01/20	3.0-5.0	2,076	1,636		152	1,484
Clean Water Act*	08/30/95	08/31/15	2.0	4,008	743		179	564
Clean Water Act*	07/31/97	07/31/16	2.0	6,448	1,933		302	1,631
Clean Water Act*	12/31/00	06/30/20	2.0	69,647	39,090		3,567	35,523
Clean Water Act*	10/30/02	04/30/22	2.0	11,547	7,312		553	6,759
Clean Water Act*	11/30/03	04/30/23	2.0	2,424	1,699		117	1,582
Clean Water Act*	05/30/04	04/30/23	2.0	2,953	2,114		145	1,969
Clean Water Act*	06/30/04	07/31/20	2.0	1,138	756		69	687
Clean Water Act*	11/30/05	04/30/23	2.0	544	419		29	390
Clean Water Act*	06/29/07	07/31/20	2.0	226	179		16	163
Total business-type bond and serial note indebtedness					<u>55,881</u>	<u>-</u>	<u>5,129</u>	<u>50,752</u>
TOTAL BOND AND SERIAL NOTES INDEBTEDNESS - PRIMARY GOVERNMENT					<u>\$ 479,004</u>	<u>\$ 45,000</u>	<u>\$ 22,046</u>	<u>\$ 501,958</u>

* State of Connecticut serial notes payable - Clean Water Act

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

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

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF WATERBURY, CONNECTICUT

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

(In Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 357,192	\$ 321,056	\$ 291,451	\$ 286,264	\$ 260,385	\$ 249,075	\$ 246,269	\$ 144,847	\$ 133,948	\$ 132,832
Restricted	9,085	9,035	8,500	8,839	9,068	10,147	10,513	10,818	10,927	11,084
Unrestricted	<u>(230,685)</u>	<u>(209,579)</u>	<u>(183,212)</u>	<u>(164,894)</u>	<u>(126,805)</u>	<u>(143,179)</u>	<u>(151,240)</u>	<u>(165,476)</u>	<u>(160,977)</u>	<u>(177,422)</u>
Total governmental activities net assets	<u>135,592</u>	<u>120,512</u>	<u>116,739</u>	<u>130,209</u>	<u>142,648</u>	<u>116,043</u>	<u>105,542</u>	<u>(9,811)</u>	<u>(16,102)</u>	<u>(33,506)</u>
Business-type activities:										
Invested in capital assets, net of related debt	124,232	123,052	119,905	114,283	109,922	106,803	106,155	104,785	100,080	111,721
Unrestricted	<u>30,589</u>	<u>29,190</u>	<u>33,784</u>	<u>35,111</u>	<u>41,316</u>	<u>42,925</u>	<u>44,589</u>	<u>44,767</u>	<u>42,091</u>	<u>19,837</u>
Total business-type activities net assets	<u>154,821</u>	<u>152,242</u>	<u>153,689</u>	<u>149,394</u>	<u>151,238</u>	<u>149,728</u>	<u>150,744</u>	<u>149,552</u>	<u>142,171</u>	<u>131,558</u>
Primary government:										
Invested in capital assets, net of related debt	481,424	444,108	411,356	400,547	370,307	355,878	352,424	249,632	234,028	244,553
Restricted	9,085	9,035	8,500	8,839	9,068	10,147	10,513	10,818	10,927	11,084
Unrestricted (deficit)	<u>(200,096)</u>	<u>(180,389)</u>	<u>(149,428)</u>	<u>(129,783)</u>	<u>(85,489)</u>	<u>(100,254)</u>	<u>(106,651)</u>	<u>(120,709)</u>	<u>(118,886)</u>	<u>(157,585)</u>
Total Primary Government Net Assets	<u>\$ 290,413</u>	<u>\$ 272,754</u>	<u>\$ 270,428</u>	<u>\$ 279,603</u>	<u>\$ 293,886</u>	<u>\$ 265,771</u>	<u>\$ 256,286</u>	<u>\$ 139,741</u>	<u>\$ 126,069</u>	<u>\$ 98,052</u>

NOTES:

(1) Schedule prepared on the accrual basis of accounting.

CITY OF WATERBURY, CONNECTICUT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

(In Thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:										
Governmental activities:										
General government	\$ 81,785	\$ 114,871	\$ 124,482	\$ 117,786	\$ 103,968	\$ 107,929	\$ 107,452	\$ 108,402	\$ 100,559	\$ 95,564
Public works	39,998	61,731	34,809	30,477	26,567	24,465	23,167	22,473	22,137	13,401
Public safety	57,945	222,160	57,859	57,105	45,781	45,754	45,350	49,359	47,735	46,905
Development and community affairs	5,087	5,483	4,851	4,262	5,779	1,313	845			
Human services	6,860	10,692	6,932	6,700	5,707	7,203	5,593	6,115	6,469	10,608
Education	262,232	352,648	230,247	278,534	194,886	188,387	173,965	173,080	165,286	153,266
Culture and recreation	5,624	9,911	3,026	3,189	4,370	4,352	3,440	3,537	4,798	8,562
Interest on long-term debt	26,420	20,900	4,369	4,831	5,500	6,039	6,465	7,488	7,910	6,885
Total governmental activities expenses	485,951	798,396	466,575	502,884	392,558	385,442	366,277	370,454	354,894	335,191
Business-type activities:										
Bureau of Water	12,688	12,801	13,556	13,305	12,226	11,968	11,516	11,818	9,625	10,579
Water Pollution Control	16,248	16,298	17,451	17,383	16,732	16,731	16,122	16,081	14,333	16,359
Total business-type activities expenses	28,936	29,099	31,007	30,688	28,958	28,699	27,638	27,899	23,958	26,938
Total expenses	514,887	827,495	497,582	533,572	421,516	414,141	393,915	398,353	378,852	362,129
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,738	1,829	1,946	2,320	3,668	4,036	3,874	3,502	1,280	1,054
Public works	497	422	407	357	640	272	228	199	280	386
Public safety	3,488	3,465	3,827	3,671	3,190	2,080	2,258	3,536	2,999	2,990
Development and community affairs	1,086	953	1,413	1,542	2,050	1,481	1,057			
Human services	181	179	186	187	225	151	147	87	204	375
Education	901	1,016	834	1,336	1,067	1,911	1,700	1,299	1,608	1,047
Culture and recreation	1,527	1,562	1,429	1,422	1,345	1,481	1,434	1,428	1,911	1,731
Operating grants and contributions	209,616	212,170	193,520	237,794	169,743	166,050	158,881	156,973	155,407	154,593
Capital grants and contributions	35,569	27,301	14,043	18,982	8,103	3,327	3,208	3,062	3,826	8,082
Total governmental activities program revenues	254,603	248,897	217,605	267,611	190,031	180,789	172,787	170,086	167,515	170,258
Business-type activities:										
Charges for services:										
Bureau of Water	12,457	11,020	12,183	9,828	10,834	11,474	10,557	11,847	11,934	13,152
Waste Treatment	17,375	16,833	17,895	16,624	17,319	19,117	16,964	21,453	21,089	21,328
Capital grants and contributions	616	1,377	4,976	605	609	583	742	1,777	1,388	1,049
Total business-type activities program revenues	30,448	29,230	35,054	27,057	28,762	31,174	28,263	35,077	34,411	35,529
Total program revenues	285,051	278,127	252,659	294,668	218,793	211,963	201,050	205,163	201,926	205,787

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT
CHANGES IN NET ASSETS (CONTINUED)

LAST TEN FISCAL YEARS
(In Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net (expense) revenue:										
Governmental activities	\$ (231,348)	\$ (549,499)	\$ (248,970)	\$ (235,273)	\$ (202,527)	\$ (204,653)	\$ (193,490)	\$ (200,368)	\$ (187,379)	\$ (164,933)
Business-type activities	1,512	131	4,047	(3,631)	(196)	2,475	625	7,178	10,453	8,591
Total net cost of services	<u>(229,836)</u>	<u>(549,368)</u>	<u>(244,923)</u>	<u>(238,904)</u>	<u>(202,723)</u>	<u>(202,178)</u>	<u>(192,865)</u>	<u>(193,190)</u>	<u>(176,926)</u>	<u>(156,342)</u>
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	214,816	207,627	213,806	192,161	194,581	187,818	181,973	178,227	179,980	164,403
Grants and contributions not restricted to specific programs	21,593	22,888	21,985	22,719	24,965	22,865	23,269	21,120	22,360	27,572
Unrestricted investment earnings (losses)	9,374	6,308	(1,625)	4,747	9,073	3,782	3,885	1,825	2,165	2,454
Other general revenues	645	504	334	3,207	513	689	917	428	278	3,164
Transfers in		2,800	1,000							
Special item - pension obligation bond proceeds		313,145								
Special item - State capital asset contributions							98,799			
Special item - Consolidation of Parking Authority								5,059		
Total governmental activities	<u>246,428</u>	<u>553,272</u>	<u>235,500</u>	<u>222,834</u>	<u>229,132</u>	<u>215,154</u>	<u>308,843</u>	<u>206,659</u>	<u>204,783</u>	<u>197,593</u>
Business-type activities:										
Unrestricted investment earnings	84	97	418	1,267	1,562	1,172	567	203	160	217
Other general revenues	983	1,125	830	520	144					
Transfers out		(2,800)	(1,000)							
Special item - Mutual release agreement billing adjustment						(4,663)				
Total business-type activities	<u>1,067</u>	<u>(1,578)</u>	<u>248</u>	<u>1,787</u>	<u>1,706</u>	<u>(3,491)</u>	<u>567</u>	<u>203</u>	<u>160</u>	<u>217</u>
Total general revenues and other charges	<u>247,495</u>	<u>551,694</u>	<u>235,748</u>	<u>224,621</u>	<u>230,838</u>	<u>211,663</u>	<u>309,410</u>	<u>206,862</u>	<u>204,943</u>	<u>197,810</u>
Changes in Net Assets:										
Governmental activities	15,080	3,773	(13,470)	(12,439)	26,605	10,501	115,353	6,291	17,404	32,660
Business-type activities	2,579	(1,447)	4,295	(1,844)	1,510	(1,016)	1,192	7,381	10,613	8,808
Total	<u>\$ 17,659</u>	<u>\$ 2,326</u>	<u>\$ (9,175)</u>	<u>\$ (14,283)</u>	<u>\$ 28,115</u>	<u>\$ 9,485</u>	<u>\$ 116,545</u>	<u>\$ 13,672</u>	<u>\$ 28,017</u>	<u>\$ 41,468</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The City began recording the net OPEB obligation in the governmental activities in accordance with GASB Statement No. 45 in fiscal year 2008.
- (3) 2010 includes pension obligation bond issuance proceeds and expense allocation of the employer contribution to the Pension Trust.

CITY OF WATERBURY, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:										
Nonspendable	\$ 65	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assigned	3,750									
Unassigned	18,571									
Fund Balance Unreserved:										
Designated		3,000	3,000	1,000	2,958	2,000	4,112	7,222	8,860	8,250
Unreserved		18,180	18,082	18,016	16,918	17,494	12,000	11,000	10,000	5,800
Total General Fund	<u>\$ 22,386</u>	<u>\$ 21,180</u>	<u>\$ 21,082</u>	<u>\$ 19,016</u>	<u>\$ 19,876</u>	<u>\$ 19,494</u>	<u>\$ 16,112</u>	<u>\$ 18,222</u>	<u>\$ 18,860</u>	<u>\$ 14,050</u>
All other governmental funds:										
Nonspendable	\$ 626	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	10,511									
Committed	7,989									
Unassigned	(12,383)									
Reserved		85,409	83,793	73,390	40,790	33,731	20,066	14,959	16,137	12,289
Unreserved, reported in:										
Special revenue funds		6,327	3,889	4,375	8,482	6,082	5,965	6,621	5,084	4,428
Capital projects funds		(106,848)	(87,231)	(62,638)	(19,501)	(6,703)	10,483	16,126	21,314	23,007
Total All Other Governmental Funds	<u>\$ 6,743</u>	<u>\$ (15,112)</u>	<u>\$ 451</u>	<u>\$ 15,127</u>	<u>\$ 29,771</u>	<u>\$ 33,110</u>	<u>\$ 36,514</u>	<u>\$ 37,706</u>	<u>\$ 42,535</u>	<u>\$ 39,724</u>

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
- (2) Starting in 2011, fund balance allocations were modified to adhere to GASB Statement 54.

CITY OF WATERBURY, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues:										
Property taxes	\$ 218,483	\$ 210,060	\$ 210,092	\$ 197,239	\$ 194,680	\$ 188,416	\$ 180,545	\$ 180,371	\$ 177,721	\$ 159,134
Intergovernmental	261,810	256,264	224,881	276,284	198,468	185,327	173,029	170,683	170,979	180,062
Investment income	914	978	2,224	3,881	5,395	3,855	2,242	1,405	1,551	1,718
Charges for services	9,989	10,498	11,287	11,699	13,033	12,349	11,402	9,986	7,234	6,688
Reimbursements	12,913	11,420	11,340	11,696	11,089	11,199	10,123	9,336	9,911	8,914
Other	1,878	3,876	2,912	4,404	2,617	1,630	2,330	2,832	3,192	3,471
Total revenues	<u>505,987</u>	<u>493,096</u>	<u>462,736</u>	<u>505,203</u>	<u>425,282</u>	<u>402,776</u>	<u>379,671</u>	<u>374,613</u>	<u>370,588</u>	<u>359,987</u>
Expenditures:										
General government	10,294	10,234	9,675	9,430	8,940	8,923	8,317	8,669	8,017	8,929
Public works	18,793	18,550	19,286	17,913	17,317	18,288	17,438	19,808	14,374	14,408
Public safety	46,304	46,946	47,149	45,942	44,590	43,493	45,592	47,702	44,358	45,439
Development and community affairs	6,962	5,973	6,092	3,508	5,372	1,313	845			
Human services	6,887	7,380	7,040	7,190	5,805	6,901	5,796	6,405	8,313	10,617
Education	231,285	233,542	213,768	261,290	193,906	182,797	170,880	171,271	165,833	151,732
Culture and recreation	3,637	3,980	3,983	3,809	3,576	3,330	3,433	3,546	5,185	5,835
General financial	96,463	415,194	119,770	119,107	109,777	105,434	101,458	94,568	89,358	85,708
Library and other									4,277	5,846
Capital outlay	64,431	85,109	38,001	37,482	20,604	14,041	10,285	10,549	5,883	5,816
Debt service:										
Principal	16,916	7,160	7,090	9,934	12,503	12,047	12,119	11,384	14,361 *	10,921
Interest	26,102	19,040	4,492	5,102	6,226	6,231	6,810	7,534		
Total expenditures	<u>528,074</u>	<u>853,108</u>	<u>476,346</u>	<u>520,707</u>	<u>428,616</u>	<u>402,798</u>	<u>382,973</u>	<u>381,436</u>	<u>359,959</u>	<u>345,251</u>
Excess of Revenues Over/Under Expenditures	<u>(22,087)</u>	<u>(360,012)</u>	<u>(13,610)</u>	<u>(15,504)</u>	<u>(3,334)</u>	<u>(22)</u>	<u>(3,302)</u>	<u>(6,823)</u>	<u>10,629</u>	<u>14,736</u>
Other Financing Sources (Uses):										
Transfers in	47,923	37,215	17,443	24,897	24,350	24,057	22,399	20,871	24,050	25,861
Transfers out	(47,923)	(34,415)	(16,443)	(24,897)	(24,476)	(24,057)	(22,399)	(20,871)	(27,058)	(38,188)
Bonds issued	45,000	341,145								97,465
Multi-year lease purchase agreements								1,356		
Refunding bonds issued					27,055		49,484		13,330	
Refunding bonds - payment to refunding bond escrow agent					(27,511)		(52,626)		(13,906)	
Bonds/Refunding bonds - net original issue premium	148	602			959		4,010		884	1,558
Bonds/Refunding bonds - cost of issuance and other bonding costs							(868)		(308)	(1,156)
Total Other Financing Sources (Uses)	<u>45,148</u>	<u>344,547</u>	<u>1,000</u>	<u>-</u>	<u>377</u>	<u>-</u>	<u>-</u>	<u>1,356</u>	<u>(3,008)</u>	<u>85,540</u>
Net Change in Fund Balances	<u>23,061</u>	<u>(15,465)</u>	<u>(12,610)</u>	<u>(15,504)</u>	<u>(2,957)</u>	<u>(22)</u>	<u>(3,302)</u>	<u>(5,467)</u>	<u>7,621</u>	<u>100,276</u>
Fund Balances, Beginning	<u>6,068</u>	<u>21,533</u>	<u>34,143</u>	<u>49,647</u>	<u>52,604</u>	<u>52,626</u>	<u>55,928</u>	<u>61,395</u>	<u>53,774</u>	<u>(46,502)</u>
Fund Balances, Ending	<u>\$ 29,129</u>	<u>\$ 6,068</u>	<u>\$ 21,533</u>	<u>\$ 34,143</u>	<u>\$ 49,647</u>	<u>\$ 52,604</u>	<u>\$ 52,626</u>	<u>\$ 55,928</u>	<u>\$ 61,395</u>	<u>\$ 53,774</u>
Debt Service as a % of Noncapital Expenditures	<u>9.2%</u>	<u>3.40%</u>	<u>2.60%</u>	<u>3.08%</u>	<u>4.58%</u>	<u>4.70%</u>	<u>5.08%</u>	<u>5.10%</u>	<u>4.06%</u>	<u>3.22%</u>

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting
- (2) 2010 Bonds issued includes \$313.1 million pension obligation bond
- (3) 2010 General Financial includes \$311.1 million employer contribution of pension bond proceeds into the Pension Trust.

* Debt service principal and interest is not reported separately prior to 2003.

CITY OF WATERBURY, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Grand List	Real Property		Personal Property	Motor Vehicle	Gross Taxable Grand List	Less: Tax Exempt Property	Net Taxable Grand List	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	Total Direct Rate
		Residential & Apartments	Commercial Utility & Industrial								
2011	2009	\$ 3,370,521	\$ 1,336,171	\$ 465,947	\$ 356,288	\$ 5,528,927	\$ 251,536	\$ 5,277,391	\$ 7,539,130	70%	41.82
2010	2008	3,397,557	1,344,456	413,976	358,604	5,514,593	207,407	5,307,186	7,581,694	70	39.92
2009	2007	3,054,928	1,641,893	356,787	369,841	5,423,449	169,845	5,253,604	7,505,149	70	39.92
2008	2006	2,094,622	869,171	339,594	354,931	3,658,318	124,056	3,534,262	5,048,945	70	55.49
2007	2005	2,059,673	828,849	327,271	341,500	3,557,293	78,397	3,478,896	4,969,850	70	55.49
2006	2004	1,896,635	960,205	315,531	321,038	3,493,409	83,147	3,410,262	4,871,803	70	53.96
2005	2003	1,843,847	985,444	309,025	295,291	3,433,607	90,368	3,343,239	4,776,056	70	53.31
2004	2002	1,832,201	999,069	318,043	307,671	3,456,984	103,271	3,353,713	4,791,019	70	53.31
73 2003	2001	1,720,167	1,020,610	331,191	307,535	3,379,503	111,796	3,267,707	4,668,153	70	54.86
2002	2000	730,238	426,716	333,874	294,595	1,785,423	104,462	1,680,961	2,401,373	70	97.78

Source: City of Waterbury, Assessor's Office, M-13 Report

Notes:

- (1) 2001 and 2007 Real property grand lists are adjusted to reflect statutory revaluation
(2) Assessed Value is 70% of Estimated Actual Value

CITY OF WATERBURY, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

OCTOBER 1, 2009 AND OCTOBER 1, 2000

(In Thousands)

Taxpayer	Nature of Business	October 1, 2009			October 1, 2000		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
G G P Brass Mill Inc.	Retail	\$ 116,912	1	2.22%	\$ 37,621	1	2.24%
Conn. Light & Power Co.	Utility	61,411	2	1.16%	31,870	2	1.90%
DDRTC Naugatuck Valley SC LLC	Retail	45,972	3	0.87%			
Yankee Gas Company	Utility	42,469	4	0.80%	16,194	3	0.96%
Waterbury Partners, LP	Hospitality	27,680	5	0.52%			
Centro GA Waterbury LLC	Retail	18,024	6	0.34%			
Waterbury VF LLC	Retail	16,596	7	0.31%			
Yankee Gas Services Company	Utility	14,749	8	0.28%			
Benchmark GPT Waterbury LLC	Assisted Living	13,390	9	0.25%			
Macy's Retail Holding Inc	Retail	12,897	10	0.24%			
Olin Corp.	Manufacturing				15,326	4	0.91%
U.S. Bancorp Leasing	Leasing				12,550	5	0.75%
Clydel Mfg. & Company	Manufacturing				12,485	6	0.74%
Truelove & Maclean Inc.	Manufacturing				11,845	7	0.70%
MacDermid	Chemicals				10,476	8	0.62%
Webster Bank	Banking				10,058	9	0.60%
Anchor Fasteners	Manufacturing				6,602	10	0.39%
Total		\$ 370,100		7.01%	\$ 165,027		9.82%

Source: City of Waterbury Assessor's Office

During the last ten years, real property grand list statutory revaluations were performed in 2001 & 2007.

TABLE 7

CITY OF WATERBURY, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30,	Grand List Year	Net Taxable Grand List	Mill Rate	Original Tax Levy	Adjusted Tax Levy	Collected Within the Fiscal Year of Levy		Tax Collections in Subsequent Years	Total Collections To Date	
						Amount	Percentage of First Year Levy		Amount	Percentage of Original Levy
2011	2009	\$ 5,277,391	41.82	\$ 221,652	\$ 219,818	\$ 213,022	96.91 %	\$ -	\$ 213,022	96.11 %
2010	2008	5,307,186	39.92	212,839	208,766	204,238	96.97	2,185	206,423	96.99
2009	2007	5,253,604	39.92	212,557	207,769	203,816	97.48	2,376	206,192	97.01
2008	2006	3,534,262	55.49	198,400	195,610	190,108	96.42	4,616	194,724	98.15
2007	2005	3,478,896	55.49	194,842	192,090	187,525	96.68	3,728	191,253	98.16
2006	2004	3,410,262	53.96	185,907	183,827	179,493	96.77	3,587	183,080	98.48
2005	2003	3,343,239	53.31	179,914	177,986	172,713	96.97	4,638	177,351	98.58
2004	2002	3,353,713	53.31	180,253	177,025	170,072	96.07	6,352	176,424	97.88
2003	2001	3,267,707	54.86	180,856	177,298	168,809	95.21	7,781	176,590	97.64
2002	2000	1,680,961	97.78	168,491	163,137	152,670	93.38	9,966	162,636	96.53

CITY OF WATERBURY, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Governmental Activities						Business-Type Activities						Total	Ratio of Net Bonded Debt to Taxable Assessed Value	Total Debt Per Capita	Net Bonded Debt Per Capita
	General Obligation Bonds				Bond Anticipation Notes	Capital Leases	General Obligation Bonds Water	General Obligation Bonds Sewer	Clean Water Fund Serial Notes	Bond Anticipation Notes	Capital Leases					
	General Purpose	Schools	Urban Renewal	Pension Deficit												
2011	\$ 127,947	\$ 18,114	\$	\$ 305,145	\$ 5,000	\$	\$	\$ 1,484	\$ 49,268	\$ 3,750	\$ 3,574	\$ 514,282	8.55%	\$ 4,660	\$ 4,088	
2010	95,922	14,056		313,145	29,150			1,637	54,245	4,375	4,073	516,603	7.97%	4,750	3,891	
2009	82,852	6,286			30,100			1,785	59,129	5,000	4,547	189,699	1.70%	1,744	820	
2008	89,743	6,486			10,000	243		1,935	63,917		4,998	177,322	2.72%	1,631	885	
2007	98,475	7,566	122			824		2,180	68,612		5,427	183,206	3.05%	1,685	976	
2006	109,525	8,594	238			1,538		2,411	73,090		5,835	201,231	3.47%	1,843	1,084	
2005	120,478	9,578	348			2,220		2,575	77,633		6,224	219,056	3.90%	2,019	1,202	
2004	130,330	10,325	455			2,872	1,000	2,665	82,090		6,594	236,331	4.21%	2,186	1,305	
2003	140,196	11,105	540			2,537	2,000	2,833	79,748		6,851	245,810	4.65%	2,278	1,407	
2002	145,516	11,997	642			3,436	3,000	3,008	72,392		7,175	247,166	9.41%	2,301	1,472	

Note:
(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

The Total Personal Income and Per Capita Personal Income statistics are not available for the City of Waterbury.

CITY OF WATERBURY, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2011
(In Thousands)

Total tax collections (including interest and penalties)	\$	218,238
State reimbursement for:		
Tax relief for elderly - freeze		4
Total	\$	218,242

<u>Limitation</u>	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Factor multiplied times:					
2-1/4	\$ 491,045	\$	\$	\$	\$
4-1/2		982,089			
3-3/4			818,408		
3-1/4				709,287	
3					654,726
Total debt limitation	491,045	982,089	818,408	709,287	654,726
Debt as defined by Statute:					
Bonds payable	127,947	18,114	1,484		305,145
Serial notes payable			49,268		
Bonds authorized and unissued	8,709	39,411			
School building grants		(25,417)			
Total indebtedness	136,656	32,108	50,752	-	305,145
Debt limitation in excess of outstanding and authorized debt	\$ 354,389	\$ 949,981	\$ 767,656	\$ 709,287	\$ 349,581

NOTES:

- (1) In no event shall total debt exceed seven times annual receipts from taxation - \$1,527,694.
- (2) Bonds authorized and unissued represents bond authorizations for projects which have bond anticipation notes outstanding or for which bonds have been authorized and partially issued. In addition, authorized and unissued amounts have been reduced for grants received to date for applicable bond authorizations.
- (3) Pursuant to Public Act 97-11, an amount of \$25,417 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects applicable to bonds authorized and unissued.
- (4) Excludes \$5,280 of Water Enterprise bonds authorized and unissued.

CITY OF WATERBURY, CONNECTICUT

OUTSTANDING BOND AUTHORIZATIONS

JUNE 30, 2011
(In Thousands)

<u>Project Description</u>	<u>Date Authorized</u>	<u>Total Authorized</u>	<u>Bonds Issued</u>	<u>Bond Anticipation Notes Outstanding</u>	<u>Grants Received</u>	<u>Authorized Unissued</u>	<u>Total Estimated Project Grant Reimbursement</u>
General Purpose:							
Waterbury Industrial Commons & Centralized DPW Facility**	07/19/10	\$ 60,420	\$	\$	\$ 1,879	\$ 58,541	\$ 15,345
Road Improvements III	03/22/10	1,000	500			500	
Library - HVAC System	10/06/08	2,404	2,200			204	
Chase Avenue Reconstruction	09/03/08	8,205	5,600			2,605	
Sidewalk and Curb Improvements	09/03/08	600				600	
Division Street Drainage	09/03/08	1,200	900			300	
Underground Tank Removal	07/21/08	282				282	
Buckingham Garage Elevator	07/21/08	282				282	
Golf Course Equipment	12/10/07	751	700			51	
Police Parking Garage	02/07/11	3,950				3,950	
Police Facility Projects	12/10/07	819	700			119	
City Hall Improvements	05/31/07	35,900	31,800	2,000		2,100	
Road Improvement Projects	08/09/06	8,930	8,100			830	
Education:							
Wallace Middle School Addition*	06/20/11	15,758				15,758	12,381
Special Education Facility*	11/19/07	14,635	500	500	7,919	5,716	10,593
New Elementary School #1 - Duggan*	06/25/04	31,900	5,000	1,000	22,122	3,778	24,723
New Elementary School #2 - Jonathan E. Reed*	06/25/04	31,900	2,000	500	7,873	21,527	24,723
New Elementary School #3 - Gilmartin*	06/25/04	31,900	4,500	1,000	21,794	4,606	24,723
Crosby Media Center*	06/25/04	5,800	1,000		4,016	784	4,379
Waterbury Career Academy Technical School*	06/09/08	63,846			1,517	62,329	50,164
Wilby High School*	06/09/08	6,700			2,252	4,448	5,264
Carrington Middle School*	09/07/10	34,700			1,126	33,574	27,264
Bureau of Water:							
Clean and Line Mains	10/06/08	910		150	40	720	
Chlorine Feed System	10/06/08	460		225	30	205	
Capital Improvement Projects	10/20/08	5,168		3,375	1,188	605	
Total		\$ 368,420	\$ 63,500	\$ 8,750	\$ 71,756	\$ 224,414	\$ 199,559

* The City expects to receive approximately 78% of eligible project costs from the State in the form of progress payments.

** The City expects to receive \$15,345 from Federal & State grants for site remediation and demolition.

CITY OF WATERBURY, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION AND CONTINUING DISCLOSURE RATIOS

LAST TEN FISCAL YEARS

(In Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt limit	\$ 1,527,694	\$ 1,468,376	\$ 1,475,355	\$ 1,380,148	\$ 1,364,321	\$ 1,322,804	\$ 1,265,096	\$ 1,263,360	\$ 1,251,838	\$ 1,108,660
Total net debt applicable to limit	<u>524,661</u>	<u>577,244</u>	<u>222,627</u>	<u>233,905</u>	<u>202,451</u>	<u>217,598</u>	<u>232,660</u>	<u>248,086</u>	<u>276,677</u>	<u>294,048</u>
Legal Debt Margin	<u>\$ 1,003,033</u>	<u>\$ 891,132</u>	<u>\$ 1,252,728</u>	<u>\$ 1,146,243</u>	<u>\$ 1,161,870</u>	<u>\$ 1,105,206</u>	<u>\$ 1,032,436</u>	<u>\$ 1,015,274</u>	<u>\$ 975,161</u>	<u>\$ 814,612</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>34.34%</u>	<u>39.31%</u>	<u>15.09%</u>	<u>16.95%</u>	<u>14.84%</u>	<u>16.45%</u>	<u>18.39%</u>	<u>19.64%</u>	<u>22.10%</u>	<u>26.52%</u>
Calculation of Continuing Disclosure Agreement Ratios:										
Total indebtedness per legal debt limit calculation	\$ 524,661	\$ 577,244	\$ 222,627	\$ 233,905	\$ 202,451					
Bond anticipation notes	8,750	33,525	35,100	10,000						
Less authorized and unissued debt	<u>(48,120)</u>	<u>(98,239)</u>	<u>(71,824)</u>	<u>(71,824)</u>	<u>(25,496)</u>					
Total direct debt	485,291	512,530	185,903	172,081	176,955					
Less water and sewer indirect self-funding debt	<u>(54,502)</u>	<u>(60,257)</u>	<u>(65,914)</u>	<u>(65,852)</u>	<u>(70,792)</u>					
Total Net Direct Debt	<u>\$ 430,789</u>	<u>\$ 452,273</u>	<u>\$ 119,989</u>	<u>\$ 106,229</u>	<u>\$ 106,163</u>					
Total direct debt as a percentage of State Equalized grand list	6.9%	7.3%	2.4%	2.1%	2.2%					
Total direct debt per capita	\$ 4,397	\$ 4,713	\$ 1,709	\$ 1,582	\$ 1,627					
Total net debt as a percentage of State Equalized grand list	6.1%	6.4%	1.6%	1.3%	1.3%					
Total net debt per capita	\$ 3,903	\$ 4,159	\$ 1,103	\$ 977	\$ 976					

(1) Total and net indebtedness calculated in accordance with Connecticut General Statutes.

(2) The City has no overlapping debt.

(3) The City issued \$313 million in Pension Obligation Bonds on September 17, 2009 (FY2010).

CITY OF WATERBURY, CONNECTICUT
DEMOGRAPHIC AND EMPLOYMENT STATISTICS
LAST TEN CALENDAR YEARS

Year	Population (1)	Enrollment (2)	Income (3)	Labor Force		Percentage Unemployed (4)			
				Employed (4)	Unemployed (4)	City of Waterbury	Waterbury Labor Market	State of Connecticut	United States
2011	110,366	18,149	\$ 38,672	43,642	7,156	14.1%	11.7%	9.0%	9.1%
2010	108,751	18,140	18,117	43,429	7,138	14.1	11.8	8.9	9.5
2009	108,751	18,224	18,117	45,433	6,597	12.7	10.6	8.0	9.4
2008	108,751	18,284	18,117	45,940	5,211	10.2	8.4	6.4	6.1
2007	108,751	18,211	18,117	46,354	3,677	7.3	5.9	4.6	4.7
2006	109,192	18,102	18,117	46,495	3,396	6.8	5.5	4.3	4.6
2005	108,487	17,915	17,701	46,066	3,940	7.9	6.3	4.9	4.9
2004	108,130	17,714	17,701	45,838	3,829	7.7	6.3	4.6	5.8
2003	107,883	17,411	17,701	48,684	4,907	9.2	7.3	5.5	6.5
2002	107,413	16,762	14,209	48,917	4,076	7.7	6.0	4.3	5.4

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Sources:

- (1) U.S. Department of Commerce, Bureau of Census
- (2) Waterbury Board of Education
- (3) U.S. Department of Commerce, Bureau of Census
- (4) State of Connecticut, Department of Labor

Notes:

Personal Income statistics are not available for the City of Waterbury.

CITY OF WATERBURY, CONNECTICUT

PRINCIPAL EMPLOYERS

2011 AND 2002

Business Name	Nature of Business	2011			2002		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City of Waterbury	Government Services	3,670	1	8.41%	3,653	1	7.47%
Waterbury Hospital	Medical Services	2,100	2	4.81%	1,413	3	2.89%
St Mary's Hospital	Medical Services	1,590	3	3.64%	1,292	4	2.64%
New Opportunities of Waterbury	Employment Services	450	4	1.03%			
Stop & Shop Companies	Grocery	400	5	0.92%			
OptiCare Health Systems	Health Services	312	6	0.71%			
VNA Health Care, Inc	Health Services	308	7	0.71%			
Wal-Mart	Retail	303	8	0.69%			
Abbot Terrace Health Center	Health Services	280	9	0.64%			
Webster Bank	Financial Services	265	10	0.61%	254	9	0.52%
State of Connecticut	Government				1,611	2	3.29%
AT&T	Communications				400	5	0.82%
Naugatuck Valley Community College	Education				384	6	0.79%
United States Postal Service	Government				270	7	0.55%
MacDermid Inc	Chemicals				268	8	0.55%
Waterbury Republican	Newspaper Publisher				253	10	0.52%
Total		9,678		22.18%	9,798		19.24%

Source: The Connecticut Data Center

CITY OF WATERBURY, CONNECTICUT
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government (1)	1,102 *	1,169	1,157	1,150	1,194	1,211	1,140	1,152	1,333	1,347
Board of Education (2)	2,214	2,314	2,319	2,300	2,231	2,231	2,193	2,164	2,132	2,173
Grant Funded (2)	353	343	335	339	346	353	379	423	335	233
Total	3,669	3,826	3,811	3,789	3,771	3,795	3,712	3,739	3,800	3,753

Sources:

(1) City of Waterbury, Budget Director

(2) Waterbury Board of Education

* Excludes vacant positions eliminated from the budget.

CITY OF WATERBURY, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government (1):										
Building permits issued	1,083	1,095	1,069	1,307	1,280	1,313	1,335	1,406	1,087	696
Value of permits issued (thousands)	\$51,411	\$68,562	\$47,167	\$61,242	\$45,131	\$56,413	\$28,491	\$29,874	\$25,936	\$27,994
Public works (1):										
Refuse collection:										
Trash collected (tons per day)	177	176	195	158	192	183	N/A	N/A	N/A	N/A
Cost per ton	\$69	\$63	\$62	\$70	\$70	\$70	N/A	N/A	N/A	N/A
Recyclables collected (tons per day)	14	14	14.54	14.76	21.16	16.4	N/A	N/A	N/A	N/A
Other public works:										
Street resurfacing (miles)	16.6	13.2	10	20	5.7	18.3	N/A	N/A	N/A	N/A
Public safety (2):										
Police:										
Physical arrests	5,677	8,373	9,885	9,082	9,842	9,127	9,793	10,260	11,273	10,798
Fire:										
Emergency responses	27,616*	17,495*	4,914	5,168	4,688	4,688	5,707	5,316	4,656	4,222
Fires extinguished	693	722	434	777	443	443	397			
Inspections	2,613	2,526	3,812	3,722	2,663	2,663	2,236	2,445	1,898	1,669
Library (3):										
Total Print Items	237,193	234,060	228,620	224,998	237,593	259,486	258,328	N/A	N/A	N/A
Total Non-Print Items	23,564	25,495	25,242	19,124	17,596	16,542	16,988	N/A	N/A	N/A
Bureau of Water (4):										
Total Daily Capacity (millions of gallons)	38	38	38	38	38	38	38	38	38	38
Average Daily Demand (millions of gallons)	15.6	15.0	15.5	15.2	14.9	15.6	15.4	16.3	19	15.1
Peak Hour Demand (millions of gallons)	20.3	24.4	24.4	25	25.4	24.8	27.5	28.2	24.7	34.2
Water Pollution Control (5):										
Design Average Daily Flow (millions of gallons)	27.05	27.05	27.05	27.05	27.05	27.05	N/A	N/A	N/A	N/A
Average Daily Flow Treated (millions of gallons)	23.0	24.1	21.6	21.5	24.0	24.3	N/A	N/A	N/A	N/A
Maximum Daily Flow Treated (millions of gallons)	55	55	55	55	55	55	N/A	N/A	N/A	N/A

Sources:

- (1) City of Waterbury, Public Works Department
- (2) City of Waterbury, Police and Fire Departments
- (3) City of Waterbury, Library Director
- (4) City of Waterbury, Bureau of Water
- (5) City of Waterbury, Water Pollution Control Authority

Notes:

* Includes 911 first responder services taken over by the Fire Department in 2010.

CITY OF WATERBURY, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government (1):										
Municipal buildings	2	2	2	2	2	2	2	2	2	2
Libraries	2	2	2	2	2	2	2	2	2	2
Public Works (1):										
Parking garages	3	3	3	3	3	3	3	3	3	3
Surface parking lots	10	10	10	10	10	10	10	10	10	10
Police (2):										
Stations	1	1	1	1	1	1	1	1	1	1
Training facility	1	1	1	1	1	1	1	1	1	1
Fire (2):										
Firefighting/rescue vehicles	25	25	21	21	22	22	22	22	21	21
Fire stations	9	9	9	9	9	9	9	9	9	9
Education (3):										
School buildings	28	27	27	26	26	26	26	26	25	25
Administrative buildings	1	1	1	1	1	1	1	1	1	1
Parks and Recreation (1):										
Number of recreation centers	6	6	6	6	6	6	6	6	6	30
Number of parks	30	30	30	30	30	30	30	30	30	37
Number of basketball courts	33	33	33	33	33	33	33	33	33	33
Number of golf courses	2	2	2	2	2	2	2	2	2	2
Number of playgrounds	22	22	22	22	22	22	22	22	22	22
Number of football/soccer fields	15	15	15	15	15	15	15	15	15	15
Number of baseball fields	42	42	42	42	42	42	42	42	42	42
Number of tennis courts	64	64	64	64	64	64	64	64	64	64
Number of swimming pools	3	3	3	3	3	3	3	3	3	3
Number of recreation centers	6	6	6	6	6	6	6	6	6	6
Bureau of Water (4):										
Active Reservoirs	5	5	5	5	5	5	5	5	5	5
Inactive Reservoirs	2	2	2	2	2	2	2	2	2	2
Water Pollution Control (5):										
Miles of Sanitary sewers	320	320	320	320	320	320	320	320	320	320
Pump Stations	20	20	20	20	20	20	20	20	20	20

Sources:

- (1) City of Waterbury, Public Works Department
- (2) City of Waterbury, Police and Fire Departments
- (3) Waterbury Board of Education
- (4) City of Waterbury, Bureau of Water
- (5) City of Waterbury, Water Pollution Control Authority