

Comprehensive Annual Financial Report

of the

City of Waterbury Connecticut

Fiscal Year Ended June 30, 2012

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, 2012

Mayor Neil M. O'Leary

Town Clerk

City Clerk

City Sheriff

Antoinette C. Spinelli

Michael J. Dalton

Stephen M. Conway

BOARD OF ALDERMEN

Joseph Begnal, Jr.
Ernest M. Brunelli
Frank A. Burgio, Sr.
Steven Giacomi
Gregory A. Hadley
Frederick L. Luedke
Lysa Margiotta
Ryan A. Mulcahy

Ronald Napoli, Jr.
George N. Noujaim
Jerry Padula
Carlo Palladino
Paul Pernerewski, Jr. (President)
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
Acting Director of Health
Director of Human Resources
Director of Information Technology
Director of Libraries
Acting Director of Public Works
Director of Purchasing
Tax Collector
Acting Superintendant of Water
General Manager of Water Pollution Control

David Dietsch
Ofelia Matos
E. Gil Graveline
David Martin
Michael J. Gugliotti
James Seguin
Linda Wihbey
Sandra Mathena
Michael J. LeBlanc
William Quinn
Peter H. Abare-Brown
Daniel Iarrapino
J. Emmett McSweeney
Louis J. Spina Jr.
Rocco Orso
Frank A. Caruso Jr.
Donald Carver
Denis Cuevas

BOARD OF EDUCATION

Mayor Neil M. O'Leary, Chairman Ex-Officio

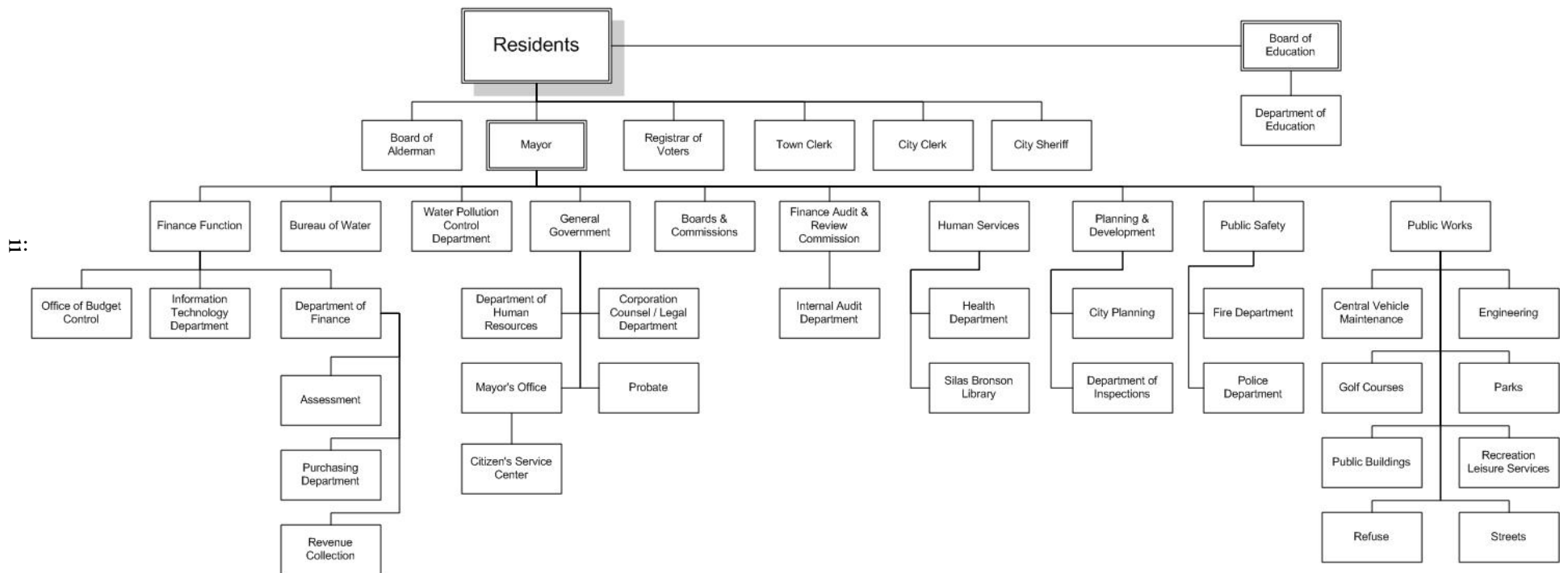
Elizabeth C. Brown
Joanne D'Amelio
Gregory Harkins
Karen E. Harvey (Vice President)
Patrick J. Hayes, Jr.

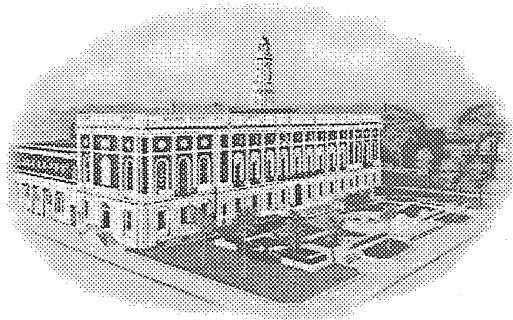
Jose L. Morales
Felix M. Rodriguez
Charles L. Stango (President)
Jason Van Stone
Ann Marie Sweeney

Dr. Kathleen M. Ouellette, Superintendent of Schools

City of Waterbury

Table of Organization - Entire Enterprise





OFFICE OF THE DIRECTOR OF FINANCE
THE CITY OF WATERBURY
CONNECTICUT

December 26, 2012

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, 2012. 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

Waterbury 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, the City is 21 miles north of New Haven, 29 miles southwest of Hartford, and 24 miles east of Danbury. 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.

Waterbury provides its population of approximately 110,000 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 low- and middle-income families and assisted living facilities. 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 is situated within short distance (30 miles) to a major deep water port operated in Bridgeport.

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 New Haven and the University of Bridgeport. The University of Connecticut's Waterbury campus offers a Master of Business Administration (MBA) program and the Teachers Certification Program. Graduate programs leading to a Master's of Social Work (MSW) and Master's Degree in Nursing (MS) are also available. Post University offerings include a comprehensive online degree program which has seen very significant increases in enrollment since the introduction of the program.

Public City school facilities serving approximately 18,000 students include four high schools, four middle schools (one of which is a magnet school for grades 6-12), 20 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. The City of Waterbury and its school system are strongly committed to Pre-Kindergarten to Twelfth Grade Education. As a major part of that effort the City and School system are engaged in an aggressive school construction initiative to improve and modernize its school building stock.

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. Also, two 18-hole City-owned golf courses and an acclaimed 18-hole private course are located in Waterbury, and 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 away.

The City's Palace Theater, The Waterbury Symphony Orchestra, Seven Angels Theater, Waterbury Ballet, and the Mattatuck Historical 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 entitlement and public funds. There are over 240,000 volumes and 120 computer workstations in the main library available to the public, while a branch library operates in the Bunker Hill section of the City.

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.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

The City's General Fund unassigned fund balance has increased from \$18.6 million to \$19.4 million and now represents 5.1% of expenditures budgeted for in FY2013. The City's posting of an eleventh consecutive balanced budget and ability to marginally increase the City's percentage of unassigned fund reserves is a reflection of the continued financial vigilance, budgetary control measures and institutionalized financial management practices within the City.

The City of Waterbury and its residents continue to feel the impact of the great recession and the extremely slow economic recovery that has followed. High unemployment, property foreclosures and real-estate market value erosion are some of the clear indicators of the impact felt by the City's residents. The City is also directly impacted by decreasing State aid in various grants and PILOT programs. In addition, short-term interest rates continue to remain at historic lows providing for limited revenue from what was once a sizable non-tax revenue source. The continued decline 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 continue to balance budgetary operations with controlled property taxes. Despite all of these challenges the FY2013 adopted budget called for no change in the local property tax burden for the second consecutive year. The City's FY2013 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 FY2012 providing for the ability to again designate fund balance as a revenue source to the current FY2013 budget. Such designation is made each year and is designed to serve solely as an additional contingency in the event significant revenue shortfalls or unanticipated emergency expenditures were to occur.

As with the adoption of prior year budgets the FY2013 adopted budget avoids the use of unreasonable assumptions regarding cost savings or new revenue sources. Additionally the adoption of revenue estimates excludes budgeting for one time revenue sources.

The October 1, 2011 assessment values provided for a net taxable grand list of \$5.31 billion as compared with \$5.30 billion for October 1, 2010, representing an essentially unchanged grand list over the prior year. The October 1, 2011 net grand list assessed values formed the basis for setting the taxable mill rate for the 2013 fiscal year.

It is anticipated that FY2014 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 January 2013. This process will be further complicated by State mandated property revaluation as of October 1, 2012. The last revaluation five years ago set property values at the peak of the real estate market boom and just prior to the ensuing collapse in real estate market values in 2008/2009.

In October 2012, Mayor Neil M. O'Leary established a Cost Containment and Oversight Committee (CCOC) to regularly meet with City department heads to closely monitor expenditure requests and to discuss available options to ensure adequate budgetary savings necessary to close any revenue estimate shortfalls prior to close of the current 2013 fiscal year. In addition the CCOC meetings will provide for greater knowledge, scrutiny and oversight of the 2014 fiscal year budget development process.

In May 2012, City representatives including Mayor Neil M. O'Leary, Budget Director Ofelia Matos and Director of Finance Michael LeBlanc met with four credit rating agencies to present the City's current financial condition and outlook including a comprehensive overview of current economic development activities and financial management policies. Following those meetings the credit rating agencies issued updated ratings on the City's outstanding long-term debt and ratings for a new June 2012 bond sale. Moody's and Fitch reaffirmed the City's prior ratings of "A1" & "A+" respectively. Standard and Poor's upgraded the City's prior rating from "A-" to "A" highlighting the City's very stable tax base, good general fund reserve position and strong financial management policies and practices. In addition the City obtained an "A+" rating from Kroll Bond Ratings. All rating agencies reported a stable outlook for the City.

ECONOMIC DEVELOPMENT

The City of Waterbury ushered in a new administration with the swearing in of Mayor Neil M. O'Leary into office in December 2011. One of Mayor O'Leary's major campaign themes in running for Mayor was a pledge to focus significant efforts on economic development throughout the City, to raise the profile of the City as a destination place for businesses both large and small, provide support for existing businesses and enable growth opportunities to the Grand List. Fulfilling his commitment to economic development, the Mayor hired Mr. Ronald J. Pugliese, to a newly established position of full time Economic Development Director working directly out of the Mayor's Office. Mr. Pugliese's mission is to aggressively work with existing companies for both retention and expansion opportunities and attracting new businesses to the City. The City's approach is to utilize Mr. Pugliese's expertise in close collaboration with the technical ability of the Waterbury Development Corporation (as described below). This team approach has proven beneficial and has been further supported with strong relationships and collaborative efforts involving the State's Department of Economic & Community Development (DECD).

Located in southwestern Connecticut at the heart of a 13-town area known as the Central Naugatuck Valley Region, Waterbury lies at the intersection of Interstate Routes 84 and State Highway 8. These two major expressways allow for convenient routes to other major Connecticut cities, such as Hartford, Danbury and Bridgeport. Rail, air, sea and bus transportation are also easily accessible. Waterbury offers an ideal location for industry and business; other advantages include the presence of a skilled and educated regional workforce, affordable real estate, abundant community resources, and the convenience and culture of city life balanced by the nearby rural beauty of the countryside. Waterbury continues to draw interest from investors and developers who see the city as a center for quality of life, entertainment, dining venues, and varied living options.

For long-term investors interested in establishing themselves in the downtown area or within the borders of a vibrant, robust and developing city, Waterbury offers affordability, investment return, and one-of-a-kind urban planning. Presently, downtown has well over 150 businesses located within its boundaries. These include professional offices, restaurants, entertainment venues, educational facilities, retail establishments and others. The downtown area offers elegantly refurbished brownstones and turn-of-the-century architecture with affordable housing opportunities, retail and office space. Parking is plentiful and strategically located throughout downtown.

From local companies to global corporations, Waterbury's central location creates a competitive advantage for business. It is the city's economic development mission to service as a channel toward innovation. There is a strong support and advocacy for economic development in the Waterbury area, including programs and organizations on the local, state, regional and national levels. The City's economic team is utilizing new loan and grant programs established by and offered through the State Department of Economic and Community Development. These low interest loans combined with tax abatement programs have produced a flurry of activity which is enhanced by Waterbury's location at the intersection of Route 8 and 84 in the center of Connecticut.

The Waterbury Development Corporation (WDC) (referenced above) 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. As noted above the City's new administration has established a new approach and placed great emphasis towards economic development initiatives. The WDC now works closely and aggressively with the City's new Economic Development Director and the Mayor. This has resulted in a seamless, aggressive approach toward the City's business recruitment and retention efforts.

Economic Development Activity

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

Health Care Services

The City and the surrounding region are currently served by two hospitals - Waterbury Hospital and Saint Mary's. Waterbury Hospital is located in the upper west end of the City and Saint Mary's Hospital is located downtown. The associated Cardiac Surgery Center and Harold Leever Cancer Center continue to experience a growth in the number of patients it serves annually. In March of 2011, LHP Hospital Group of Plano, TX, (LHP) announced a joint venture with Saint Mary's Hospital. The agreement included an equally-shared governance structure where both local control and leadership of the hospital are protected, while LHP would hold a majority equity position in the newly formed joint venture that will own the hospital. Five months after the joint venture announcement, LHP announced plans to further merge the previously announced joint venture (JV) between LHP Hospital Group, Inc. (LHP) and Saint Mary's Health System, Inc. (Saint Mary's) with the Greater Waterbury Health Network, Inc. (GWHN) which includes Waterbury Hospital. This April, Waterbury Hospital formally approved a plan to merge with St. Mary's Hospital. Unfortunately LHP Hospital Group's joint venture with St. Mary's Hospital as well as the plans to merge with Waterbury Hospital were rescinded in August/September. Most recently there have been indications that each hospital is working towards separate joint ventures to bring capital re-investment into their respective institutions.

Downtown Revitalization

A New York-based real estate investor is in the midst of completing a major renovation to what is locally known as the Apothecary Hall building which is at the corner of Bank Street and South Main Street. The V-shaped historical building will maintain ground floor commercial space. The upper floors are undergoing the transformation to 12 units of market-rate housing. A downtown-based software development company was offered assistance in the company's efforts to secure a 3,650 square ft. space in the Central Business District and to alleviate parking problems to ensure retention of the software development company. This project resulted in the retention of 12 full-time positions and 1 part-time position.

Downtown expansion of the existing University of Connecticut - Waterbury campus and possible expansion of POST University's on-line program to a downtown site are in discussion stages. The City's Economic Development Director and WDC are reaching out to existing downtown building owners, merchants, retail and restaurant owners to engage them in reinvestment opportunities and programs to further advance downtown revitalization. There is a renewed interest from both national chains and local entrepreneurs to open new restaurants downtown and nearby.

The Connecticut General Assembly recently allocated \$2.8 million to renovate The Rectory Building, a historic downtown structure between the Palace Theater and the Arts Magnet School. In collaboration with Waterbury UCONN, Waterbury Development Corporation is working to create a plan for the re-use of a 1900 historic, turn of the twentieth century, four story, 22,540 sq. ft., masonry building in the heart of downtown. The project aims to transform the landmarked building into a mixed-use facility providing a vibrant mix of multi-purpose educational and retail/ commercial space(s). Putting this building to new use and creating a strong identity with its surrounding uses will create a hub for education and the arts. In a prime downtown location neighboring The Palace, St. Patrick's Hall (The Rectory) sits poised for reinvention within Downtown Waterbury's Entertainment, Arts, and Education District and future downtown redevelopment plans.

East End Development

Commercial development continues to rapidly expand in the City's East End. Via a request for qualifying proposals, the City has solicited bids for commercial development on a City owned 30-acre vacant parcel located directly across from retail complexes containing Kohl's, Costco, and the Cocco Key's water resort and hotel conference center. Multiple bids received by the City outline potential plans for up to 200,000 square feet of additional commercial space.

Site work continues on two other large scale private developments in the same East End location with a retail plaza recently opening that is experiencing swift leasing. It is anticipated that over the next two years approximately 500,000 square feet of retail/commercial space will be completed in this area contributing to the City's tax base and employment growth.

New Companies

National Breaker Services, a company that manufactures and remanufactures large circuit breakers for the utility industry and major power users relocated from Derby, CT and moved into a 25,700-square-foot vacant building at 140 Turnpike Drive in Waterbury, CT. The move almost doubles the company's manufacturing footprint. The company has approximately 24 employees, but expects to attract additional business and expand once it is settled in its new, larger and more utilitarian headquarters ultimately requiring a larger staff.

The company acquired the building and the 7.6-acre property it sits on in May for \$800,000 from a Stamford based investment group and qualified for a Waterbury Development Corp. tax abatement program that will give it a five-year, 80 percent abatement on real estate and personal property taxes on any property that is new to the city's grand list. The state will reimburse 50 percent of the abated taxes to the city.

Unipharm Inc., Announced April 2012 - A private New York City-based pharmaceutical company that manufactures and markets over-the-counter drugs, vitamins, supplements and nutritional products, will open a division in Waterbury during the summer of 2012. The company signed a five-year agreement with a five-year option to lease 47,000-square-feet of space in a 54,000-square-foot building at 75 Progress Lane in the Captain Neville Industrial Park. Unipharm is projecting it will hire 44 full-time workers for over its first two years in Waterbury and could possibly expand thereafter to add an additional 35 to 40 positions.

IMS Waterjet, Announced April 2012 - A manufacturer of high-tech, water-based cutting machinery is moving its operations, and up to 70 full-time positions in a leased building in a City of Waterbury industrial park. Company Chairman Joseph Mulready Jr. is quoted as saying "We chose Waterbury because it has the right space and the right team of people. The City has been very helpful, very encouraging". The firm will create 11 new full time positions in its first year of operation, 29 full time positions in the second year, and 30 full time positions in its third year.

Waterbury Industrial Commons Site Remediation & Redevelopment

On July 10, 2010 the City of Waterbury approved a \$60.4 bonding and grant financing appropriation for the acquisition, clean-up/remediation and renovation to the Waterbury Industrial Commons (WIC) Property located at 1875 Thomaston Avenue to the benefit of existing tenants and to provide a location for the planned construction of a centralized Department of Public Works & Vehicle Maintenance Facility. Construction of the DPW facility on the rehabilitated site has been temporarily put on hold as the City evaluates other possible locations for the centralized DPW facility that would in-turn make the WIC rehabilitated property site more attractive and viable for expansions by existing tenants and

the attraction of new businesses looking to establish operations on a site in close proximity to major highways, rail line capacity and within short distance to a major deep water port in Bridgeport. The project funded with \$15 million in federal Department of Defense grant funds and local bond authorization commitments will result in one of the largest totally clean industrial or manufacturing ready sites in New England. The end result of this project will be a remediated site that the City can market to large scale industrial tenants resulting in increased tax revenue and employment opportunities. The site is ideally situated and sized for additional investment/construction beyond the City's funding commitment for large scale manufacturing, storage and/or distribution facilities. Long-term lease agreements are being negotiated with four major tenants who have committed to remain on the existing site. Negotiations are also underway to provide for desired tenant expansions and build-outs. Approximately 186,000 square feet of the northern portion of the facility is currently being rehabilitated and expanded to accommodate growth by existing tenants resulting in over 200,000 square feet of Industrial space. The northern portion of the existing building currently houses four business including two industrial tenants, a specialized medical equipment manufacturer and a bus fleet operations company.

Manufacturing Employment Base

The City continues to see significant activity in the manufacturing portion of its economic base. Over the past year, Waterbury Development Corporation assisted five manufacturing companies and two wholesale/distribution companies that undertook projects in the City and are representative of a variety of industries. All seven companies were existing businesses and of them, two were businesses that relocated to the City of Waterbury, one was a relocation/expansion project, two were retention projects, another was an expansion project and another was a relocation/retention/expansion project. There were a total of 140 full-time positions and 11 part-time positions affiliated with these companies.

Of the seven industrial projects, one resulted in the construction of an 11,760 sq. ft. industrial facility, another project resulted in the construction of an 8,030 sq. ft. addition to its existing facility and the remaining five projects resulted in a total of 76,551 sq. ft. of previously vacant industrial space which was put back to productive manufacturing use. The seven projects resulted in a total of \$2,074,011 being spent on build-out/space preparation or new construction and there was a total of \$1,654,363 added to the City's personal property portion of its October 1, 2011 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. It should be noted that Forum Plastics, the manufacturer of plastic injection molded products that was mentioned in last year's report, successfully completed the relocation of its business from Stamford to Waterbury, and its numbers are incorporated in this section.

Job Creation and Training

Several organizations in the State are receiving nearly \$10 million in federal grants to train and place workers in jobs that employers often rely on foreign workers to fill. Roughly half of the federal grants will benefit the region served by the Northwest Region Workforce Investment Board, based in Waterbury. Northwest Regional board will use the \$5 million to train 527 long-term unemployed residents and 3,544 workers who are currently employed.

As part of an aggressive school construction initiative to improve and modernize its building stock the City of Waterbury continues to provide many current job opportunities for ongoing construction projects with more large scale school construction and renovation projects underway and in the pipeline.

Education – School Construction and Renovation Program

The City of Waterbury and its school system are strongly committed to Pre-Kindergarten to Twelfth Grade Education. As a major part of that effort the City and School system are engaged in an aggressive school construction initiative to improve and modernize its school building stock. In response to a City-wide public education facility assessment, the City embarked on a School Construction Program focused on meeting the needs of student enrollment and to satisfy various deficiencies within the public school system.

Two new Pre-K through eighth grade neighborhood schools, (Gilmartin and Duggan), were completed and opened in 2010 and 2011, respectively. A third school, (Jonathan E. Reed) opened this past August. Construction of a fourth elementary school, (Carrington) is underway for a scheduled opening in August 2013. In addition, construction of Waterbury Career Academy which will provide a technical school education to 400 high school students is under construction and anticipated to also open in August 2013.

In addition to implementing its Pre-k through eighth grade model, ground was recently broken on a new intra-district career academy oriented high school. This will both relieve enrollment pressures on the City's three comprehensive high schools and provide students with an alternative to the traditional high school curriculum.

The City has completed significant renovation and additions to its high schools in response to identified accreditation needs. All schools have maintained their accreditation. They include the addition of Media Centers at Crosby and Kennedy High Schools, classroom additions at Wilby and Crosby High Schools, and renovations and upgrades to Wilby's Science Suite. The district's alternate education building has also been renovated as new and reopened with the 2011 school year.

An application to build a Media Center and provide additional classroom space for Wallace Middle School has been recommended for funding by the Connecticut State Education Department and is currently pending approval by the State Legislature.

All the above stated projects have been financially supported in large measure by the State of Connecticut school construction reimbursement program totaling approximately \$275 Million in infrastructure improvements. 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 surrounding 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.

Neighborhood Revitalization

The City has fully committed its \$3.2 million share of the federal Neighborhood Stabilization Program (NSP) funds for the acquisition and rehabilitation of foreclosed residential properties and received a second round of \$1.6 million on that basis. This new round of funding is NSP3 and is directed to the North End Neighborhood around the newly constructed Jonathan E. Reed Elementary School. It is expected that a total of 19 vacant/abandoned/foreclosed units (15 rentals, 4 homeowners) will be purchased, rehabilitated and put back into active use on the City's grand list.

In January, Mayor Neil M. O’Leary announced a sweeping anti-blight campaign concentrated in inner city neighborhoods in the north and south ends of the city. The plan includes stricter enforcement of blight regulations, increased attention on absentee landlords, more police patrols and even an educational program teaching school children to respect their neighborhoods. The campaign to demolish blighted eyesores began immediately with demolition of a number of rundown houses in several neighborhoods.

Recreation and Cultural Development

Municipal Stadium Renovations

Municipal Stadium is the main athletic facility for the City with multiple baseball fields and a 130,000 square foot synthetic football field. The City, with the assistance of DECD has been slowly renovating the facility since 2006 to meet the growing needs of City athletes. In 2011 plans were developed for the complete rehabilitation of the grandstand structure. The grandstand has seating for 2,000 spectators, three locker-rooms, public restrooms, ticketing areas, and other support / maintenance spaces. The grandstand originally constructed in 1930 has suffered from years of use, and is in a state of disrepair. In December of 2011 the City pledged to bond \$2.5 million dollars to supplement received funds from DECD of \$1.5 million to completely renovate the grandstand. The grandstand renovation will be the final component of a full facility rehabilitation that will return the Stadium to its place as the premiere athletic facility for the Naugatuck Valley Region.

Naugatuck River Greenway Project

Conceptual plans for the Greenway are complete, and the City is in final negotiations with The RBA Group for final design and construction documents. Significant grant money has been obtained by the City for the physical construction, and the Greenway Advisory Committee is actively promoting and seeking additional funds to complete the 7.1 mile paved recreational trail. The Greenway Project will re-connect residents of the City and the region with the Naugatuck River, long polluted, that’s waters now run clean.

Pearl Street Park

The WDC is working with a neighborhood group established by Mount A.M.E. Zion Baptist Church to redevelop an outdated playground. The property is located across from the church and is occupied by remnants of a city playground, with a number of dilapidated playground structures and degraded asphalt. The site is currently being assessed with EPA grant funds and the construction of the park will be funded with a combination of CDBG and City funds.

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. Deconstruction of the existing buildings is complete and the building materials were salvaged for re-use. Remediation is presently underway at the site located at 27-57 Division Street funded through a \$400,000 EPA cleanup grant.

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.

Brownfield Redevelopment Program

Brownfield redevelopment is seen as an integral component of 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 following is a summary of project sites in the process of remediation/redevelopment:

Mattatuck Manufacturing Site

The former Mattatuck Manufacturing site is rapidly being transformed into Southmayd Commons, a commercial development comprised of a medical office building, expansive funeral home, and a community center for the City. The remediation of the seven acres is complete. A developer has received all approvals from local boards and had begun construction of the 20,000 square foot multi-purpose facility. 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 grand list growth for the City.

Cherry Avenue

A second factory demolition and cleanup funded with a \$650,000 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.

South End Brownfield Redevelopment - 313 Mill Street, 272 River Street, 777 & 835 South Main

Along the Mad River in the heavily urbanized South End, properties at 272 River Street and 777 & 835 South Main are presently being assessed through EPA and HUD grant funds. The WDC is currently working on an Invitation to Bid for the demolition of 313 Mill Street. Collectively the properties are sited on over nine riverfront acres. A private developer seeking to create a mixed use development approached the WDC and has since toured the sites. The 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 HUD grant funds for the demolition of the structure. Demolition is complete at the site and a potential future tenant has been identified. 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.

CITY MANAGEMENT FINANCIAL POLICIES AND INITIATIVES

The following financial accomplishments, policies and related initiatives occurred during the fiscal year ended June 30, 2012:

Comprehensive Annual Financial Report

The Finance Director submitted the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2011 to the Government Finance Officers Association (GFOA) for certification on December 30, 2011. For the fifth (5) consecutive year the City's CAFR was awarded the "Certificate of Achievement for Excellence in Financial Reporting." The award notification was received on June 26, 2012. In order to receive the Certificate of Achievement, the Department of Finance 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.

Electric Energy Supply Contract Extension

On July 25, 2012 the City awarded a 24-month extension for electric energy supply allowing the City to lock in supply pricing for fiscal years 2014 & 2015 with market rates at 20-year lows. Locking in the rates at this time is projected to reduce electric supply costs by \$1.8 million over the 24-month extension period.

State of Connecticut ACH Payments

In May 2012 the City of Waterbury became the second municipality in the State of Connecticut to convert over to an ACH method of payment for all payments made to the City of Waterbury by the State. This conversion ensures that grant revenue and other payments from the State are deposited directly into a City bank account via ACH transfer. The conversion eliminates the risk of unrecorded revenue due to lost checks and guarantees the timely deposit of all revenues received from the State.

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 \$1,015,400. 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 years 2010-2012 grant proceeds provided funding for retrofitting existing lighting fixtures, installation of light sensor controls, upgrading direct digital HVAC system controls and various HVAC equipment replacements. Specifically, nearly \$300,000 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 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.

An energy engineering consultant was engaged to perform the energy audits on major buildings (*mostly school buildings but also including the Chase Municipal Building*), major facilities (water & sewer) and the street lighting program. As would be expected there are many opportunities that have been identified by the energy engineering consultant for capital & system improvements that would directly reduce operating energy consumption (electric & natural gas) as well as opportunities for on site generating of energy.

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 FY2013 adopted budget.

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, 2011 Pension Plan Actuarial Valuation Report prepared by Hooker & Holcombe, Inc., reports the actuarial value of plan assets at \$394.5 million and an actuarial accrued benefit liability of \$551.2 million representing a 71.6% actuarial value plan funding status as of July 1, 2011. This represents a .6% increase in the plan funding status when compared with a plan funding status of 70.7% on July 1, 2010. In FY2012, the City fully funded the \$15.9 million annual required contribution. In addition the City paid debt service totaling \$28.0 million for principal and interest on the pension obligation bonds.

DEBT MANAGEMENT

The City's debt management plan is designed to support a commitment to attaining the right balance of capital renewal and reinvestment within the City over time. Since 2004 the City has approved \$418.5 million in bond authorizations for capital renewal and reinvestment with an estimated bond financing requirement of \$195 million net of grant reimbursements. Approximately 78 percent of the total school project authorizations will be funded through the State of Connecticut's school construction reimbursement program. The City's debt issuance program is predicated on incrementally increasing debt service up to an annual level commitment of 5%-6% of total budget. An annual debt service commitment in that range will meet the current project financing requirements and provide for continual capital investment opportunities in education facilities, infrastructure and economic development initiatives long-term.

During FY2012 new debt issuances (net of amounts refunded) totaled \$51.5 million. Principal debt repaid during the year totaled \$19 million. The City's general outstanding bonded indebtedness totaled \$476.5 million on June 30, 2012. Included in the outstanding debt as of June 30, 2012 are outstanding pension obligation bonds in the amount of \$297 million and special capital reserve deficit bonds in the amount of \$47.4 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 \$45.5 million on June 30, 2012. The Bureau of Water enterprise fund issued \$2.8 million in new long-term outstanding debt obligations during the fiscal year with that amount outstanding as of June 30, 2012.

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%.

On June 13, 2012 the City permanently financed \$20.5 million, Series 2012B Taxable General Obligation Bonds, to refund and defease the City's outstanding Series 2004B Special Capital Reserve Fund Bonds. In addition, the City permanently financed \$21.5 million, Series 2012A Exempt General Obligation Bonds, to provide financing for ongoing capital and infrastructure improvements in accordance with previously approved bond authorizations. The bond sale closing occurred on June 26, 2012. The combination of the rating upgrade, the other rating affirmations and favorable market conditions allowed the City to authorize the unenhanced sale of \$21.5 million of 25-year exempt bonds, at a true interest cost of 3.56%, representing an average spread to the MMD-AAA U.S. Treasury rate of 1.08%. In addition the City authorized the sale of 5-Year taxable refunding bonds, at a true interest cost of 1.84%, representing an average spread to the MMD-AAA U.S. Treasury rate of 1.00%.

Leading up to the Board of Aldermen approval for the authorization to refund the Special Capital Reserve Fund (SCRF) bonds it was anticipated that the bond refunding would result in an additional interest cost of \$133 thousand and was not anticipated to provide a net present value savings that is commonly associated with a bond refunding. Debt service budgetary savings (FY2013-FY2017) resulting from the contribution of the \$6.7 million in restricted debt service funds was anticipated at \$1.3 million annually for five years. The results of the sale of the taxable refunding bonds to refund and defease the SCRF bonds were considerably better than anticipated generating interest cost savings of \$451 thousand and annual debt service budgetary saving of \$1.4 million each year (FY2013-FY2017).

During FY2012 the following bond authorizations were approved:

○	Kennedy High School Addition & Alterations	\$25,232,000
○	Public Safety Radio System Upgrade	\$4,500,000
○	Municipal Stadium Phase III	\$4,000,000
○	Water Meters – Radio Read System	\$2,500,000
○	Blight Control	\$1,000,000
○	Utility Billing System	\$750,000

Actual bonding for these projects will be net of all State and Federal grants.

At this time it is anticipated that the following bond authorizations will be submitted to the Board of Aldermen for approval during FY2013:

○	FY2013 General Capital Improvement Plan	\$4,000,000
○	Pearl Lake Road Reconstruction	\$7,000,000
○	Great Brook/Little Brook Rehabilitation	\$1,175,000

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, 2011.

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 the planning, participation in and oversight of 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, 2011

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. Danison

President

Jeffrey R. Emer

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, 2012, 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 of Waterbury, Connecticut'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 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 of Waterbury, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2012 and the respective changes in financial position and, where applicable, cash flows thereof 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 26, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the budgetary comparison information on pages 52 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waterbury, Connecticut's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Blum, Shapiro & Company, P.C.

December 26, 2012

**CITY OF WATERBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012. 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 \$21.0 million as a result of this year's operations. Net assets of our governmental activities increased \$18.5 million. Net assets of our business-type activities increased \$2.5 million (Table 2).
- During the year, the City had government-wide expenses of \$518.7 million as compared with \$539.6 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.
- In the City's business-type activities, expenses of \$28.9 million, including depreciation expense of \$5.8 million were consistent with revenues \$28.8 million generated in user fees and investment income. Capital grants of \$2.6 million substantially contributed to the \$2.5 million increase in net assets in FY2012.
- In the City's business-type activities, a Utility Administrative Division enterprise fund was established to consolidate the accounting, billing and collection activities of the Bureau of Water and Water Pollution Control under one Division.
- The General Fund reported a total fund balance this year of \$22.4 million representing a marginal increase of \$15 thousand. However, the General Fund unassigned component of fund balance increased by \$812 thousand to \$19.4 million as of June 30, 2012.
- The General Fund's revenue resources available for appropriation were \$1.2 million more than anticipated. Expenditures were \$2.6 million less than appropriated. The net budgetary surplus of \$3.8 million avoided any drawdown of the \$3.0 million designation of fund balance, provided for in the 2012 adopted budget for mil rate relief, and provided for the \$812 thousand 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 \$290.4 million to \$311.4 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 Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 411,582	\$ 397,836	\$ 33,391	\$ 35,469	\$ 444,973	\$ 433,305
Capital assets	495,568	451,238	183,184	185,034	678,752	636,272
Total assets	<u>907,150</u>	<u>849,074</u>	<u>216,575</u>	<u>220,503</u>	<u>1,123,725</u>	<u>1,069,577</u>
Long-term liabilities:						
Long-term debt	475,809	450,967	55,983	59,502	531,792	510,469
Employee benefit obligations	201,512	171,553	711	700	202,223	172,253
Risk management and other	40,600	42,699			40,600	42,699
Other liabilities	35,182	48,263	2,561	5,480	37,743	53,743
Total liabilities	<u>753,103</u>	<u>713,482</u>	<u>59,255</u>	<u>65,682</u>	<u>812,358</u>	<u>779,164</u>
Net assets:						
Invested in capital assets, net of debt	364,264	357,192	127,201	124,232	491,465	481,424
Restricted	2,357	9,085			2,357	9,085
Unrestricted	<u>(212,574)</u>	<u>(230,685)</u>	<u>30,119</u>	<u>30,589</u>	<u>(182,455)</u>	<u>(200,096)</u>
Total Net Assets	<u>\$ 154,047</u>	<u>\$ 135,592</u>	<u>\$ 157,320</u>	<u>\$ 154,821</u>	<u>\$ 311,367</u>	<u>\$ 290,413</u>

Net assets of the City's governmental activities increased by \$18.51 million (\$154.0 million compared to \$135.6 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 \$212.6 million at the end of this year compared with \$230.7 million at the end of last year. The \$18.1 million decrease in the City's governmental activities unrestricted net assets deficit is derived from capital expense grant reimbursements of nearly 80% of the \$55.5 million in capitalized expenses incurred during 2012. Those grant reimbursements directly increase unrestricted net assets as the associated expenses are capitalized. In addition the City issued \$48.7 million in capital financing bonds during the 2012 fiscal year, specifically \$28.7 million in August 2011. The August 2011 capital financing bonds replenished a large amount of unrestricted cash deficits for capital expenditures. The capital project cash deficits were part of the prior years June 30, 2011 unrestricted net assets deficit. The estimated \$44.4 million from grant funded capital expenses is significantly offset by the \$32.3 million increase in the City's net Other Post Employment Benefit (OPEB) accrued obligation as of June 30, 2012. 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 \$364.3 million excludes \$47.4 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 \$132 million as of June 30, 2012. Additionally, the net assets invested in capital assets, net of debt excludes pension obligation bonds of \$297 million offset by a net pension asset of \$233.7 million.

The net assets of the City's business-type activities increased by \$2.5 million in 2012 (\$157.3 million compared to \$154.8 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	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 10,386	\$ 9,418	\$ 28,094	\$ 29,832	\$ 38,480	\$ 39,250
Operating grants and contributions	211,991	209,616			211,991	209,616
Capital grants and contributions	40,889	35,569	2,559	616	43,448	36,185
General revenues:						
Property taxes	218,887	214,816			218,887	214,816
Grants and contributions not restricted to specific purposes	23,148	21,593			23,148	21,593
Unrestricted investment earnings	2,359	9,374	55	84	2,414	9,458
Other general revenues	617	645	660	983	1,277	1,628
Total revenues	<u>508,277</u>	<u>501,031</u>	<u>31,368</u>	<u>31,515</u>	<u>539,645</u>	<u>532,546</u>
Expenses:						
General government	109,022	94,607			109,022	94,607
Public works	24,853	27,176			24,853	27,176
Public safety	60,374	57,945			60,374	57,945
Development and community affairs	6,088	5,087			6,088	5,087
Human services	6,723	6,860			6,723	6,860
Education	250,401	262,232			250,401	262,232
Culture and recreation	5,508	5,624			5,508	5,624
Interest on long-term debt	26,853	26,420			26,853	26,420
Bureau of Water			10,729	12,688	10,729	12,688
Water Pollution Control			16,129	16,248	16,129	16,248
Utility Administrative Division			2,011		2,011	
Total program expenses	<u>489,822</u>	<u>485,951</u>	<u>28,869</u>	<u>28,936</u>	<u>518,691</u>	<u>514,887</u>
Change in Net Assets	\$ <u>18,455</u>	\$ <u>15,080</u>	\$ <u>2,499</u>	\$ <u>2,579</u>	\$ <u>20,954</u>	\$ <u>17,659</u>

Governmental Activities

The City's total governmental revenues were \$508.3 million as compared with \$501.0 million in the prior year. Operating grants and contributions increased \$2.3 million as the City benefited from the State establishment of a municipal revenue sharing grant that awards a portion of sales tax revenues to local municipalities. Capital grants increased by \$5.3 million as the City expended significantly more on capital outlays subject to State and Federal project cost reimbursements. Approximately 75% of eligible school construction project costs are reimbursed by the State as costs are incurred. Property tax revenue increased \$4.1 million partly due to the fact that larger one time write-downs of receivables occurring in FY2011 were not repeated in the current year. The stocks and bond investment earnings in FY2012 paled in comparison to those earnings reflect in FY2011. To end the fiscal year with positive investment earnings, following a significant drop in asset values in the fall of 2011, was seen as a successful year with hopes that FY2013 will produce even better results. The total cost of all governmental programs and services was \$518.7 million as compared with \$514.9 million reported last year representing a \$3.8 million or .73% increase.

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	
	2012	2011	2012	2011
General government	\$ 109,022	\$ 94,607	\$ 107,274	\$ 92,869
Public works	24,853	27,176	12,303	21,749
Public safety	60,374	57,945	55,282	53,552
Human services	6,723	6,860	2,876	3,100
Education	250,401	262,232	18,446	30,859
All others	38,449	37,131	30,375	29,219
Totals	<u>\$ 489,822</u>	<u>\$ 485,951</u>	<u>\$ 226,556</u>	<u>\$ 231,348</u>

Business-Type Activities

Service revenues of the City’s business-type activities (see Table 2) decreased by \$1.7 million from \$29.8 million in 2011 down to \$28.1 million in 2012. The decrease in service revenues coincides with a similar reduction in gross user fee billings that has been correlated back to identified reductions in consumption levels in 2012 compared with 2011. Activity in the current fiscal year is being closely monitored to determine if systemic long-term trends are developing that would require increases in user rates to compensate for the reduction in usage. In addition account corrections/adjustments were higher in the current year resulting in reductions to accrued revenues. Adjustments/corrections generally reflect a correction of multiple years of billings based on stipulated judgments or required billing corrections. Capital grants and contributions increased \$1.9 million as significant progress is being made on a State funded project to relocate a major sewage disposal pump station in anticipation of an interstate highway widening project. Operating expenses, including those associated with the establishment of a consolidated Utility Administrative Division were consistent with the prior fiscal year decreasing, in total, by \$67 thousand.

In the City’s business-type activities, a Utility Administrative Division enterprise fund was established to consolidate the accounting, billing and collection activities of the Bureau of Water and Water Pollution Control under one Division. Premium cost allocations are included in the Bureau of Water and Water Pollution Control’s operating budgets to fund the Administrative Division. Corresponding actual costs removed from the operating budgets have been replaced with a premium cost allocation expense.

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 \$55.7 million as compared with \$29.1 million last year.

The General Fund reported a total fund balance this year of \$22.4 million representing an increase of \$15 thousand. The General Fund unassigned component of fund balance increased by \$812 thousand to \$19.4 million as of June 30, 2012. The General Fund’s revenue resources available for appropriation were \$1.2 million more than anticipated. Expenditures were \$2.6 million less than appropriated. The net budgetary surplus of \$3.8 million avoided any drawdown of the \$3.0 million designation of fund balance, provided for in the 2012 adopted budget for mil rate relief, and allowed for the \$812 thousand increase in the unassigned component of fund balance.

The fund balance in the City’s Debt Service fund decreased by \$6.7 million directly resulting from the City’s refunding of SCRF deficit financing bonds, issued in 2002 with maturity dates from 2013-2017. The City contributed \$6.7 million of previously restricted Debt Service fund balance towards the refunding that will reduce debt services cost by \$1.4 million annually from 2013-2017. Those debt service cost reductions will allow the City to more aggressively issue capital financing bonds during this historically low interest rate environment. The refunding also provided for \$451 thousand in interest cost savings.

The General Capital Improvement Fund and Education Capital Improvement Fund reported a combined increase of \$33.1 million in fund balance resulting from the City's \$48.7 million issuance of general obligation bonds during the 2012 fiscal year. The bond proceeds were used to fund ongoing construction, renovation and infrastructure improvement costs. The City has bonded \$28 million in September 2009, \$45 million in September 2010, \$28.7 million in September 2011 and \$20 million in June 2012 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 \$7.4 million, excluding amounts set aside in the OPEB Reserve Fund. The \$7.4 unrestricted net asset position represents a combined increase of \$241 thousand in unrestricted net assets benefitted by \$1.8 million in investment earnings on the reserve funds during FY2012. The Workers' Compensation Fund reported a \$1.4 improvement in net assets as loss reserve estimates on significantly aged open claims were adjusted downward and a higher level of open claims were closed out.

Benefits, claims and administrative expenses decreased \$1.8 million over last year. In the prior fiscal year three significant general liability cases were settled resulting in \$7.5 million in claim payments as compared with \$2.4 million in the current year. The 2012 & 2013 General Fund contributions to the General Liability fund have been increased to replenish those reserves. In the City's Health Benefits fund, claim payments increased from \$75.1 million to \$78.5 million. Current fiscal year trends reflect medical claim and prescription drug benefit costs increasing again at percentages far in excess of the inflation rate. Increases in prescription drug utilization and significant end of life claim events have been identified in the current medical claim analysis data. The implementation of Federal Health Care Reforms are also resulting in increases to the cost of the City's self-insured medical benefits programs as minimum benefit requirements are being expanded as part of the Reform Act.

General Fund Budgetary Highlights

General fund revenues came in \$1.2 million more than budgetary revenue estimates. Intergovernmental grants exceeded budgetary estimates by \$2.6 million as payments under the State's new sales tax municipal sharing grant were much better than the initial conservative budget estimates adopted in the 2012 budget. Income from investments missed budgetary projections by \$708 thousand as liquid fund rates remained well below half-a-percent. Charges for services also missed budgetary estimates by \$1.5 million as income from conveyance fees and housing permits continued to deteriorate as the mortgage crises continues to play out. Employee fringe benefit reimbursements again exceed budgetary estimates as Board of Education federal stimulus funding is being used to avoid reductions in education programs and staffing and in turn allocate a portion of that funding towards increased costs of employee benefits.

The City's General Fund expenditures were \$2.6 million less than budgeted. Budgetary savings were provided by Public Works \$1.1 million as the 2011/2012 winter season passed with few significant snow or ice storms. Public Safety provided for \$469 thousand in budgetary savings as cost containment measures were implemented over the last few months of FY2012 to reduce overtime costs. Several general government departments contributed a total of \$559 thousand in budgetary savings as several staff vacancies resulting from an early retirement incentive program in the prior year remained unfilled.

The General Fund's total fund balance as of June 30, 2012 is \$22.4 million. An assigned portion of \$3 million exists as the FY2013 budget includes a designation of fund balance for mil rate relief as was done in the past three fiscal years. To the extent that the \$3 million designation is not drawn upon during the current fiscal year it remains available for designation in the subsequent fiscal year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2012 the City had \$678.8 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 \$42.5 million over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and land improvements	\$ 19,849	\$ 20,392	\$ 1,773	\$ 1,773	\$ 21,622	\$ 22,165
Buildings, utility plant and improvements	318,077	252,222	68,873	70,924	386,950	323,146
Infrastructure	37,487	39,208	58,366	59,577	95,853	98,785
Machinery and equipment	11,873	12,643	42,276	44,153	54,149	56,796
Vehicles	3,155	3,697	760	714	3,915	4,411
Construction in progress	105,127	123,076	11,136	7,893	116,263	130,969
Totals	\$ 495,568	\$ 451,238	\$ 183,184	\$ 185,034	\$ 678,752	\$ 636,272

Major capital activities during the year included the capitalization of \$42.0 million in school construction and renovation costs and \$16.8 million in other general building and infrastructure improvements. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2012 the City had \$524.8 million in bonds and notes outstanding versus \$510.7 million last year - as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 476,544	\$ 451,206	\$ 4,126	\$ 1,484	\$ 480,670	\$ 452,690
Serial notes payable			44,194	49,268	44,194	49,268
Bond anticipation notes (backed by the City)		5,000		3,750	-	8,750
	\$ 476,544	\$ 456,206	\$ 48,320	\$ 54,502	\$ 524,864	\$ 510,708

During the year, the City issued \$48.7 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 other general building and infrastructure improvements tied to the City's comprehensive capital improvement program. In addition, on June 13, 2012 the City permanently financed \$20.5 million, Series 2012B Taxable General Obligation Bonds, to refund and defease the City's outstanding Series 2004B Special Capital Reserve Fund Bonds.

Included in the outstanding debt as of June 30, 2012 are pension obligation bonds in the amount of \$297 million and special capital reserve deficit bonds in the amount of \$47.4 million. The Water Pollution Control (WPC) enterprise fund has self-supporting bond and clean water fund serial note outstanding debt totaling \$45.5 million on June 30, 2012. The Bureau of Water enterprise fund issued \$2.8 million in new long-term outstanding debt obligations during the fiscal year with that amount outstanding as of June 30, 2012.

In May 2012, City representatives met with four credit rating agencies to present the City's current financial condition and outlook including a comprehensive overview of current economic development activities and financial management policies. Following those meetings the credit rating agencies issued updated ratings on the City's outstanding long-term debt and ratings for a new June 2012 bond sale. Moody's and Fitch reaffirmed the City's prior ratings of "A1" & "A+" respectively. Standard and Poor's upgraded the City's prior rating from "A-" to "A" highlighting the City's very stable tax base, good general fund reserve position and strong financial management policies and practices. In addition the City obtained an "A+" rating from Kroll Bond Ratings. All rating agencies reported a stable outlook for the City.

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 annual 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 account 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 2013 budget has been crafted in a manner which takes into consideration the lingering effects of the great recession and the slow pace of recovery. 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 2013 adopted budget does not contain a mill rate increase consistent with our Mayor's desire to "hold the line" on expenses to allow the City to maintain the current mill rate. The City's current mill rate is significantly higher than surrounding towns and serves as a detriment to home ownership & business development within the City. Any increase in the mill rate in a non-revaluation year is considered detrimental to the Administration's economic development and residential re-use/redevelopment efforts. Difficult reductions were made to Departments' initial 2013 appropriation requests and funding for several unfilled position vacancies was eliminated. In addition, the City has introduced bond financing as a preferred funding mechanism for larger infrastructure capital costs including road maintenance. This action has been taken to provide the ability to reduce budgeted capital improvement funding contributions from within the City's General Fund budget. The bond financing of larger infrastructure projects is accounted for in the City's long-term capital debt issuance financing plan. The adopted budget includes a judicious designated use of fund balance in accordance with the City's fund balance policy.

The fiscal year 2013 budget calls for \$382.2 million in revenues and expenditures, an increase of \$2.8 million or approximate .73% when compared with fiscal year 2012. A mill rate of 41.82 mills is applied to a net taxable grand list of \$5.3 billion that reflected minimal net taxable grand list growth over the October 1, 2010 assessed values. Property taxes are projected to provide 57.8% or \$221.1 million of all revenues needed compared with 58.3% or \$220.3 million in the prior year. PILOT payments are anticipated to increase by \$600 thousand and real estate conveyance tax is anticipated to increase \$500 thousand. The fiscal year 2013 revenue estimates include a \$250 thousand reduction in investment income as bank deposit rates remain at historic lows and are projected to remain so through 2015. The property tax collection rate continued to hold steady given the economic conditions at 96.79%. 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 tax sale auctions and engaging the services of a collection agency to pursue delinquent motor vehicle accounts.

Overall, the 2013 budgeted revenues from sources other than taxation and designated use of fund balance have been increased by \$2.0 million. The increase in revenues from non-taxation sources follows two consecutive years of decreases, \$2.3 million reduction in 2012 & a \$2.9 million reduction in the 2011 taking into account the impact of the economic recession on non-property tax revenues.

On the expenditure side the 2013 budgeted appropriations were set at \$382.2 million representing an increase of \$2.8 million or approximately .73% when compared with fiscal year 2012. The \$2.8 million increase is directly a result of increased funding requirements for health benefits (\$1 million), debt service (\$1 million) and public safety general wage increases awarded through arbitration (approximately \$1 million).

During the past year the City has implemented specific new programs focusing on economic development, anti-blight and school education improvements. The economic development growth & comprehensive anti-blight initiatives were campaign promises that were immediately acted upon when the City's new Mayor was sworn into office in December 2011. The education improvement programs are a product of new initiatives being recommended by the City's new School Superintendent and supported efforts at the State level through new education improvement grants. The amount awarded to each school system is determined after a comprehensive review of an education improvement action plan submitted by the School District.

The City's unemployment rate at fiscal year end was 12.8 percent representing a 1.3% decrease over the 12 month period ending June 30, 2012. The local metropolitan area unemployment rate is 10.8%. The State and national unemployment rates were 8.1% and 8.2%, respectively. Within the City of Waterbury the unemployment reduction can be partly attributed to the new Administration's establishment of an Economic Development Director position operating directly out of the Mayor's Office. During the past year several new businesses have relocated to the City as well as several others in the pipeline driven by the outreach efforts of the new Director. Additionally, the City has instituted compliance monitoring controls to ensure that the requirements of the City's Good Jobs Ordinance (local hiring requirements) are properly adhered to by construction company's awarded projects by the City.

Though October, of this 2013 fiscal year, revenue projections are showing a year end revenue shortfall of \$1.3 million and an expenditure deficit of \$262 thousand. The current projections assume full utilization of the \$1.5 million contingency account by year end and also incorporate several worst case scenario assumptions. To date none of the \$1.5 million contingency has been drawn upon. However, these estimates do speak to the reality in current budgets that revenues are always subject to unanticipated reductions and therefore controlling costs is paramount to achieving a balanced budget by year end. To help improve the likelihood of achieving a balanced budget by year end, the Mayor has instituted a spending freeze on all non-essential expenditures and has established a Cost Containment & Oversight Committee (CCOC) to closely monitor and scrutinize department expenditure requests and position requests.

As the City begins to prepare its fiscal year 2014 budget, it does so with the knowledge that there will be intensified pressure on controlling increases to 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 2014 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 addition, the City begins this process with the knowledge that the October 1, 2012 grand list will establish new real estate and commercial property assessments in accordance with a State mandated every five (5) year statutory requirement. Property values are anticipated to drop significantly from the all-time high values at the time of the last revaluation (October 1, 2007). The October 1, 2012 grand list values will be utilized in the calculation of the mill rate for the fiscal year 2014 budget. As a result, the City's mill rate will increase to compensate for the reduction in property assessments to sustain property tax revenues comparable with the current year. The State of Connecticut legislature has passed local option to implement a phase-in of property value decreases. This phase-in option will be thoroughly evaluated by the City and its government officials in the coming months.

In the City's business-type activities, the Bureau of Water and Water Pollution Control rate charges remained unchanged for FY2013. FY2012 user/business consumption levels and associated water/sewer billings were significantly down in comparison to FY2011. Activity in the current fiscal year is being closely monitored to determine if systemic long-term trends are developing that would require increases in user rates to compensate for the reduction in consumption levels.

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, 2012

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 52,488	\$ 17,847	\$ 70,335
Investments	75,474		75,474
Receivables, net	49,021	14,457	63,478
Deferred charges	761		761
Net pension asset	233,693		233,693
Other current assets	145	1,087	1,232
Capital assets:			
Assets not being depreciated	118,786	12,909	131,695
Assets being depreciated, net	376,782	170,275	547,057
Total assets	<u>907,150</u>	<u>216,575</u>	<u>1,123,725</u>
Liabilities:			
Accounts payable and accrued expenses	33,588	2,561	36,149
Unearned revenue	1,594		1,594
Noncurrent liabilities:			
Due within one year	40,629	6,649	47,278
Due in more than one year	677,292	50,045	727,337
Total liabilities	<u>753,103</u>	<u>59,255</u>	<u>812,358</u>
Net Assets:			
Invested in capital assets, net of related debt	364,264	127,201	491,465
Restricted for trust purposes:			
Trust purposes - nonexpendable	543		543
Trust purposes - expendable	1,814		1,814
Unrestricted	<u>(212,574)</u>	<u>30,119</u>	<u>(182,455)</u>
Total Net Assets	<u>\$ 154,047</u>	<u>\$ 157,320</u>	<u>\$ 311,367</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, 2012

(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	\$ 109,022	\$ 1,748	\$	\$	\$ (107,274)	\$	\$ (107,274)
Public works	24,853	391	2,765	9,394	(12,303)		(12,303)
Public safety	60,374	4,358	734		(55,282)		(55,282)
Development and community affairs	6,088	1,207	5,200		319		319
Human services	6,723	176	3,671		(2,876)		(2,876)
Education	250,401	914	199,546	31,495	(18,446)		(18,446)
Culture and recreation	5,508	1,592	75		(3,841)		(3,841)
Interest on long-term debt	26,853				(26,853)		(26,853)
Total governmental activities	<u>489,822</u>	<u>10,386</u>	<u>211,991</u>	<u>40,889</u>	<u>(226,556)</u>	<u>-</u>	<u>(226,556)</u>
Business-type activities:							
Bureau of Water	10,729	11,631		31		933	933
Waste Treatment	16,129	16,463		2,528		2,862	2,862
Utility Administrative Division	2,011					(2,011)	(2,011)
Total business-type activities	<u>28,869</u>	<u>28,094</u>	<u>-</u>	<u>2,559</u>	<u>-</u>	<u>1,784</u>	<u>1,784</u>
Total	\$ <u>518,691</u>	\$ <u>38,480</u>	\$ <u>211,991</u>	\$ <u>43,448</u>	<u>(226,556)</u>	<u>1,784</u>	<u>(224,772)</u>
General revenues:							
Property taxes					218,887		218,887
Grants and contributions not restricted to specific programs					23,148		23,148
Unrestricted investment earnings					2,359	55	2,414
Miscellaneous					617	660	1,277
Total general revenues					<u>245,011</u>	<u>715</u>	<u>245,726</u>
Change in net assets					18,455	2,499	20,954
Net Assets, July 1, 2011					<u>135,592</u>	<u>154,821</u>	<u>290,413</u>
Net Assets, June 30, 2012					\$ <u>154,047</u>	\$ <u>157,320</u>	\$ <u>311,367</u>

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

(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	\$ 15,414	\$ 3,544	\$ 12,551	\$ 11,355	\$ 637	\$ 462	\$ 3,709	\$ 47,672
Investments	12,511						1,023	13,534
Receivables, net	23,246		2,970	7,129	2,514	10,330	2,070	48,259
Due from other funds	5,989							5,989
Other	18						127	145
Total Assets	<u>\$ 57,178</u>	<u>\$ 3,544</u>	<u>\$ 15,521</u>	<u>\$ 18,484</u>	<u>\$ 3,151</u>	<u>\$ 10,792</u>	<u>\$ 6,929</u>	<u>\$ 115,599</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$ 15,860	\$ 159	\$ 1,037	\$ 9,524	\$ 1,782	\$ 1,497	\$ 155	\$ 30,014
Due to other funds							331	331
Deferred revenue	18,917		3	590	448	8,847	789	29,594
Total liabilities	<u>34,777</u>	<u>159</u>	<u>1,040</u>	<u>10,114</u>	<u>2,230</u>	<u>10,344</u>	<u>1,275</u>	<u>59,939</u>
Fund balances:								
Nonspendable	18						670	688
Restricted			14,481	8,370			1,814	24,665
Committed		3,385			921	448	3,428	8,182
Assigned	3,000							3,000
Unassigned	19,383						(258)	19,125
Total fund balances	<u>22,401</u>	<u>3,385</u>	<u>14,481</u>	<u>8,370</u>	<u>921</u>	<u>448</u>	<u>5,654</u>	<u>55,660</u>
Total Liabilities and Fund Balances	<u>\$ 57,178</u>	<u>\$ 3,544</u>	<u>\$ 15,521</u>	<u>\$ 18,484</u>	<u>\$ 3,151</u>	<u>\$ 10,792</u>	<u>\$ 6,929</u>	<u>\$ 115,599</u>

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

(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	\$	55,660
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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	\$	733,555	
Less accumulated depreciation		<u>(237,987)</u>	
Net capital assets			495,568

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	12,581
Interest receivable on property taxes	5,562
Other receivables and deferred amounts	1,010
Unamortized bond issuance costs	761
Housing loans	8,847
Net pension asset	233,693

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.

22,452

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	(476,544)
Deferred charges on refunding	3,702
Unamortized bond premium	(2,967)
Interest payable on bonds and notes	(3,506)
Accrued compensated absences	(30,459)
Retired employee obligations	(4,448)
Net OPEB obligation	(166,605)
Landfill post-closure	<u>(1,260)</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>154,047</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, 2012

(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	\$ 218,688	\$	\$	\$	\$	\$	\$	\$ 218,688
Intergovernmental	160,695		11,209	31,463	49,900	5,523	12,026	270,816
Investment income	292	143	5	17		6	106	569
Charges for services	5,909				58		5,049	11,016
Reimbursements	12,804							12,804
Other	678	846	108	67	80	55	233	2,067
Total revenues	<u>399,066</u>	<u>989</u>	<u>11,322</u>	<u>31,547</u>	<u>50,038</u>	<u>5,584</u>	<u>17,414</u>	<u>515,960</u>
Expenditures:								
Current:								
General government	9,677						110	9,787
Public works	17,305							17,305
Public safety	45,720						3,572	49,292
Development and community affairs	1,010					5,714		6,724
Human services	3,056						3,684	6,740
Education	175,180				51,654		8,436	235,270
Culture and recreation	1,896						1,925	3,821
General financial	98,450							98,450
Capital outlay			17,683	42,084				59,767
Debt service:								
Principal		18,972						18,972
Interest		27,200						27,200
Total expenditures	<u>352,294</u>	<u>46,172</u>	<u>17,683</u>	<u>42,084</u>	<u>51,654</u>	<u>5,714</u>	<u>17,727</u>	<u>533,328</u>
Excess (Deficiency) of Revenues Over Expenditures								
	<u>46,772</u>	<u>(45,183)</u>	<u>(6,361)</u>	<u>(10,537)</u>	<u>(1,616)</u>	<u>(130)</u>	<u>(313)</u>	<u>(17,368)</u>
Other Financing Sources (Uses):								
Issuance of bonds			17,700	31,000				48,700
Bond premium		1,715						1,715
Payment to refunded escrow agent		(27,021)						(27,021)
Refunding bonds issued		20,505						20,505
Transfers in		43,488	1,172	130	1,995	24	200	47,009
Transfers out	(46,757)	(190)	(21)	(3)	(24)		(14)	(47,009)
Total other financing sources (uses)	<u>(46,757)</u>	<u>38,497</u>	<u>18,851</u>	<u>31,127</u>	<u>1,971</u>	<u>24</u>	<u>186</u>	<u>43,899</u>
Net Change in Fund Balances	15	(6,686)	12,490	20,590	355	(106)	(127)	26,531
Fund Balance, July 1, 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>
Fund Balance, June 30, 2012	<u>\$ 22,401</u>	<u>\$ 3,385</u>	<u>\$ 14,481</u>	<u>\$ 8,370</u>	<u>\$ 921</u>	<u>\$ 448</u>	<u>\$ 5,654</u>	<u>\$ 55,660</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, 2012

(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)	\$ 26,531
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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	58,789
Depreciation expense	(13,070)

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.

	(1,389)
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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	160
Property tax interest and lien revenue - accrual basis change	39
Housing assistance loans receivable - accrual basis change	228
Other receivables - accrual basis change	126

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 refunded	24,895
Refunding bonds issued	(20,505)
Bond principal payments	18,972
General obligation bonds issued	(48,700)
Deferred charges in refunding	2,126
Amortization of deferred charge on refunding	(61)
Deferred bond issuance costs	185
Amortization of issuance costs	(58)
Bond premiums issued	(1,715)
Amortization of premiums and discounts	146

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	(32,272)
Net pension asset	(334)
Compensated absences	3,061
Retired employee obligations	(748)
Accrued interest	77
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.

1,902

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>18,455</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, 2012

(In Thousands)

	Business-Type Activities				Governmental
	Major Funds		Nonmajor Fund		Activities
	Bureau of Water Enterprise Fund	Water Pollution Control Enterprise Fund	Utility Administrative Division	Total	Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 1,125	\$ 16,603	\$ 119	\$ 17,847	\$ 4,816
Investments					61,940
Receivables, net	5,437	9,020		14,457	762
Inventories	1,087			1,087	
Total current assets	7,649	25,623	119	33,391	67,518
Noncurrent assets:					
Capital assets, net	57,500	125,684		183,184	
Total assets	65,149	151,307	119	216,575	67,518
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	756	1,802	3	2,561	68
Due to other funds				-	5,658
Capital lease obligations		551		551	
Bonds and serial notes payable	53	5,337		5,390	
Compensated absences	73	43	26	142	
Deferred credit		566		566	
Risk management claims				-	13,867
Total current liabilities	882	8,299	29	9,210	19,593
Noncurrent liabilities:					
Capital lease obligations		2,499		2,499	
Bonds and notes payable	2,747	40,183		42,930	
Compensated absences	293	173	103	569	
Deferred credit		4,047		4,047	
Risk management claims				-	25,473
Total noncurrent liabilities	3,040	46,902	103	50,045	25,473
Total liabilities	3,922	55,201	132	59,255	45,066
Net Assets:					
Invested in capital assets, net of related debt	54,700	72,501		127,201	
Unrestricted	6,527	23,605	(13)	30,119	22,452
Total Net Assets	\$ 61,227	\$ 96,106	\$ (13)	\$ 157,320	\$ 22,452

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, 2012

(In Thousands)

	Business-Type Activities				Internal Service Funds
	Major Funds		Nonmajor Fund		
	Bureau of Water Enterprise Fund	Water Pollution Control Enterprise Fund	Utility Administrative Division	Total	
Operating Revenues:					
Operations	\$ 11,631	\$ 16,463	\$ -	\$ 28,094	\$ -
Employer premiums				-	77,881
Charges for services				-	10,435
Other	533	127		660	3,021
Total operating revenues	<u>12,164</u>	<u>16,590</u>	<u>-</u>	<u>28,754</u>	<u>91,337</u>
Operating Expenses:					
Operations	7,008	9,367		16,375	
Administration and general	2,235	1,440	2,011	5,686	
Depreciation	1,466	4,325		5,791	
Benefits, claims and administration				-	91,222
Total operating expenses	<u>10,709</u>	<u>15,132</u>	<u>2,011</u>	<u>27,852</u>	<u>91,222</u>
Operating Income (Loss)	<u>1,455</u>	<u>1,458</u>	<u>(2,011)</u>	<u>902</u>	<u>115</u>
Nonoperating Income (Expense):					
Investment income		55		55	1,787
Interest expense	(20)	(997)		(1,017)	
Net nonoperating income (expense)	<u>(20)</u>	<u>(942)</u>		<u>(962)</u>	<u>1,787</u>
Income (Loss) Before Grants and Contributions	1,435	516	(2,011)	(60)	1,902
Capital Grants and Contributions	31	2,528		2,559	
Transfers In			1,998	1,998	
Transfers Out	(1,299)	(699)		(1,998)	
Change in Net Assets	167	2,345	(13)	2,499	1,902
Total Net Assets, July 1, 2011	<u>61,060</u>	<u>93,761</u>	<u>-</u>	<u>154,821</u>	<u>20,550</u>
Total Net Assets, June 30, 2012	<u>\$ 61,227</u>	<u>\$ 96,106</u>	<u>\$ (13)</u>	<u>\$ 157,320</u>	<u>\$ 22,452</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, 2012

(In Thousands)

	Business-Type Activities				Governmental
	Major Funds		Nonmajor Fund		Activities
	Bureau of Water Enterprise Fund	Water Pollution Control Enterprise Fund	Utility Administrative Division	Total	Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from operations	\$ 11,129	\$ 15,221	\$ -	\$ 26,350	\$ 77,881
City's contribution				-	13,483
Cash received from employees and other	533	127		660	
Cash paid to employees for services	(4,768)	(4,169)	(1,696)	(10,633)	
Cash paid to vendors	(5,048)	(5,725)	(183)	(10,956)	(93,290)
Net cash provided by (used in) operating activities	<u>1,846</u>	<u>5,454</u>	<u>(1,879)</u>	<u>5,421</u>	<u>(1,926)</u>
Cash Flows from Capital and Related Financing Activities:					
Bonds issued	2,800			2,800	
Capital grants	31	2,525		2,556	
Acquisition and construction of capital assets	(948)	(2,993)		(3,941)	
Principal payment - bonds, notes and leases	(3,750)	(6,319)		(10,069)	
Interest paid on bonds and notes	(20)	(1,000)		(1,020)	
Net cash used in capital and related financing activities	<u>(1,887)</u>	<u>(7,787)</u>	<u>-</u>	<u>(9,674)</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities:					
Transfer from other funds			1,998	1,998	1,000
Transfer to other funds	(1,299)	(699)		(1,998)	(1,000)
Net cash provided by (used in) noncapital financing activities	<u>(1,299)</u>	<u>(699)</u>	<u>1,998</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:					
Income on investments		55		55	2,065
Purchases of investments				-	(2,516)
Sales of investments				-	2,313
Net cash provided by investing activities	<u>-</u>	<u>55</u>	<u>-</u>	<u>55</u>	<u>1,862</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,340)	(2,977)	119	(4,198)	(64)
Cash and Cash Equivalents, July 1, 2011	<u>2,465</u>	<u>19,580</u>	<u>-</u>	<u>22,045</u>	<u>4,880</u>
Cash and Cash Equivalents, June 30, 2012	<u>\$ 1,125</u>	<u>\$ 16,603</u>	<u>\$ 119</u>	<u>\$ 17,847</u>	<u>\$ 4,816</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ 1,455	\$ 1,458	\$ (2,011)	\$ 902	\$ 115
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	1,466	4,325		5,791	
(Increase) decrease in receivables	(502)	(1,242)		(1,744)	27
Increase in inventory	(376)			(376)	
Increase (decrease) in accounts payable and accrued expenses	(89)	923	3	837	(3,096)
Increase in due to other funds				-	3,057
Increase (decrease) in compensated absences	(108)	(10)	129	11	
Decrease in risk management claim liabilities				-	(2,029)
Net Cash Provided by (used in) Operating Activities	<u>\$ 1,846</u>	<u>\$ 5,454</u>	<u>\$ (1,879)</u>	<u>\$ 5,421</u>	<u>\$ (1,926)</u>
Noncash Investing, Capital and Financing Activities:					
Amortization of deferred credit		\$ 564			
Increase in value of investments					\$ (278)

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

(In Thousands)

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 14,633	\$ 2,312
Investments:		
Corporate bonds	43,695	
U.S. treasury obligations	30,140	
Asset backed securities	23,425	
Managed futures	20,176	
Common stock and equities	246,788	
	<u> </u>	<u> </u>
Total assets	<u>378,857</u>	<u>\$ 2,312</u>
Liabilities:		
Accounts payable	59	
Deposits held for others		\$ 2,312
	<u> </u>	<u> </u>
Net Assets:		
Held in trust for pension benefits	<u>\$ 378,798</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, 2012

(In Thousands)

Additions:		
Contributions:		
Employer		\$ 15,961
Plan members		6,502
Total contributions		<u>22,463</u>
Investment income:		
Net depreciation in fair value of investments	\$ (4,407)	
Interest and dividends	9,042	
Total investment income		<u>4,635</u>
Total additions		27,098
Deductions:		
Benefits	\$ 45,509	
Refunds	396	
Administration	2,561	
Total deductions		<u>48,466</u>
Net Decrease		(21,368)
Net Assets Held in Trust for Pension Benefits, Beginning of Year		<u>400,166</u>
Net Assets Held in Trust for Pension Benefits, End of Year		<u><u>\$ 378,798</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.

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 \$4,915 is equal to 26.6% of outstanding property taxes at June 30, 2012.

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 \$12,581.

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 (Board of Aldermen). An approval of a resolution by the Board of Aldermen is required to establish, modify or rescind a commitment of fund balance.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, 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. Generally assignments are done by the Board of Aldermen, Mayor or Finance Director.

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.

K. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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, 2012:

	<u>Amount</u>
Nonmajor and Other Funds	
Enterprise Funds:	
Utility Administrative Division	13 *
Internal Service Funds:	
Workers' Compensation	1,396 **
Special Revenue Funds:	
Recreational Programs	235 *

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

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

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*, \$31,582 of the City's bank balance of \$37,397 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 15,043
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>16,539</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 31,582</u>

Cash Equivalents

At June 30, 2012 the City's cash equivalents amounted to \$57,991. 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.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm

Investments

As of June 30, 2012, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest-bearing investments:					
Corporate bonds	AAA to BBB+	\$ 47,016	\$ 3,521	\$ 43,495	\$
Corporate bonds	BBB to B	13,672	333	13,339	
Asset backed securities	AAA-AA+	29,333	2,354	7,086	19,893
U.S. Government agencies	AAA-AA+	45,302	14,535	26,019	4,748
Certificates of deposit	N/A	<u>11,628</u>	<u>10,380</u>	<u>1,248</u>	
Total		146,951	<u>\$ 31,123</u>	<u>\$ 91,187</u>	<u>\$ 24,641</u>
Other investments:					
Common stock		270,581			
Managed futures		20,176			
Mutual funds		<u>1,990</u>			
Total Investments		<u>\$ 439,698</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</u>	<u>Education Capital</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	\$ 18,507	\$	\$	\$	\$	\$	\$	\$	\$ 18,507
Accrued interest on taxes	12,980								12,980
Service fees						4,717	6,000		10,717
Unbilled revenue						1,826	2,139		3,965
Intermunicipal fees							810		810
Intergovernmental	3,122	2,970	7,129	2,514	1,483		1,387	1,602	20,207
Loans					8,847				8,847
Accounts and other	3,214					191	657	1,262	5,324
Gross receivables	<u>37,823</u>	<u>2,970</u>	<u>7,129</u>	<u>2,514</u>	<u>10,330</u>	<u>6,734</u>	<u>10,993</u>	<u>2,864</u>	<u>81,357</u>
Less allowance for uncollectibles:									
Taxes	(4,915)								(4,915)
Accrued interest on taxes	(7,418)								(7,418)
Service fees						(1,297)	(1,973)		(3,270)
Accounts and other	(2,244)							(32)	(2,276)
Total allowance	<u>(14,577)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,297)</u>	<u>(1,973)</u>	<u>(32)</u>	<u>(17,879)</u>
Net Total Receivables	<u>\$ 23,246</u>	<u>\$ 2,970</u>	<u>\$ 7,129</u>	<u>\$ 2,514</u>	<u>\$ 10,330</u>	<u>\$ 5,437</u>	<u>\$ 9,020</u>	<u>\$ 2,832</u>	<u>\$ 63,478</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	\$ 12,581	\$	\$ 12,581
Accrued interest on delinquent property taxes	5,562		5,562
Other account receivables	657		657
Advance tax collections		117	117
Other funds:			
Grant drawdowns prior to meeting all eligibility requirements		1,417	1,417
Housing loans and accrued interest	8,847		8,847
Other deferred revenue	353	60	413
	<u> </u>	<u> </u>	<u> </u>
Total Deferred/Unearned Revenue for Governmental Funds	\$ <u>28,000</u>	\$ <u>1,594</u>	\$ <u>29,594</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 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	\$ 13,659	\$	\$	\$ 13,659
Construction in progress	123,076	57,610	(75,559)	105,127
Total capital assets not being depreciated	<u>136,735</u>	<u>57,610</u>	<u>(75,559)</u>	<u>118,786</u>
Capital assets being depreciated:				
Land improvements	14,157			14,157
Buildings and improvements	343,322	74,223	(2,610)	414,935
Infrastructure	131,810	352		132,162
Machinery and equipment	40,087	1,722	(312)	41,497
Vehicles	11,906	441	(329)	12,018
Total capital assets being depreciated	<u>541,282</u>	<u>76,738</u>	<u>(3,251)</u>	<u>614,769</u>
Less accumulated depreciation for:				
Land improvements	(7,424)	(543)		(7,967)
Buildings and improvements	(91,100)	(7,280)	1,522	(96,858)
Infrastructure	(92,602)	(2,073)		(94,675)
Machinery and equipment	(27,444)	(2,206)	26	(29,624)
Vehicles	(8,209)	(968)	314	(8,863)
Total accumulated depreciation	<u>(226,779)</u>	<u>(13,070)</u>	<u>1,862</u>	<u>(237,987)</u>
Total capital assets being depreciated, net	<u>314,503</u>	<u>63,668</u>	<u>(1,389)</u>	<u>376,782</u>
Governmental Activities Capital Assets, Net	\$ <u>451,238</u>	\$ <u>121,278</u>	\$ <u>(76,948)</u>	\$ <u>495,568</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	7,893	3,255	(12)	11,136
Total capital assets not being depreciated	<u>9,666</u>	<u>3,255</u>	<u>(12)</u>	<u>12,909</u>
Capital assets being depreciated:				
Utility plant	102,005			102,005
Infrastructure	98,617			98,617
Machinery and equipment	75,119	451		75,570
Vehicles	2,915	247	(70)	3,092
Total capital assets being depreciated	<u>278,656</u>	<u>698</u>	<u>(70)</u>	<u>279,284</u>
Less accumulated depreciation for:				
Utility plant	(31,081)	(2,051)		(33,132)
Infrastructure	(39,040)	(1,211)		(40,251)
Machinery and equipment	(30,966)	(2,328)		(33,294)
Vehicles	(2,201)	(201)	70	(2,332)
Total accumulated depreciation	<u>(103,288)</u>	<u>(5,791)</u>	<u>70</u>	<u>(109,009)</u>
Total capital assets being depreciated, net	<u>175,368</u>	<u>(5,093)</u>	<u>-</u>	<u>170,275</u>
Business-Type Activities Capital Assets, Net	<u>\$ 185,034</u>	<u>\$ (1,838)</u>	<u>\$ (12)</u>	<u>\$ 183,184</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 2,131
Public works (including parks)	2,748
Public safety	1,696
Human services	5
Education	5,008
Culture and recreation	1,482
Total Depreciation Expense - Governmental Activities	<u>\$ 13,070</u>
Business-type activities:	
Bureau of Water	\$ 1,466
Water Pollution Control	4,325
Total Depreciation Expense - Business-Type Activities	<u>\$ 5,791</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, 2012:

<u>Program</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance June 30, 2012</u>
General Capital Improvement	\$ 195,587	\$ 121,605	\$ 17,083	\$ 56,899
Education Capital Improvement	321,358	198,515	85,108	37,735
Water Enterprise Improvement	15,597	10,578	24	4,995
WPC Enterprise Improvement	32,819	11,263	6,852	14,704
Utility Admin Enterprise Improvement	750	30		720
	<u>\$ 566,111</u>	<u>\$ 341,991</u>	<u>\$ 109,067</u>	<u>\$ 115,053</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, 2012 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 331
General Fund	Internal Service	5,658
	Total	<u>\$ 5,989</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>							<u>Total</u>
	<u>Debt Service</u>	<u>General Capital</u>	<u>Education Capital</u>	<u>Educational Grants</u>	<u>Housing and Development Programs</u>	<u>Nonmajor Governmental</u>	<u>Utility Admin. Division</u>	
Transfers out:								
General Fund	\$ 43,467	\$ 1,095	\$	\$ 1,995	\$	\$ 200	\$	\$ 46,757
Debt Service		60	130					190
General Capital Improvement	21							21
Education Capital Improvement		3						3
Educational Grants					24			24
Nonmajor Governmental Funds		14						14
Bureau of Water							1,299	1,299
Water Pollution Control							699	699
Total	<u>\$ 43,488</u>	<u>\$ 1,172</u>	<u>\$ 130</u>	<u>\$ 1,995</u>	<u>\$ 24</u>	<u>\$ 200</u>	<u>\$ 1,998</u>	<u>\$ 49,007</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, 2012 amounting to \$4,613 and will be amortized and recorded as revenue as the contributing municipalities make payments to the State of Connecticut.

Fiscal Year Ending June 30,	Deferred Credit Amortization
2013	\$ 566
2014	569
2015	572
2016	574
2017	578
2018-2020	<u>1,754</u>
Total	<u>\$ 4,613</u>

8. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 451,206	\$ 69,205	\$ 43,867	\$ 476,544	\$ 19,809
Add unamortized premiums	1,398	1,715	146	2,967	
Less deferred amount on refunding	<u>(1,637)</u>	<u>(2,126)</u>	<u>(61)</u>	<u>(3,702)</u>	
Total bonds payable	450,967	68,794	43,952	475,809	19,809
Accrued compensated absences	33,520	3,643	6,704	30,459	6,092
Retired employee obligations	3,700	1,415	667	4,448	791
Net OPEB obligation	134,333	67,202	34,930	166,605	
Landfill post-closure	1,330		70	1,260	70
Risk management	<u>41,369</u>	<u>89,193</u>	<u>91,222</u>	<u>39,340</u>	<u>13,867</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 665,219</u>	<u>\$ 230,247</u>	<u>\$ 177,545</u>	<u>\$ 717,921</u>	<u>\$ 40,629</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, 2012 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, 2012</u>
General purpose bonds payable:				
Refunding Bond - 1998 and 2000	10/01/04	3.0-5.0	\$ 17,833	\$ 10,795
Refunding Bond - Special Capital Reserves	02/15/07	3.8-4.5	27,055	26,855
Taxable Refunding Bond - Special Capital Reserves	06/26/12	0.7-2.1	20,505	20,505
Capital Acquisition & Infrastructure Improvements	09/01/09	3.0-5.0	20,000	17,400
Capital Acquisition & Infrastructure Improvements	09/01/10	2.0-6.1	40,000	38,625
Capital Acquisition & Infrastructure Improvements	08/31/11	2.0-5.0	10,200	10,200
Capital Acquisition & Infrastructure Improvements	06/26/12	2.0-5.0	7,500	7,500
Total general purpose				<u>131,880</u>
School bonds payable:				
Refunding Bond - 1998 and 2000	10/01/04	3.0-5.0	6,286	4,944
School Construction	09/01/09	3.0-5.0	8,000	7,200
School Construction	09/01/10	2.0-6.1	5,000	4,375
School Construction	08/31/11	2.0-5.0	18,500	18,500
School Construction	06/26/12	2.0-5.0	12,500	12,500
Total school				<u>47,519</u>
Pension deficit bonds payable:				
Pension Obligation	09/17/09	2.7-7.1	313,145	<u>297,145</u>
Total				<u>\$ 476,544</u>

A schedule of governmental activities bonds outstanding at June 30, 2012 is presented below:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 19,809	\$ 26,295	\$ 46,104
2014	20,467	26,137	46,604
2015	20,653	25,472	46,125
2016	20,905	24,745	45,650
2017	21,123	23,942	45,065
2018-2022	110,985	102,265	213,250
2023-2027	90,580	72,007	162,587
2028-2032	85,142	43,756	128,898
2033-2037	62,400	19,475	81,875
2038-2039	24,480	1,711	26,191
Total	<u>\$ 476,544</u>	<u>\$ 365,805</u>	<u>\$ 842,349</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 \$4,448 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>
2013	\$ 791
2014	931
2015	1,010
2016	759
2017	553
2018-2020	404
Total	<u>\$ 4,448</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 \$1,260 for the postclosure monitoring liability as of June 30, 2012. 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, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bond and serial notes payable	\$ 50,752	\$ 2,800	\$ 5,232	\$ 48,320	\$ 5,390
Deferred credit	5,176		563	4,613	566
Capital leases	3,574		524	3,050	551
Accrued compensated absences	<u>700</u>	<u>151</u>	<u>140</u>	<u>711</u>	<u>142</u>
Total Business-Type Activities					
Long-Term Liabilities	\$ <u>60,202</u>	\$ <u>2,951</u>	\$ <u>6,459</u>	\$ <u>56,694</u>	\$ <u>6,649</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, 2012 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, 2012</u>
Business Type Activities:				
Bureau of Water:				
Infrastructure Improvements	08/31/11	2.0-5.0	\$ 1,300	\$ 1,300
Infrastructure Improvements	06/26/12	2.0-5.0	1,500	1,500
Water Pollution Control:				
Bonds payable:				
Refunding Bond - 1998 and 2000	10/01/04	3.0-5.0	2,076	1,326
Serial notes payable - State of Connecticut:				
Clean Water Act	08/30/95	2.0	4,008	386
Clean Water Act	07/31/97	2.0	6,448	1,323
Clean Water Act	12/31/00	2.0	69,647	31,884
Clean Water Act	10/30/02	2.0	11,547	6,195
Clean Water Act	11/30/03	2.0	2,424	1,462
Clean Water Act	05/30/04	2.0	2,953	1,820
Clean Water Act	06/30/04	2.0	1,138	617
Clean Water Act	11/30/05	2.0	544	361
Clean Water Act	06/29/07	2.0	226	<u>146</u>
Total				\$ <u>48,320</u>

A schedule of business-type activities bonds and serial notes outstanding at June 30, 2012 is presented below:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 5,390	\$ 974	\$ 6,364
2014	5,571	884	6,455
2015	5,540	769	6,309
2016	5,623	652	6,275
2017	5,430	535	5,965
2018-2022	18,979	1,080	20,059
2023-2027	1,079	234	1,313
2028-2032	708	71	779
	<u>48,320</u>	<u>5,199</u>	<u>53,519</u>
Total	\$ <u>48,320</u>	\$ <u>5,199</u>	\$ <u>53,519</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, 2012.

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 707
2014	707
2015	707
2016	707
2017	<u>706</u>
Minimum lease payments	3,534
Less: Amount representing interest at the City's incremental borrowing rate of interest	<u>(484)</u>
Present Value of Minimum Lease Payments	\$ <u>3,050</u>

Bonds Authorized/Unissued

Bonds authorized/unissued outstanding are as follows:

<u>Project Description</u>	<u>Date Authorized</u>	<u>Total Authorized</u>	<u>Bonds Issued</u>	<u>Grants Received</u>	<u>Authorized Unissued</u>
General Purpose:					
Public Safety Radio System Upgrade to P25	06/25/12	\$ 4,500	\$	\$	4,500
Municipal Stadium Phase III	02/06/12	4,000	1,500		2,500
Police Parking Garage	02/07/11	3,950	3,100		850
Waterbury Industrial Commons & Centralized DPW Facility**	07/19/10	60,420	5,000	4,718	50,702
Chase Avenue Reconstruction	09/03/08	8,205	6,770		1,435
Sidewalk and Curb Improvements	09/03/08	600			600
Division Street Drainage	09/03/08	1,200	1,100		100
Underground Tank Removal	07/21/08	282	150		132
Buckingham Garage Elevator	07/21/08	282	150		132
Golf Course Equipment	12/10/07	751	700		51
Police Facility Projects	12/10/07	819	700		119
Education:					
Kennedy High School Additions & Alterations*	06/25/12	25,232			25,232
Wallace Middle School Addition*	06/20/11	15,758			15,758
Carrington Pre-k to 8 School*	09/07/10	34,700	6,500	4,327	23,873
Waterbury Career Academy Technical School*	06/09/08	68,190	12,500	3,735	51,955
Wilby High School*	06/09/08	6,700	1,000	3,734	1,966
Special Education Facility*	11/19/07	14,635	2,500	9,376	2,759
School Facilities Plan*	06/25/04	101,500	21,500	65,060	14,940
Bureau of Water:					
Water Meter Reading Program	10/11/11	2,500	1,500		1,000
Water Billing Technology	09/06/11	750			750
Total		\$ 354,974	\$ 64,670	\$ 90,950	\$ 199,354

* 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.

Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes outstanding for the year ended June 30, 2012:

Governmental Activities:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
9/1/2010	8/31/2011	2.0	\$ 5,000	\$ -	\$ 5,000	\$ -

The Bureau of Water Enterprise Fund retired bond anticipation notes of \$3.75 million this year on August 31, 2011. The notes carried an interest rate of 2.0%.

Other

On June 26, 2012, the City issued \$20,505 of general obligation refunding bonds with interest rates ranging from .7% to 2.1%. The refunding bonds were issued to currently refund \$24,895 of Series 2004B general obligation bonds.

The net proceeds of \$27,206 which include \$6,700 of Debt Service Fund contributions and \$184 of issuance costs will reduce total debt service payments over the next 5 years by \$452 and represents an economic gain (difference between present values of the debt service payments of the old and new debt) of \$580. By refunding the Series 2004B bonds and contributing the \$6,700 from Debt Service reserves, the City will recognize a budgetary savings of approximately \$1.4 million annually for the next five years. As a result, the refunded bonds are considered defeased and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue, which were placed into an irrevocable escrow account, until the defeased bonds have been called. The balance in the escrow is \$27,021 at June 30, 2012. The defeased bonds as of June 30, 2012 are \$24,895.

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	\$ 491,922	\$ 187,901	\$ 304,021
Schools	983,844	59,026	924,818
Sewers	819,870	45,520	774,350
Urban renewal	710,554		710,554
Pension deficit	655,896	297,145	358,751

The total of the City's net statutory indebtedness of \$589.6 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 \$90.9 million and estimated grants of \$84.0 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 payable of \$2.8 million and water bonds authorized and unissued of \$1.75 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, 2012, \$79 million in health care benefits and administrative costs were paid. Incurred but not reported health claims of \$4.6 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 \$4.0 million as of June 30, 2012.

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 \$20.9 million as of June 30, 2012.

The present value of future costs to current eligible recipients subject to Heart and Hypertension benefits is estimated at \$9.9 million as of June 30, 2012. The actuarial estimate is based on the present value of seven times current year paid benefits.

Changes in the reserve amounts in fiscal years 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Beginning of year	\$ 41,369	\$ 42,683
Fiscal year claims incurred and changes in prior years’ estimates	89,193	93,768
Fiscal year claims payments	<u>(91,222)</u>	<u>(95,082)</u>
End of Year	<u>\$ 39,340</u>	<u>\$ 41,369</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 \$1,374 for the fiscal year ended June 30, 2012.

Future minimum lease payments are projected as follows:

2013	\$ 682
2014	250
2015	250
2016	250
2017	250

11. FUND EQUITY

The components of fund balance at June 30, 2012 are as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>General Capital</u>	<u>Education Capital</u>	<u>Educational Grants</u>	<u>Housing and Development Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:								
Nonspendable:								
Inventory	\$	\$	\$	\$	\$	\$	\$ 80	\$ 80
Prepaid assets	18						47	65
Trust							543	543
Restricted for:								
Trust							1,814	1,814
Capital improvements			14,481	8,370				22,851
Committed to:								
Debt service		3,385						3,385
Public safety							1,076	1,076
Human services							57	57
Development and community affairs						448		448
General government							540	540
Education					921		1,755	2,676
Assigned to:								
Subsequent year budget	3,000							3,000
Unassigned	19,383						(258)	19,125
Total Fund Balances	\$ 22,401	\$ 3,385	\$ 14,481	\$ 8,370	\$ 921	\$ 448	\$ 5,654	\$ 55,660

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, 2012, 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, 2012, net of retiree and other contributions, amounted to approximately \$34,930. For the year ended June 30, 2012, retirees contributed \$817. The City set aside an additional \$1,000 in an OPEB Reserve Fund as of June 30, 2012.

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)	\$ 68,577
Interest on net OPEB obligation	7,388
Adjustment to annual required contribution	<u>(8,763)</u>
Annual OPEB cost	67,202
Contributions made	<u>(34,930)</u>
Increase in net OPEB obligation	32,272
Net OPEB obligation, beginning of year	<u>134,333</u>
Net OPEB obligation, End of Year	<u>\$ 166,605</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, 2012, 2011, and 2010 is presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/10	\$ 64,491	\$ 30,348	47.0%	\$ 103,738
6/30/11	64,785	34,190	52.8%	134,333
6/30/12	67,202	34,930	52.0%	166,605

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
6/30/10	\$ 65,203	\$ 30,348	46.5%
6/30/11	65,846	34,190	51.9%
6/30/12	68,577	34,930	51.0%

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 19.7% of annual covered payroll. Benefits and employee contributions are fixed by contract and may be amended subject to union negotiations.

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	\$ 15,961
Interest on net pension obligation	(19,893)
Adjustment to annual required contribution	<u>20,227</u>
Annual pension cost	16,295
Contributions made	<u>15,961</u>
Decrease in net pension asset	334
Net pension asset, beginning of year	<u>(234,027)</u>
Net Pension Asset, End of Year	<u>\$ (233,693)</u>

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

Actuarial valuation date	July 1, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Remaining amortization period	28 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>
6/30/10	\$ 16,385	2,000%	\$ (234,207)*
6/30/11	16,045	99	(234,027)
6/30/12	16,295	98	(233,693)

* 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>
2007	\$ 42,345	102 %
2008	42,238	104
2009	41,610	107
2010	16,444	1,992*
2011	15,866	100
2012	15,961	100

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial 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>
7/1/06	\$ 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
7/1/11	394,484	551,209	156,725	71.6	81,668	191.9

* 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 2012, members contributed \$7.6 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, 2012, the City has recorded in the General Fund revenues and expenditures in the amount of \$21.5 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 \$4.0 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.

**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, 2012

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes:				
Current property taxes	\$ 211,129	\$ 211,129	\$ 211,759	\$ 630
Prior year property taxes	3,750	3,750	2,526	(1,224)
Supplemental auto list	1,500	1,500	1,619	119
Interest and penalties prior year	1,600	1,600	1,740	140
Interest and penalties current year	1,150	1,150	1,044	(106)
Total property taxes	<u>219,129</u>	<u>219,129</u>	<u>218,688</u>	<u>(441)</u>
Intergovernmental:				
Exemptions for elderly	800	800	788	(12)
Veterans additional exemption	137	137	128	(9)
Grant abatement for elderly housing	215	215	227	12
Municipal revenue sharing	2,076	2,076	4,270	2,194
Pequot - State	2,998	2,998	3,074	76
PILOT - State owned properties	4,157	4,157	4,158	1
PILOT - Private tax exempt property	6,405	6,405	6,405	-
PILOT - Housing Authority	20	20	29	9
Industrial incentive program	156	156	121	(35)
Education equalization	113,617	113,617	113,658	41
Nonpublic school transportation	383	383	473	90
Public school transportation	1,146	1,146	1,122	(24)
Nonpublic school medical services	555	555	592	37
Special Education - excess cost and agency placement	2,500	2,500	3,516	1,016
Education services for the blind	150	150	96	(54)
Special Education - Medicaid	1,100	1,100	311	(789)
Special revenue - federal grants			102	102
Special revenue - State grants	180	180	165	(15)
Total intergovernmental	<u>136,595</u>	<u>136,595</u>	<u>139,235</u>	<u>2,640</u>
Investment income:				
Income from investments	<u>1,000</u>	<u>1,000</u>	<u>292</u>	<u>(708)</u>
Charges for services:				
Probate court costs - Wolcott/Md	37	37	27	(10)
Proceeds - off track revenue	200	200	182	(18)
Deed transfer and recording fees	353	353	267	(86)
Real estate conveyance tax	950	950	634	(316)
Vital statistics and fees	328	328	391	63
Dog pound fees and licenses	19	19	18	(1)
Zoning appeal fees	10	10		(10)

(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, 2012

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Refuse disposal charge	\$ 183	\$ 183	\$ 149	\$ (34)
Sewer permits	30	30	52	22
False alarm fines	51	51	33	(18)
Parking violation fees	850	850	620	(230)
Garage and meters parking fees	725	725	688	(37)
Marriott ramp garage	10	10	-	(10)
Building permits	600	600	637	37
Electrical work permits	125	125	148	23
Heating etc. permits	125	125	159	34
Plumbing permits	75	75	105	30
Restaurant license permits	170	170	121	(49)
Outside tuition	750	750	508	(242)
Building rental fees	245	245	225	(20)
Departmental charges	195	195	261	66
Other permits, licenses and fees	1,419	1,419	684	(735)
Total charges for services	<u>7,450</u>	<u>7,450</u>	<u>5,909</u>	<u>(1,541)</u>
Reimbursements:				
Employee fringe benefit contribution	8,195	8,195	9,386	1,191
Park Department	235	235	235	-
Bureau of Water	1,802	1,802	1,802	-
Waste Treatment	1,381	1,381	1,381	-
Total reimbursements	<u>11,613</u>	<u>11,613</u>	<u>12,804</u>	<u>1,191</u>
Other:				
Telephone access lines	450	450	322	(128)
Miscellaneous sources	166	166	356	190
Total other	<u>616</u>	<u>616</u>	<u>678</u>	<u>62</u>
Total revenues	<u>376,403</u>	<u>376,403</u>	<u>377,606</u>	<u>1,203</u>
Total	\$ <u>376,403</u>	\$ <u>376,403</u>	377,606	\$ <u>1,203</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 budgeted21,460Total Revenues and Other Financing Sources as Reported on the Statement of Revenues
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV\$ 399,066

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, 2012**

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Government:				
Office of the Mayor	\$ 637	\$ 737	\$ 724	\$ 13
Board of Aldermen	64	64	64	-
Legal Department	1,702	1,737	1,694	43
City Clerk	233	248	244	4
Town Clerk	568	568	551	17
Department of Human Resources	816	816	792	24
Registrar of Voters	379	379	369	10
City Sheriff	16	16	16	-
Probate Court	199	199	178	21
Finance Department	1,319	1,319	1,197	122
Department of Assessment	873	873	771	102
Collector of Revenue	1,235	1,235	1,139	96
Department of Purchases	244	246	245	1
Department of Audit	145	145	83	62
Department of Budget Control	170	171	171	-
Department of Information Technology	1,483	1,483	1,439	44
Total general government	<u>10,083</u>	<u>10,236</u>	<u>9,677</u>	<u>559</u>
Public Works:				
Public Works Administration	623	623	512	111
Engineering	1,175	1,163	953	210
Public Works Services	4,854	4,847	4,533	314
Public Works Operations	12,150	11,810	11,307	503
Total public works	<u>18,802</u>	<u>18,443</u>	<u>17,305</u>	<u>1,138</u>
Public Safety:				
Police Department	25,318	26,788	26,577	211
Fire Department	18,971	19,401	19,143	258
Total public safety	<u>44,289</u>	<u>46,189</u>	<u>45,720</u>	<u>469</u>
Planning and Development:				
Office of the City Plan	349	349	323	26
Department of Inspections	751	751	687	64
Total planning and development	<u>1,100</u>	<u>1,100</u>	<u>1,010</u>	<u>90</u>
Human Services:				
Department of Health	<u>3,260</u>	<u>3,260</u>	<u>3,056</u>	<u>204</u>
Education:				
Department of Education	<u>155,184</u>	<u>155,184</u>	<u>155,184</u>	<u>-</u>
Culture and Recreation:				
Silas Bronson Library	<u>1,972</u>	<u>1,972</u>	<u>1,896</u>	<u>76</u>

(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, 2012**

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Financial:				
Contractual services	\$ 888	\$ 856	\$ 856	\$ -
Employee benefits	5,574	5,999	5,999	-
Health benefits	62,639	62,639	62,639	-
Pension	16,075	16,033	16,027	6
Legal - general liability	1,650	1,650	1,650	-
Heart and hypertension	1,500	1,500	1,500	-
Workers compensation	8,500	8,500	8,500	-
Municipal groups	1,279	1,279	1,279	-
Contingency and other	1,600	20	-	20
Total general financial	<u>99,705</u>	<u>98,476</u>	<u>98,450</u>	<u>26</u>
 Total expenditures	 <u>334,395</u>	 <u>334,860</u>	 <u>332,298</u>	 <u>2,562</u>
Other Financing Uses:				
Transfers Out:				
Debt Service Fund	43,467	43,467	43,467	-
Special revenue programs	541	631	631	-
Capital Improvement	1,000	1,195	1,195	-
Total other financing uses	<u>45,008</u>	<u>45,293</u>	<u>45,293</u>	<u>-</u>
 Total	 <u>\$ 379,403</u>	 <u>\$ 380,153</u>	 377,591	 <u>\$ 2,562</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.

21,460

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

\$ 399,051

**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, 2012 AND 2011

(In Thousands)

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 15,414	\$ 7,572
Investments	12,511	12,556
Receivables:		
Property taxes receivable, net	13,592	13,133
Property taxes accrued interest receivable, net	5,562	5,523
Accounts receivable, net	4,092	1,096
Due from other funds	5,989	17,285
Other assets	<u>18</u>	<u>65</u>
Total Assets	<u>\$ 57,178</u>	<u>\$ 57,230</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 15,860	\$ 16,205
Deferred revenue	<u>18,917</u>	<u>18,639</u>
Total liabilities	<u>34,777</u>	<u>34,844</u>
Fund balance:		
Unreserved:		
Nonspendable	18	65
Assigned	3,000	3,750
Unassigned	<u>19,383</u>	<u>18,571</u>
Total fund balance	<u>22,401</u>	<u>22,386</u>
Total	<u>\$ 57,178</u>	<u>\$ 57,230</u>

CITY OF WATERBURY, CONNECTICUT

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

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Grand List Year	Combined Uncollected Taxes July 1, 2011	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Principal Tax Collections	Interest, Liens and Warrants	Total Collections	Uncollected Taxes June 30, 2012*
		Additions	Deductions						
2010	\$ 222,723	\$ 306	\$ 2,275	\$ 160	\$ 220,594	\$ 213,522	\$ 1,017	\$ 214,539	\$ 7,072
2009	6,796	255	999	1,374	4,678	2,452	674	3,126	2,226
2008	2,343	114	762	609	1,086	70	282	352	1,016
2007	1,577	120	452	557	688	(246)	126	(120)	934
2006	886	18	18	124	762	28	98	126	734
2005	837	13	21	110	719	14	73	87	705
2004	747	1	9	109	630	7	60	67	623
2003	635	2	8	105	524	7	52	59	517
2002	601	1	8	103	491	9	55	64	482
2001	708		7	102	599	7	48	55	592
2000	501		12	139	350	3	76	79	347
1999	556	1	11	113	433	7	47	54	426
1998	459			111	348	2	40	42	346
1997	890		1	48	841	5	41	46	836
1996	774		747 **	19	8	8	45	53	-
	<u>\$ 241,033</u>	<u>\$ 831</u>	<u>\$ 5,330</u>	<u>\$ 3,783</u>	<u>\$ 232,751</u>	<u>\$ 215,895</u>	<u>\$ 2,734</u>	218,629	<u>\$ 16,856</u>
				Suspense Collections				691	
				Less:					
				Collection agency fees				(311)	
				Change in overpayments liability				(622)	
				Subtotal				218,387	
				Property taxes receivable considered available:					
				June 30, 2011				(710)	
				June 30, 2012				1,011	
				Total				<u>\$ 218,688</u>	

* Represents total receivable of \$18,507 net of \$1,651 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, 2012

(In Thousands)

	Special Revenue				
	Public Safety Grants and Programs	Health Grants and Programs	Recreational Programs	Miscellaneous Grants and Programs	Special Projects
ASSETS					
Cash and cash equivalents	\$ 976	\$ 97	\$ 186	\$ 202	\$ 342
Investments					
Intergovernmental receivables	55	323			
Accounts receivable, net	462			5	1
Other assets			23		
Inventory					
Total Assets	<u>\$ 1,493</u>	<u>\$ 420</u>	<u>\$ 209</u>	<u>\$ 207</u>	<u>\$ 343</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued liabilities	\$ 33	\$ 18	\$ 53	\$ 2	\$ 8
Due to other funds			331		
Deferred revenue	384	345	60		
Total liabilities	<u>417</u>	<u>363</u>	<u>444</u>	<u>2</u>	<u>8</u>
Fund Balance:					
Nonspendable			23		
Restricted					
Committed	1,076	57		205	335
Unassigned			(258)		
Total fund balance	<u>1,076</u>	<u>57</u>	<u>(235)</u>	<u>205</u>	<u>335</u>
Total Liabilities and Fund Balance	<u>\$ 1,493</u>	<u>\$ 420</u>	<u>\$ 209</u>	<u>\$ 207</u>	<u>\$ 343</u>

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

COMBINING BALANCE SHEET

JUNE 30, 2012
(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	\$ 537	\$ 22	\$ 781	\$ 3,143	\$ 566	\$ 3,709
Investments		1,023		1,023		1,023
Intergovernmental receivables	1,224			1,602		1,602
Accounts receivable, net				468		468
Other assets	24			47		47
Inventory	80			80		80
Total Assets	\$ 1,865	\$ 1,045	\$ 781	\$ 6,363	\$ 566	\$ 6,929
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable and accrued liabilities	\$ 6	\$ 3	\$ 9	\$ 132	\$ 23	\$ 155
Due to other funds				331		331
Deferred revenue				789		789
Total liabilities	6	3	9	1,252	23	1,275
Fund Balance:						
Nonspendable	104			127	543	670
Restricted		1,042	772	1,814		1,814
Committed	1,755			3,428		3,428
Unassigned				(258)		(258)
Total fund balance	1,859	1,042	772	5,111	543	5,654
Total Liabilities and Fund Balance	\$ 1,865	\$ 1,045	\$ 781	\$ 6,363	\$ 566	\$ 6,929

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, 2012

(In Thousands)

Special Revenue

	<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>
Revenues:					
Intergovernmental	\$ 690	\$ 3,659	\$	\$ 9	\$
Investment income	2				
Charges for services	2,627	10	1,572	26	
Other		7	8	69	96
Total revenues	<u>3,319</u>	<u>3,676</u>	<u>1,580</u>	<u>104</u>	<u>96</u>
Expenditures:					
General government				98	12
Public safety	3,572				
Human services		3,681		3	
Education					
Culture and recreation			1,752		
Total expenditures	<u>3,572</u>	<u>3,681</u>	<u>1,752</u>	<u>101</u>	<u>12</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(253)</u>	<u>(5)</u>	<u>(172)</u>	<u>3</u>	<u>84</u>
Other Financing Sources (Uses):					
Transfers in			100	100	
Transfers out					(14)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>	<u>(14)</u>
Net Change in Fund Balances	(253)	(5)	(72)	103	70
Fund balance, July 1, 2011	<u>1,329</u>	<u>62</u>	<u>(163)</u>	<u>102</u>	<u>265</u>
Fund balance, June 30, 2012	<u>\$ 1,076</u>	<u>\$ 57</u>	<u>\$ (235)</u>	<u>\$ 205</u>	<u>\$ 335</u>

(Continued on next page)

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, 2012

(In Thousands)

	<u>Special Revenue</u>				<u>Permanent</u>	<u>Total</u>
	<u>Food</u>	<u>Silas</u>	<u>Expendable</u>		<u>Trust</u>	<u>Nonmajor</u>
	<u>Service</u>	<u>Bronson</u>	<u>Trust</u>	<u>Total</u>	<u>Funds</u>	<u>Governmental</u>
		<u>Library</u>	<u>Funds</u>			<u>Funds</u>
Revenues:						
Intergovernmental	\$ 7,665	\$ 3	\$	\$ 12,026	\$	\$ 12,026
Investment income		(22)	125	105	1	106
Charges for services	801	13		5,049		5,049
Other		21	32	233		233
Total revenues	<u>8,466</u>	<u>15</u>	<u>157</u>	<u>17,413</u>	<u>1</u>	<u>17,414</u>
Expenditures:						
General government				110		110
Public safety				3,572		3,572
Human services				3,684		3,684
Education	8,408		28	8,436		8,436
Culture and recreation		49	101	1,902	23	1,925
Total expenditures	<u>8,408</u>	<u>49</u>	<u>129</u>	<u>17,704</u>	<u>23</u>	<u>17,727</u>
Excess (Deficiency) of Revenues over Expenditures	<u>58</u>	<u>(34)</u>	<u>28</u>	<u>(291)</u>	<u>(22)</u>	<u>(313)</u>
Other Financing Sources (Uses):						
Transfers in				200		200
Transfers out				(14)		(14)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>186</u>	<u>-</u>	<u>186</u>
Net Change in Fund Balances	58	(34)	28	(105)	(22)	(127)
Fund balance, July 1, 2011	<u>1,801</u>	<u>1,076</u>	<u>744</u>	<u>5,216</u>	<u>565</u>	<u>5,781</u>
Fund balance, June 30, 2012	<u>\$ 1,859</u>	<u>\$ 1,042</u>	<u>\$ 772</u>	<u>\$ 5,111</u>	<u>\$ 543</u>	<u>\$ 5,654</u>

CITY OF WATERBURY, CONNECTICUT

GENERAL CAPITAL IMPROVEMENT FUND

SCHEDULE OF CHANGES IN PROJECT FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	Accounting Unit	Fund Balance July 1, 2011	Capital Grants	Investment Income	Other Income	Capital Outlay Expenditures	Internal Transfers In (Out)	External Transfers In (Out)	Issuance of Bonds	Fund Balance June 30, 2012	
Capital Projects and Programs:											
	DPW Consolidated Facility	60000, 60001	\$ (347)	\$ 6,157	\$ 3	\$ 7,136	\$	\$	\$ 5,150	\$ 3,827	
	Wachovia Building	60002	376			376				-	
	Energy Efficiency	60003		459		459				-	
	Blight Property Demolition	60004				9			1,000	991	
	Naugatuck River	60005		25		35				(10)	
	Infrastructure Improvements Brass Mills	60010	234			7				227	
	City Road Repairs and Improvement	60020	299			87				212	
	Division Street Drainage	60021	(44)			184			200	(28)	
	Chase Avenue	60022	(154)			681			1,170	335	
	City Wide Paving	60023	113			5			500	608	
	Cooke Street Sidewalks	60026		2,142		2,141				1	
	Great Brook Culvert	60028				2				(2)	
	Park Improvements	60030	7							7	
	Library HVAC	60071	21					(21)		-	
	Town Aid Road	60085	1,547	537		746				1,338	
	Local Capital Improvement Program	60106		1,247		1,164				83	
	Capital Revolving Fund - City Hall and Chase	60115	31			20				11	
	City Hall Renovation	60120	(3,998)		1	266		60	4,100	(103)	
2	DOT Traffic Safety Improvement	60125	(6)							(6)	
	Police Parking	60146	(1,522)		1	1,639			3,100	(60)	
	Police Facility Projects	60147	(10)			18				(28)	
	Police - Buckingham Elevator	60148	(102)			38			150	10	
	Capital Budget	60180	3,412	212		1,242		362		2,794	
	Road Improvement Program	60182	28			304			830	554	
	Vehicle Replacement Fund	60185	1,589			535		750		1,823	
	Town Clerk - Public Act	60221	108			12				135	
	Technology HRIS/Payroll Project	60226	248			22				226	
	Mobile Data Terminals	60240	28	113		141				-	
	Driver Training System	60241	64	220		284				-	
	Smoke and Carbon Detectors	60242		78		97				(19)	
	Recreation Area Improvement Park 98-10	61000	19	1						20	
	CT Urban Forest Council	61002				1				(1)	
	Town Plot Park CUAP 2006-13	61009		1		1				-	
	Golf Course Equipment	61013	(17)							(17)	
	East Mountain Park CUAP 2008-08	61014		17		17				-	
	Municipal Stadium	61018				14			1,500	1,486	
	Schofield Park - NOW	61035	3							3	
	Miscellaneous Improvements	61050	64							64	
	Total		<u>\$ 1,991</u>	<u>\$ 11,209</u>	<u>\$ 5</u>	<u>\$ 108</u>	<u>\$ 17,683</u>	<u>\$ -</u>	<u>\$ 1,151</u>	<u>\$ 17,700</u>	<u>\$ 14,481</u>

CITY OF WATERBURY, CONNECTICUT

EDUCATION CAPITAL IMPROVEMENT FUND

SCHEDULE OF CHANGES IN PROJECT FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	Accounting Unit	Fund Balance July 1, 2011	Capital Grants	Investment Income	Other Income	Capital Outlay Expenditures	Transfers In (Out)	Issuance of Bonds	Fund Balance June 30, 2012	
Capital Projects and Programs:										
	Rotella Magnet School	65000	\$ 3	\$	\$	\$	(3)	\$	-	
	Wilby Science Lab	65001	(725)	1,234		1,733		1,000	(224)	
	Carrington School	65002	(326)	5,086	6	6,659		6,500	4,607	
	AHMMA Magnet School	65003	(416)	5,245	3	6,932		12,500	10,400	
	School Improvement Code Compliance	65005	(2,196)	(45)					(2,241)	
	Kennedy Media Expansion	65020	52	(55)	4	7			(6)	
	Crosby School	65025	(26)	34	14	13			9	
	Wilby Addition	65030	137	6		8			135	
	School Building Maintenance Program	65035.65040.65041	135						135	
⊗	Consolidated Construction Grant	65050	(20)						(20)	
	New Elementary School #1	65051	(2,822)	1,457	1	52	1,885	29	2,000	(1,168)
	New Elementary School #2	65052	(1,360)	18,266	7	24,046	79	5,500	(1,554)	
	New Elementary School #3	65053	(2,190)	(50)		349	22	1,500	(1,067)	
	Crosby/Wallace School	65054	(270)	21	(18)	2			(269)	
	Alternative/Special Education School Facility	65055	(2,274)	264	15	421		2,000	(416)	
	Kitchen Renovations	65060	78			29			49	
	Total		<u>\$ (12,220)</u>	<u>\$ 31,463</u>	<u>\$ 17</u>	<u>\$ 67</u>	<u>\$ 42,084</u>	<u>\$ 127</u>	<u>\$ 31,000</u>	<u>\$ 8,370</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, 2012
(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	\$ 819	\$ 1,398	\$ 1,194	\$ 739	\$ 666	\$ 4,816
Investments	13,468	13,659	2,798	20,033	11,982	61,940
Receivables - other	762					762
Total assets	<u>15,049</u>	<u>15,057</u>	<u>3,992</u>	<u>20,772</u>	<u>12,648</u>	<u>67,518</u>
Liabilities:						
Current:						
Accounts payable	5		17	43	3	68
Due to other funds	3,663			1,263	732	5,658
Risk management claim liabilities:						
Current	4,616		1,129	5,875	2,247	13,867
Noncurrent			2,833	14,987	7,653	25,473
Total liabilities	<u>8,284</u>	<u>-</u>	<u>3,979</u>	<u>22,168</u>	<u>10,635</u>	<u>45,066</u>
Net Assets:						
Unrestricted	<u>\$ 6,765</u>	<u>\$ 15,057</u>	<u>\$ 13</u>	<u>\$ (1,396)</u>	<u>\$ 2,013</u>	<u>\$ 22,452</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, 2012

(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	\$ 64,670	\$	\$ 2,902	\$ 8,809	\$ 1,500	\$ 77,881
Charges for services	10,435					10,435
Other	<u>2,861</u>		<u>16</u>	<u>144</u>		<u>3,021</u>
Total operating revenues	<u>77,966</u>	<u>-</u>	<u>2,918</u>	<u>8,953</u>	<u>1,500</u>	<u>91,337</u>
Operating expenses:						
Benefits, claims and administration:						
Paid	78,484	96	2,390	9,985	2,296	93,251
Claims incurred reported/unreported	<u>536</u>		<u>(260)</u>	<u>(2,105)</u>	<u>(200)</u>	<u>(2,029)</u>
Total operating expenses	<u>79,020</u>	<u>96</u>	<u>2,130</u>	<u>7,880</u>	<u>2,096</u>	<u>91,222</u>
Operating income (loss)	(1,054)	(96)	788	1,073	(596)	115
Nonoperating income:						
Investment income	<u>368</u>	<u>757</u>	<u>67</u>	<u>279</u>	<u>316</u>	<u>1,787</u>
Income (loss) before transfers	(686)	661	855	1,352	(280)	1,902
Transfers in (out)	<u>(1,000)</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(1,686)	1,661	855	1,352	(280)	1,902
Total net assets, July 1, 2011	<u>8,451</u>	<u>13,396</u>	<u>(842)</u>	<u>(2,748)</u>	<u>2,293</u>	<u>20,550</u>
Total Net Assets, June 30, 2012	<u>\$ 6,765</u>	<u>\$ 15,057</u>	<u>\$ 13</u>	<u>\$ (1,396)</u>	<u>\$ 2,013</u>	<u>\$ 22,452</u>

CITY OF WATERBURY, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(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	\$ 64,670	\$	\$ 2,902	\$ 8,809	\$ 1,500	\$ 77,881
Cash received from users and other	13,250		25	208		13,483
Cash paid to suppliers and other	<u>(77,000)</u>	<u>(96)</u>	<u>(5,488)</u>	<u>(9,135)</u>	<u>(1,571)</u>	<u>(93,290)</u>
Net cash provided by (used in) operating activities	<u>920</u>	<u>(96)</u>	<u>(2,561)</u>	<u>(118)</u>	<u>(71)</u>	<u>(1,926)</u>
Cash Flows from Noncapital Financing Activities:						
Transfers (to) from other funds	<u>(1,000)</u>	<u>1,000</u>				<u>-</u>
Cash Flows from Investing Activities:						
Investment income	447	344	102	760	412	2,065
Purchases of investments	(500)	(556)	(100)	(1,110)	(250)	(2,516)
Sales of investments	<u>531</u>	<u>500</u>	<u>110</u>	<u>750</u>	<u>422</u>	<u>2,313</u>
Net cash provided by investing activities	<u>478</u>	<u>288</u>	<u>112</u>	<u>400</u>	<u>584</u>	<u>1,862</u>
Net Increase (Decrease) in Cash and Cash Equivalents	398	1,192	(2,449)	282	513	(64)
Cash and Cash Equivalents, July 1, 2011	<u>421</u>	<u>206</u>	<u>3,643</u>	<u>457</u>	<u>153</u>	<u>4,880</u>
Cash and Cash Equivalents, June 30, 2012	<u>\$ 819</u>	<u>\$ 1,398</u>	<u>\$ 1,194</u>	<u>\$ 739</u>	<u>\$ 666</u>	<u>\$ 4,816</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	\$ (1,054)	\$ (96)	\$ 788	\$ 1,073	\$ (596)	\$ 115
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
(Increase) decrease in receivables	(46)		9	64		27
Increase in due to other funds	1,485			850	722	3,057
Increase (decrease) in accounts payable	(1)		(3,098)		3	(3,096)
Increase (decrease) in risk management claim liabilities	<u>536</u>		<u>(260)</u>	<u>(2,105)</u>	<u>(200)</u>	<u>(2,029)</u>
Total adjustments	<u>1,974</u>	<u>-</u>	<u>(3,349)</u>	<u>(1,191)</u>	<u>525</u>	<u>(2,041)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 920</u>	<u>\$ (96)</u>	<u>\$ (2,561)</u>	<u>\$ (118)</u>	<u>\$ (71)</u>	<u>\$ (1,926)</u>
Noncash Investing, Capital and Financing Activities:						
Net Increase in Value of Investments	<u>\$ (79)</u>	<u>\$ 413</u>	<u>\$ (35)</u>	<u>\$ (481)</u>	<u>\$ (96)</u>	<u>\$ (278)</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.

Flexible Spending Accounts – This fund was established to account for employee contributions to cafeteria plans to pay for qualified expenses.

CITY OF WATERBURY, CONNECTICUT

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ <u>450</u>	\$ <u>994</u>	\$ <u>996</u>	\$ <u>448</u>
Liabilities:				
Deposits held for others	\$ <u>450</u>	\$ <u>994</u>	\$ <u>996</u>	\$ <u>448</u>
Performance Bonds & Escrow Accounts				
Assets:				
Cash and cash equivalents	\$ <u>1,807</u>	\$ <u>339</u>	\$ <u>554</u>	\$ <u>1,592</u>
Liabilities:				
Deposits held for others	\$ <u>1,807</u>	\$ <u>339</u>	\$ <u>554</u>	\$ <u>1,592</u>
Flexible Spending Accounts				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>825</u>	\$ <u>553</u>	\$ <u>272</u>
Liabilities:				
Deposits held for others	\$ <u>-</u>	\$ <u>825</u>	\$ <u>553</u>	\$ <u>272</u>
Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ <u>2,257</u>	\$ <u>2,158</u>	\$ <u>2,103</u>	\$ <u>2,312</u>
Liabilities:				
Deposits held for others	\$ <u>2,257</u>	\$ <u>2,158</u>	\$ <u>2,103</u>	\$ <u>2,312</u>

Supplementary Data

CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF CHANGES IN BONDS AND SERIAL NOTES
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding July 1, 2011	Issued	Retired	Balance Outstanding June 30, 2012
GENERAL								
General Purpose:								
Special Capital Reserve Funds	04/01/02	04/01/22	4.0-5.5	\$ 82,075	\$ 5,130	\$ -	\$ 5,130	\$ -
Refunding Bond - 1998 & 2000	10/01/04	02/01/20	3.0-5.0	17,833	12,232	-	1,437	10,795
Refunding Bond - Special Capital Reserves	10/01/04	04/01/17	2.0-5.0	25,365	24,980	-	24,980	-
Taxable Refunding Bond - Special Capital Reserves	06/26/12	04/01/17	0.7-2.1	20,505	-	20,505	-	20,505
Refunding Bond - Special Capital Reserves	02/15/07	02/15/22	3.8-4.5	27,055	26,905	-	50	26,855
Capital Acquisition & Infrastructure Improvements	09/01/09	09/01/29	3.0-5.0	20,000	18,700	-	1,300	17,400
Capital Acquisition & Infrastructure Improvements	09/01/10	09/01/30	2.0-6.1	40,000	40,000	-	1,375	38,625
Capital Acquisition & Infrastructure Improvements	08/18/11	09/01/30	2.0-5.0	10,200	-	10,200	-	10,200
Capital Acquisition & Infrastructure Improvements	06/26/12	08/01/31	2.0-5.0	8,000	-	7,500	-	7,500
Total					127,947	38,205	34,272	131,880
Schools:								
Refunding Bond - 1998 & 2000	10/01/04	02/01/20	3.0-5.0	6,286	5,514	-	570	4,944
School Construction	09/01/09	09/01/29	3.0-5.0	8,000	7,600	-	400	7,200
School Construction	09/01/10	09/01/30	2.0-6.1	5,000	5,000	-	625	4,375
School Construction	08/31/11	09/01/31	2.0-5.0	18,500	-	18,500	-	18,500
School Construction	06/26/12	08/01/37	2.0-5.0	12,500	-	12,500	-	12,500
Total					18,114	31,000	1,595	47,519
Pension Deficit:								
Pension Obligation Bonds	09/17/09	12/01/38	2.7-7.1	313,145	305,145	-	8,000	297,145
Total general government bond indebtedness					451,206	69,205	43,867	476,544
BUSINESS-TYPE ACTIVITIES								
Bureau of Water:								
Infrastructure Improvements	08/31/11	09/01/30	2.0-5.0	1,300	-	1,300	-	1,300
Infrastructure Improvements	06/26/12	08/01/31	2.0-5.0	1,500	-	1,500	-	1,500
Total					-	2,800	-	2,800
Bureau of Waste Water Treatment:								
Refunding Bond - 1998 & 2000	10/01/04	02/01/20	3.0-5.0	2,076	1,484	-	158	1,326
Clean Water Act*	08/30/95	08/31/15	2.0	4,008	564	-	178	386
Clean Water Act*	07/31/97	07/31/16	2.0	6,448	1,631	-	308	1,323
Clean Water Act*	12/31/00	06/30/20	2.0	69,647	35,523	-	3,639	31,884
Clean Water Act*	10/30/02	04/30/22	2.0	11,547	6,759	-	564	6,195
Clean Water Act*	11/30/03	04/30/23	2.0	2,424	1,582	-	120	1,462
Clean Water Act*	05/30/04	04/30/23	2.0	2,953	1,969	-	149	1,820
Clean Water Act*	06/30/04	07/31/20	2.0	1,138	687	-	70	617
Clean Water Act*	11/30/05	04/30/23	2.0	544	390	-	29	361
Clean Water Act*	06/29/07	07/31/20	2.0	226	163	-	17	146
Total					50,752	-	5,232	45,520
Total business-type bond and serial note indebtedness					50,752	2,800	5,232	48,320
TOTAL BOND AND SERIAL NOTES INDEBTEDNESS - PRIMARY GOVERNMENT					\$ 501,958	\$ 72,005	\$ 49,099	\$ 524,864

* 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>2012</u>	<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>
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 364,264	\$ 357,192	\$ 321,056	\$ 291,451	\$ 286,264	\$ 260,385	\$ 249,075	\$ 246,269	\$ 144,847	\$ 133,948
Restricted	2,357	9,085	9,035	8,500	8,839	9,068	10,147	10,513	10,818	10,927
Unrestricted	(212,574)	(230,685)	(209,579)	(183,212)	(164,894)	(126,805)	(143,179)	(151,240)	(165,476)	(160,977)
Total governmental activities net assets	<u>154,047</u>	<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>
Business-type activities:										
Invested in capital assets, net of related debt	127,201	124,232	123,052	119,905	114,283	109,922	106,803	106,155	104,785	100,080
Unrestricted	30,119	30,589	29,190	33,784	35,111	41,316	42,925	44,589	44,767	42,091
Total business-type activities net assets	<u>157,320</u>	<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>
Primary government:										
Invested in capital assets, net of related debt	491,465	481,424	444,108	411,356	400,547	370,307	355,878	352,424	249,632	234,028
Restricted	2,357	9,085	9,035	8,500	8,839	9,068	10,147	10,513	10,818	10,927
Unrestricted (deficit)	(182,455)	(200,096)	(180,389)	(149,428)	(129,783)	(85,489)	(100,254)	(106,651)	(120,709)	(118,886)
Total Primary Government Net Assets	<u>\$ 311,367</u>	<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>

NOTES:

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

CITY OF WATERBURY, CONNECTICUT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

(In Thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental activities:										
General government	\$ 109,022	\$ 94,607	\$ 114,871	\$ 124,482	\$ 117,786	\$ 103,968	\$ 107,929	\$ 107,452	\$ 108,402	\$ 100,559
Public works	24,853	27,176	61,731	34,809	30,477	26,567	24,465	23,167	22,473	22,137
Public safety	60,374	57,945	222,160	57,859	57,105	45,781	45,754	45,350	49,359	47,735
Development and community affairs	6,088	5,087	5,483	4,851	4,262	5,779	1,313	845		
Human services	6,723	6,860	10,692	6,932	6,700	5,707	7,203	5,593	6,115	6,469
Education	250,401	262,232	352,648	230,247	278,534	194,886	188,387	173,965	173,080	165,286
Culture and recreation	5,508	5,624	9,911	3,026	3,189	4,370	4,352	3,440	3,537	4,798
Interest on long-term debt	26,853	26,420	20,900	4,369	4,831	5,500	6,039	6,465	7,488	7,910
Total governmental activities expenses	489,822	485,951	798,396	466,575	502,884	392,558	385,442	366,277	370,454	354,894
Business-type activities:										
Bureau of Water	10,729	12,688	12,801	13,556	13,305	12,226	11,968	11,516	11,818	9,625
Water Pollution Control	16,129	16,248	16,298	17,451	17,383	16,732	16,731	16,122	16,081	14,333
Utility Administrative Division	2,011									
Total business-type activities expenses	28,869	28,936	29,099	31,007	30,688	28,958	28,699	27,638	27,899	23,958
Total expenses	518,691	514,887	827,495	497,582	533,572	421,516	414,141	393,915	398,353	378,852
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,748	1,738	1,829	1,946	2,320	3,668	4,036	3,874	3,502	1,280
Public works	391	497	422	407	357	640	272	228	199	280
Public safety	4,358	3,488	3,465	3,827	3,671	3,190	2,080	2,258	3,536	2,999
Development and community affairs	1,207	1,086	953	1,413	1,542	2,050	1,481	1,057		
Human services	176	181	179	186	187	225	151	147	87	204
Education	914	901	1,016	834	1,336	1,067	1,911	1,700	1,299	1,608
Culture and recreation	1,592	1,527	1,562	1,429	1,422	1,345	1,481	1,434	1,428	1,911
Operating grants and contributions	211,991	209,616	212,170	193,520	237,794	169,743	166,050	158,881	156,973	155,407
Capital grants and contributions	40,889	35,569	27,301	14,043	18,982	8,103	3,327	3,208	3,062	3,826
Total governmental activities program revenues	263,266	254,603	248,897	217,605	267,611	190,031	180,789	172,787	170,086	167,515
Business-type activities:										
Charges for services:										
Bureau of Water	11,631	12,457	11,020	12,183	9,828	10,834	11,474	10,557	11,847	11,934
Waste Treatment	16,463	17,375	16,833	17,895	16,624	17,319	19,117	16,964	21,453	21,089
Capital grants and contributions	2,559	616	1,377	4,976	605	609	583	742	1,777	1,388
Total business-type activities program revenues	30,653	30,448	29,230	35,054	27,057	28,762	31,174	28,263	35,077	34,411
Total program revenues	293,919	285,051	278,127	252,659	294,668	218,793	211,963	201,050	205,163	201,926

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT

CHANGES IN NET ASSETS (CONTINUED)

LAST TEN FISCAL YEARS

(In Thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (expense) revenue:										
Governmental activities	\$ (226,556)	\$ (231,348)	\$ (549,499)	\$ (248,970)	\$ (235,273)	\$ (202,527)	\$ (204,653)	\$ (193,490)	\$ (200,368)	\$ (187,379)
Business-type activities	1,784	1,512	131	4,047	(3,631)	(196)	2,475	625	7,178	10,453
Total net cost of services	<u>(224,772)</u>	<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>
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	218,887	214,816	207,627	213,806	192,161	194,581	187,818	181,973	178,227	179,980
Grants and contributions not restricted to specific programs	23,148	21,593	22,888	21,985	22,719	24,965	22,865	23,269	21,120	22,360
Unrestricted investment earnings (losses)	2,359	9,374	6,308	(1,625)	4,747	9,073	3,782	3,885	1,825	2,165
Other general revenues	617	645	504	334	3,207	513	689	917	428	278
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>245,011</u>	<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>
Business-type activities:										
Unrestricted investment earnings	55	84	97	418	1,267	1,562	1,172	567	203	160
Other general revenues	660	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>715</u>	<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>
Total general revenues and other charges	<u>245,726</u>	<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>
Changes in Net Assets:										
Governmental activities	18,455	15,080	3,773	(13,470)	(12,439)	26,605	10,501	115,353	6,291	17,404
Business-type activities	2,499	2,579	(1,447)	4,295	(1,844)	1,510	(1,016)	1,192	7,381	10,613
Total	<u>\$ 20,954</u>	<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>

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>2012</u>	<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>
General Fund:										
Nonspendable	\$ 18	\$ 65	\$	\$	\$	\$	\$	\$	\$	\$
Assigned	3,000	3,750								
Unassigned	19,383	18,571								
Fund Balance Unreserved:										
Designated			3,000	3,000	1,000	2,958	2,000	4,112	7,222	8,860
Unreserved			<u>18,180</u>	<u>18,082</u>	<u>18,016</u>	<u>16,918</u>	<u>17,494</u>	<u>12,000</u>	<u>11,000</u>	<u>10,000</u>
Total General Fund	<u>\$ 22,401</u>	<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>
All other governmental funds:										
Nonspendable	\$ 670	\$ 626	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	24,665	10,511								
Committed	8,182	7,989								
Unassigned	(258)	(12,383)								
Reserved			85,409	83,793	73,390	40,790	33,731	20,066	14,959	16,137
Unreserved, reported in:										
Special revenue funds			6,327	3,889	4,375	8,482	6,082	5,965	6,621	5,084
Capital projects funds			<u>(106,848)</u>	<u>(87,231)</u>	<u>(62,638)</u>	<u>(19,501)</u>	<u>(6,703)</u>	<u>10,483</u>	<u>16,126</u>	<u>21,314</u>
Total All Other Governmental Funds	<u>\$ 33,259</u>	<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>

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>2012</u>	<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>
Revenues:										
Property taxes	\$ 218,688	\$ 218,483	\$ 210,060	\$ 210,092	\$ 197,239	\$ 194,680	\$ 188,416	\$ 180,545	\$ 180,371	\$ 177,721
Intergovernmental	270,816	261,810	256,264	224,881	276,284	198,468	185,327	173,029	170,683	170,979
Investment income	569	914	978	2,224	3,881	5,395	3,855	2,242	1,405	1,551
Charges for services	11,016	9,989	10,498	11,287	11,699	13,033	12,349	11,402	9,986	7,234
Reimbursements	12,804	12,913	11,420	11,340	11,696	11,089	11,199	10,123	9,336	9,911
Other	2,067	1,878	3,876	2,912	4,404	2,617	1,630	2,330	2,832	3,192
Total revenues	<u>515,960</u>	<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>
Expenditures:										
General government	9,787	10,294	10,234	9,675	9,430	8,940	8,923	8,317	8,669	8,017
Public works	17,305	18,793	18,550	19,286	17,913	17,317	18,288	17,438	19,808	14,374
Public safety	49,292	46,304	46,946	47,149	45,942	44,590	43,493	45,592	47,702	44,358
Development and community affairs	6,724	6,962	5,973	6,092	3,508	5,372	1,313	845		
Human services	6,740	6,887	7,380	7,040	7,190	5,805	6,901	5,796	6,405	8,313
Education	235,270	231,285	233,542	213,768	261,290	193,906	182,797	170,880	171,271	165,833
Culture and recreation	3,821	3,637	3,980	3,983	3,809	3,576	3,330	3,433	3,546	5,185
General financial	98,450	96,463	415,194	119,770	119,107	109,777	105,434	101,458	94,568	89,358
Library and other										4,277
Capital outlay	59,767	64,431	85,109	38,001	37,482	20,604	14,041	10,285	10,549	5,883
Debt service:										
Principal	18,972	16,916	7,160	7,090	9,934	12,503	12,047	12,119	11,384	14,361
Interest	27,200	26,102	19,040	4,492	5,102	6,226	6,231	6,810	7,534	
Total expenditures	<u>533,328</u>	<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>
Excess of Revenues Over/Under Expenditures	<u>(17,368)</u>	<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>
Other Financing Sources (Uses):										
Transfers in	47,009	47,923	37,215	17,443	24,897	24,350	24,057	22,399	20,871	24,050
Transfers out	(47,009)	(47,923)	(34,415)	(16,443)	(24,897)	(24,476)	(24,057)	(22,399)	(20,871)	(27,058)
Bonds issued	48,700	45,000	341,145							
Multi-year lease purchase agreements									1,356	
Refunding bonds issued	20,505					27,055		49,484		13,330
Refunding bonds - payment to refunding bond escrow agent	(27,021)					(27,511)		(52,626)		(13,906)
Bonds/Refunding bonds - net original issue premium	1,715	148	602			959		4,010		884
Bonds/Refunding bonds - cost of issuance and other bonding costs								(868)		(308)
Total Other Financing Sources (Uses)	<u>43,899</u>	<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>
Net Change in Fund Balances	26,531	23,061	(15,465)	(12,610)	(15,504)	(2,957)	(22)	(3,302)	(5,467)	7,621
Fund Balances, Beginning	<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>
Fund Balances, Ending	<u>\$ 55,660</u>	<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>
Debt Service as a % of Noncapital Expenditures	<u>9.7%</u>	<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>

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								
2012	2010	\$ 3,358,426	\$ 1,334,987	\$ 476,934	\$ 367,069	\$ 5,537,416	\$ 237,271	\$ 5,300,145	\$ 7,571,636	70%	41.82
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
74 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
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

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, 2010 AND OCTOBER 1, 2001

(In Thousands)

Taxpayer	Nature of Business	October 1, 2010			October 1, 2001		
		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	\$ 117,145	1	2.21%	\$ 82,636	1	2.53%
Conn. Light & Power Co.	Utility	71,674	2	1.35%	34,268	2	1.05%
Yankee Gas Company	Utility	50,932	3	0.96%	21,040	3	0.64%
DDRTC Naugatuck Valley SC LLC	Retail	41,985	4	0.79%			
Yankee Gas Services Company	Utility	25,758	5	0.49%			
Waterbury Partners, LP	Hospitality	20,589	6	0.39%			
Centro GA Waterbury LLC	Retail	18,024	7	0.34%			
Waterbury VF LLC	Retail	16,596	8	0.31%			
Benchmark GPT Waterbury LLC	Assisted Living	13,390	9	0.25%			
Macy's Retail Holding Inc	Retail	12,897	10	0.24%			
Starwood Ceruzzi	Retail				20,778	4	0.64%
Olin Corp.	Manufacturing				15,557	5	0.48%
K-Five Associates Limited	Retail				15,052	6	0.46%
Clydel Mfg. & Company	Manufacturing				13,963	7	0.43%
Webster Bank	Banking				12,866	8	0.39%
MacDermid	Chemicals				12,084	9	0.37%
Truelove & Maclean Inc.	Manufacturing				11,285	10	0.35%
Total		\$ 388,990		7.34%	\$ 239,529		7.33%

Source: City of Waterbury Assessor's Office

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

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	Current 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
2012	2010	\$ 5,300,145	41.82	\$ 222,723	\$ 220,594	\$ 213,522	96.79	% \$ -	\$ 213,522	95.87
2011	2009	5,277,391	41.82	221,652	217,700	213,022	96.91	2,452	215,474	97.21
2010	2008	5,307,186	39.92	212,839	207,509	204,238	96.97	2,255	206,493	97.02
2009	2007	5,253,604	39.92	212,557	206,880	203,816	97.48	2,130	205,946	96.89
2008	2006	3,534,262	55.49	198,400	195,486	190,108	96.42	4,644	194,752	98.16
2007	2005	3,478,896	55.49	194,842	191,972	187,525	96.68	3,742	191,267	98.17
2006	2004	3,410,262	53.96	185,907	183,710	179,493	96.77	3,594	183,087	98.48
2005	2003	3,343,239	53.31	179,914	177,875	172,713	96.97	4,645	177,358	98.58
2004	2002	3,353,713	53.31	180,253	176,915	170,072	96.13	6,361	176,433	97.88
2003	2001	3,267,707	54.86	180,856	177,189	168,809	95.27	7,788	176,597	97.65

CITY OF WATERBURY, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(In Thousands)

Governmental Activities						Business-Type Activities						Total	Ratio of Net Bonded Debt to Taxable Assessed Value	Total Debt Per Capita	Net Bonded Debt Per Capita	
Fiscal Year	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												
2012	\$ 131,880	\$ 47,518		\$ 297,145		\$ 2,800	\$ 1,326	\$ 44,194		\$ 3,050	\$ 527,913	8.99%	\$ 4,783	\$ 4,318		
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	82,090		6,594	236,331	4.21%	2,186	1,305		
2003	140,196	11,105	540			2,537	2,000	79,748		6,851	245,810	4.65%	2,278	1,407		

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, 2012

(In Thousands)

Total tax collections (including interest and penalties)					\$ 218,629
State reimbursement for:					
Tax relief for elderly - freeze					<u>3</u>
Total					<u>\$ 218,632</u>
<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	\$ 491,922	\$	\$	\$	\$
4-1/2		983,844			
3-3/4			819,870		
3-1/4				710,554	
3					655,896
Total debt limitation	<u>491,922</u>	<u>983,844</u>	<u>819,870</u>	<u>710,554</u>	<u>655,896</u>
Debt as defined by Statute:					
Bonds payable	131,880	47,518	1,326		297,145
Serial notes payable			44,194		
Bonds authorized and unissued	56,021	95,493			
School building grants		(83,985)			
Total indebtedness	<u>187,901</u>	<u>59,026</u>	<u>45,520</u>	<u>-</u>	<u>297,145</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 304,021</u>	<u>\$ 924,818</u>	<u>\$ 774,350</u>	<u>\$ 710,554</u>	<u>\$ 358,751</u>

NOTES:

- (1) In no event shall total debt exceed seven times annual receipts from taxation - \$1,530,424.
- (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 \$83,985 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 Water Enterprise bonds payable of \$2,800 & Water Enterprise bonds authorized and unissued of \$1,750.

CITY OF WATERBURY, CONNECTICUT
OUTSTANDING BOND AUTHORIZATIONS

JUNE 30, 2012
(In Thousands)

<u>Project Description</u>	<u>Date Authorized</u>	<u>Total Authorized</u>	<u>Bonds Issued</u>	<u>Grants Received</u>	<u>Authorized Unissued</u>	<u>Total Estimated Project Grant Reimbursement</u>
General Purpose:						
Public Safety Radio System Upgrade to P25	06/25/12	\$ 4,500	\$	\$	\$ 4,500	\$
Municipal Stadium Phase III	02/06/12	4,000	1,500		2,500	1,533
Police Parking Garage	02/07/11	3,950	3,100		850	
Waterbury Industrial Commons & Centralized DPW Facility**	07/19/10	60,420	5,000	4,718	50,702	15,345
Chase Avenue Reconstruction	09/03/08	8,205	6,770		1,435	
Sidewalk and Curb Improvements	09/03/08	600			600	
Division Street Drainage	09/03/08	1,200	1,100		100	
Underground Tank Removal	07/21/08	282	150		132	
Buckingham Garage Elevator	07/21/08	282	150		132	
Golf Course Equipment	12/10/07	751	700		51	
Police Facility Projects	12/10/07	819	700		119	
Education:						
79 Kennedy High School Additions & Alterations*	06/25/12	25,232			25,232	19,681
Wallace Middle School Addition*	06/20/11	15,758			15,758	12,291
Carrington Pre-k to 8 School*	09/07/10	34,700	6,500	4,327	23,873	26,211
Waterbury Career Academy Technical School*	06/09/08	68,190	12,500	3,735	51,955	50,689
Wilby High School*	06/09/08	6,700	1,000	3,734	1,966	4,695
Special Education Facility*	11/19/07	14,635	2,500	9,376	2,759	9,959
School Facilities Plan*	06/25/04	101,500	21,500	65,060	14,940	78,663
Bureau of Water:						
Water Meter Reading Program	10/11/11	2,500	1,500		1,000	
Water Billing Technology	09/06/11	750			750	
Total		\$ 354,974	\$ 64,670	\$ 90,950	\$ 199,354	\$ 219,067

* 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>2012</u>	<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>
Debt limit	\$ 1,530,424	\$ 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
Total net debt applicable to limit	<u>589,592</u>	<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>
Legal Debt Margin	<u>\$ 940,832</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>38.52%</u>	<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>
Calculation of Continuing Disclosure Agreement Ratios:										
Total indebtedness per legal debt limit calculation	\$ 589,592	\$ 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>(67,529)</u>	<u>(22,703)</u>	<u>(98,239)</u>	<u>(71,824)</u>	<u>(71,824)</u>	<u>(25,496)</u>				
Total direct debt	<u>522,063</u>	<u>510,708</u>	<u>512,530</u>	<u>185,903</u>	<u>172,081</u>	<u>176,955</u>				
Less water and sewer indirect self-funding debt	<u>(45,520)</u>	<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>\$ 476,543</u>	<u>\$ 456,206</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	8.6%	7.2%	7.3%	2.4%	2.1%	2.2%				
Total direct debt per capita	\$ 4,730	\$ 4,627	\$ 4,713	\$ 1,709	\$ 1,582	\$ 1,627				
Total net debt as a percentage of State Equalized grand list	7.8%	6.5%	6.4%	1.6%	1.3%	1.3%				
Total net debt per capita	\$ 4,318	\$ 4,134	\$ 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
2012	110,366	18,062	\$ 38,672	45,843	6,718	12.8%	10.8%	8.1%	8.2%
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

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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

2012 AND 2003

Business Name	Nature of Business	2012			2003		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City of Waterbury	Government Services	3,670	1	8.01%	3,800	1	7.81%
Waterbury Hospital	Medical Services	1,800	2	3.93%	1,541	2	3.17%
St Mary's Hospital	Medical Services	1,300	3	2.84%	1,279	3	2.63%
New Opportunities of Waterbury	Employment Services	450	4	0.98%			
Stop & Shop Companies	Grocery	400	5	0.87%			
OptiCare Health Systems	Health Services	312	6	0.68%			
VNA Health Care, Inc	Health Services	308	7	0.67%			
Wal-Mart	Retail	303	8	0.66%			
Abbot Terrace Health Center	Health Services	280	9	0.61%			
Webster Bank	Financial Services	265	10	0.58%	256	8	0.53%
State of Connecticut	Government				1,225	4	2.52%
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%
Waterbury Republican	Newspaper Publisher				252	9	0.52%
MacDermid Inc	Chemicals				217	10	0.45%
Total		9,088		19.82%	9,624		19.24%

Source: The Connecticut Data Center

CITY OF WATERBURY, CONNECTICUT

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2012</u>	<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>
General Government (1)	1,075 *	1,102 *	1,169	1,157	1,150	1,194	1,211	1,140	1,152	1,333
Board of Education (2)	2,227	2,214	2,314	2,319	2,300	2,231	2,231	2,193	2,164	2,132
Grant Funded (2)	358	353	343	335	339	346	353	379	423	335
Total	<u>3,660</u>	<u>3,669</u>	<u>3,826</u>	<u>3,811</u>	<u>3,789</u>	<u>3,771</u>	<u>3,795</u>	<u>3,712</u>	<u>3,739</u>	<u>3,800</u>

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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government (1):										
Building permits issued	1,104	1,083	1,095	1,069	1,307	1,280	1,313	1,335	1,406	1,087
Value of permits issued (thousands)	\$77,915	\$51,411	\$68,562	\$47,167	\$61,242	\$45,131	\$56,413	\$28,491	\$29,874	\$25,936
Public works (1):										
Refuse collection:										
Trash collected (tons per day)	171	177	176	195	158	192	183	N/A	N/A	N/A
Cost per ton	\$69	\$69	\$63	\$62	\$70	\$70	\$70	N/A	N/A	N/A
Recyclables collected (tons per day)	13	14	14	14.54	14.76	21.16	16.4	N/A	N/A	N/A
Other public works:										
Street resurfacing (miles)	2.7	16.6	13.2	10	20	5.7	18.3	N/A	N/A	N/A
Public safety (2):										
Police:										
Physical arrests	7,655	5,677	8,373	9,885	9,082	9,842	9,127	9,793	10,260	11,273
Fire:										
Emergency responses	18,640	* 17,616	* 17,495*	4,914	5,168	4,688	4,688	5,707	5,316	4,656
Fires extinguished	635	693	722	434	777	443	443	397		
Inspections	2,320	2,613	2,526	3,812	3,722	2,663	2,663	2,236	2,445	1,898
Library (3):										
Total Print Items	235,027	237,193	234,060	228,620	224,998	237,593	259,486	258,328	N/A	N/A
Total Non-Print Items	24,685	23,564	25,495	25,242	19,124	17,596	16,542	16,988	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)	15.2	15.6	15.0	15.5	15.2	14.9	15.6	15.4	16.3	19
Peak Hour Demand (millions of gallons)	20.7	20.3	24.4	24.4	25	25.4	24.8	27.5	28.2	24.7
Water Pollution Control (5):										
Design Average Daily Flow (millions of gallons)	27.05	27.05	27.05	27.05	27.05	27.05	27.05	N/A	N/A	N/A
Average Daily Flow Treated (millions of gallons)	24.3	23.0	24.1	21.6	21.5	24.0	24.3	N/A	N/A	N/A
Maximum Daily Flow Treated (millions of gallons)	55	55	55	55	55	55	55	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>2012</u>	<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>
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	2	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	23	25	25	21	21	22	22	22	22	21
Fire stations	9	9	9	9	9	9	9	9	9	9
Education (3):										
School buildings	26	28	27	27	26	26	26	26	26	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	6
Number of parks	30	30	30	30	30	30	30	30	30	30
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