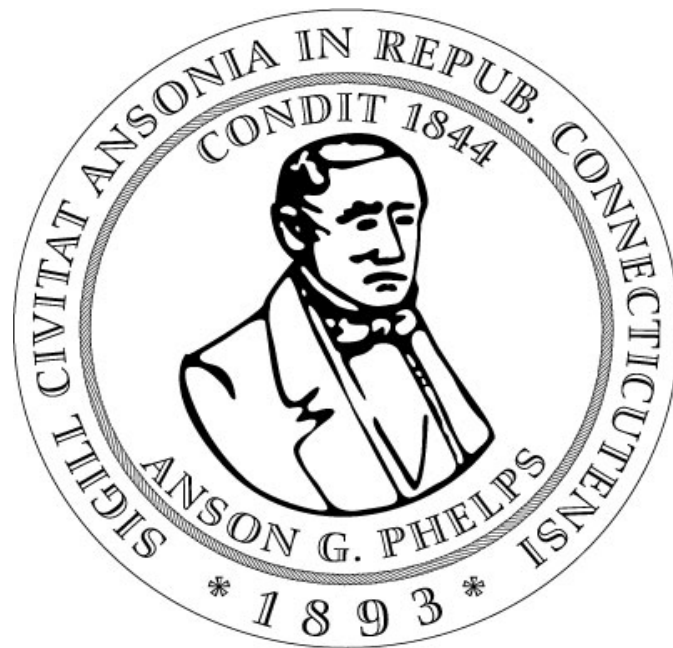


CITY OF ANSONIA, CONNECTICUT
AUDITED FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011



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City of Ansonia, Connecticut
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Independent Auditors' Report

The Honorable Mayor,
Members of the Board of Alderman and
Members of the Board of Apportionment and Taxation
City of Ansonia, 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 Ansonia, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Ansonia, Connecticut's management. Our responsibility is to express opinions on these 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 Ansonia, Connecticut, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2011 on our consideration of the City of Ansonia, Connecticut's internal control over financial reporting and on 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 the 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 and Schedule of Employer Pension Contributions and Schedule of Funding Progress on pages 6 through 14 and pages 55 to 56 be presented to supplement the basic financial statements. Such information,

Honorable Mayor,
Members of the Board of Alderman and
Members of the Board of Apportionment and Taxation
City of Ansonia, Connecticut

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 the 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 Ansonia, Connecticut's basic financial statements as a whole. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Michaud and Accavallo
Certified Public Accountants, LLC

December 20, 2011

Management's Discussion and Analysis

As management of the City of Ansonia, Connecticut (City), we offer readers of the City's financial statements this narrative overview and analysis of the financing activities of the City for the fiscal year ended June 30, 2011. All amounts, unless otherwise indicated, are expressed in thousands of dollars (\$000).

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$66,518 (*net assets*).
- The Governmental and Business-Type activities total net assets (decreased) increased by (\$2,891) and \$6,527, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,158, a decrease of \$523 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,851 or 13.07% of total general fund expenditures.
- The City's government-wide activities total debt decreased by \$1,423 (4.41%) during the current fiscal year.
- The City's business-type activities total debt increased by \$6,559 (20.79%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, education, public safety, public works, and human services. The business-type activities of the City include a Water Pollution Control Authority.

The government-wide financial statements can be found on pages 17 to 18 of this report.

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

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

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Economic Development Commission and Library Endowment Funds, all of which are considered to be major funds and in the Other Governmental Funds which includes the other funds of the City (see details on page 60). Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

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

Proprietary Fund – The City maintains one proprietary fund. This fund is used to report the same functions presented as a *business-type activity* in the government-wide financial statements. The City uses this business-type activity to account for its Water Pollution Control Authority.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Pollution Control Authority.

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 to 54 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on pages 55 and 56 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 60 to 66 of this report.

Other schedules are presented following the combining statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$47,317 at the June 30, 2011 a decrease of \$2,891 from the previous year.

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

City's Net Assets (\$000)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 30,665	\$ 32,939	\$ 7,614	\$ 754	\$ 38,279	\$ 33,693
Capital assets	52,996	54,704	50,259	44,364	103,255	99,068
Total assets	83,661	87,643	57,873	45,119	141,534	132,762
Long-term liabilities						
outstanding	30,859	32,283	38,107	31,548	68,967	63,831
Other liabilities	5,484	5,152	565	896	6,049	6,048
Total liabilities	36,344	37,435	38,672	32,444	75,016	69,879
Net assets:						
Invested in capital assets, net of related debt	32,141	30,649	12,152	12,816	44,293	43,465
Restricted	7	7	-	-	7	7
Unrestricted	15,168	19,627	7,050	(141)	22,218	19,486
Total net assets	\$ 47,317	\$ 50,283	\$ 19,201	\$ 12,675	\$ 66,518	\$ 62,958

At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets as a whole, and for its separate governmental and business-type activities. All categories in the prior year were able to report positive net asset numbers.

The City's net assets increased by \$3,636 in the current fiscal year. The majority of this increase represents grant income, primarily in the governmental activities, and property tax revenues which were greater than increases in ongoing expenses during the fiscal year.

Governmental Activities – Governmental activities decreased the City's net assets by \$2,891. Key elements of the decrease are as follows:

- Overall expenses increased by approximately 3.96% while Board of Education's operating expenses decreased by \$231 (.40%), due to decrease in operating grants. General government expenses increased by \$2,697 (4.61%) and public safety expenses increased by \$1,030 (11.76%).
- Depreciation for the current year was \$2,433.
- Overall revenues decreased by \$1,848. The primary reasons for the decrease was operating grants and contributions decreased by \$2,635 and capital grants and contributions increased by \$325 while tax revenues increased by \$415 due to additions to the grand list as compared to the previous year.

City's Changes in Net Assets (\$000)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
REVENUES						
Program revenues:						
Charges for services	\$ 2,682	\$ 2,599	\$ 7,542	\$ 2,215	\$10,224	\$ 4,814
Operating grants/contributions	25,485	24,786	1,978	5,313	27,464	30,099
Capital grants/contributions	830	505	-	-	830	505
General revenues:						
Property taxes	29,609	29,194	-	-	29,609	29,194
Grants and contributions not restricted to specific programs	427	453			427	453
Unrestricted investment earnings	137	59	29	25	166	84
Loss on disposal of assets	(5)	-	-	-	(5)	-
TOTAL REVENUES	59,166	57,596	9,550	7,553	68,715	65,149
EXPENSES						
General government	6,954	4,091	-	-	6,954	4,091
Education	36,642	35,932	-	-	36,642	35,932
Public works	5,460	7,067	3,023	2,702	8,483	9,769
Public safety	8,904	7,874	-	-	8,904	7,874
Human services	2,041	1,576	-	-	2,041	1,576
Capital outlay	891	514	-	-	891	514
Debt service	1,164	1,404	-	-	1,164	1,404
TOTAL EXPENSES	62,057	58,458	3,023	2,702	65,080	61,160
(DECREASE) INCREASE IN NET ASSETS	(2,891)	(862)	6,527	4,851	3,636	3,989
Net assets at beginning of year , as restated	50,208	51,145	12,675	7,824	62,882	58,969
NET ASSETS AT END OF YEAR	<u>\$47,317</u>	<u>\$50,283</u>	<u>\$19,201</u>	<u>\$12,675</u>	<u>\$66,518</u>	<u>\$62,958</u>

Business-type Activities – Business-type activities increased the City's net assets by \$6,527. Key elements of this increase are as follows:

- Charges for services, for business-type activities, increased by \$5,327 as a result of billing to implement the facility plant improvements as required by federal and state mandates and a modest increase in user charges and demand. Operating grants/contributions from the State of Connecticut decreased by \$3,335 and material costs increased \$321. Together, these factors account for the increase in net assets for the Water Pollution Control Authority of \$6,527.

Financial Analysis of the Government's Funds

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

Governmental Funds – The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In

particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,158, a decrease of \$523 in comparison with the prior year. Approximately 91.40% of this total amount or \$8,370 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it has already been 1) committed for capital projects (\$280), 2) assigned for future budgets (\$500) or 3) is non-spendable inventories (\$7)

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,851, while total fund balance reached \$8,631. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures of \$60,091, Unassigned fund balance represents 13.07% of the total general fund expenditures, while total fund balance represents 14.36% of that same amount.

In the current fiscal year the City's general fund balance decreased by \$579, as indicated on page 21. The revenues amounted to \$59,512 while expenditures were \$60,091. It was anticipated during the preparation of the budget for the year ended June 30, 2011 that \$500 of the fund balance would be used to balance the budget.

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

Net assets of the Water Pollution Control Authority at the end of the year amounted to \$19,201 of which \$12,152 represents an investment in capital assets net of related debt. The total increase in net assets for the fund was \$6,527. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget (\$3,901 increase in appropriations) can be briefly summarized as follows:

- \$958 decrease in appropriations for Streets and Bridges.
- \$503 decrease in appropriations for Building and Refuse.
- \$1,521 increase in appropriations for City Government.
- \$1,448 increase in appropriations for Board of Apportionment and Taxation.
- \$1,075 increase in appropriations for Capital Outlay.
- \$1,206 increase in appropriations for Grants - City.

The increase in anticipated revenues from State grants-municipal (\$2,004) was due to appropriating deferred grant revenues from the prior year and the recognition of unanticipated grant income during the year.

The decrease in Streets and Bridges, Building and Refuse and City Government was a reaction by the Board to reduce appropriations because major expenditures were not going to take place in the current fiscal year.

The increase City Government was a reaction to centralize utility purchasing. The increase in Board of Apportionment and Taxation (\$1,448) was the City's anticipated costs for the rehabilitation of the transfer station that did not take place in the current fiscal year.

The increase in Capital Outlay (\$1,075) was the City's anticipated costs for the riverwalk project that did not take place in the current fiscal year.

Differences between the final budget and actual results are summarized as follows:

- Actual revenues were unfavorable when compared to the final budget by \$3,595 due primarily to decreases in anticipated property tax revenues (\$80), State Grants-education (\$770), State Grants-municipal (\$1,317), and interest reimbursements and other revenue (\$1,374).
- Actual expenditures were favorable when compared to the Final Budget by \$4,468 primarily due to favorable results in City Government (\$86), Board of Apportionment and Taxation (\$1,365), Insurance/Debt Service (\$347), Grants-Board of Education (\$1,142), Grants-City (\$521) and Capital Outlay (\$777).

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$103,255 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and system, machinery and equipment and park facilities, roads, highways, and bridges (infrastructure). The total increase in the City's investment in capital assets for the current fiscal year was 5.3% before depreciation.

During the fiscal year the City's governmental activities invested in public safety vehicles and equipment (\$253), equipment (\$317), land improvements (\$160) and the business-type activities (WPCA) is in process of up-dating the sewer infrastructure system (\$6,918).

City's Capital Assets (\$000)
(Net of depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 13,377	\$ 1,000	\$ 14,378
Land improvements	839	-	839
Buildings and system	33,868	67	33,936
Machinery and equipment	3,480	37	3,516
Infrastructure	1,432	49,154	50,586
	<u>\$ 52,996</u>	<u>\$ 50,259</u>	<u>\$ 103,255</u>

Additional information on the City's capital assets can be found in Note 7 beginning on page 42 of this report.

Long-Term Debt

City's Outstanding Debt (\$000)

General Obligation Bonds - At the end of the current fiscal year, the City had total bonded debt outstanding of \$20,855. This amount is backed by the full faith and credit of the government. The City's total bonded debt decreased by \$3,200 (13.30%) during the current fiscal year.

Compensated Absences - the compensated absences liability of the City increased by \$180, increasing the balance to \$2,647. City departments which comprise the

majority of the balance are the Board of Education (\$906), Police (\$1,082), Public Works (\$231) and the Finance Department (\$104).

Net Pension Obligation - at the end of the current fiscal year, the City had total net pension obligation of \$2,871. This obligation increased by \$169 during the year ended June 30, 2011.

Other Post-Employment Benefits - At the end of the current fiscal year, the City had total other post-employment benefit obligations of \$4,299. This is the second year this obligation is reported in total under the government-wide financial statements and this obligation increased by \$1,423 during the year ended June 30, 2011.

General Obligation Bonds - a summary of the general obligation bonds of the City of Ansonia, Connecticut, at June 30, 2011 is as follows:

General Obligation Bonds

Governmental Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Due in 2012	\$ 3,155	\$ 806	\$ 3,961
Due in 2013 to 2017	14,275	2,289	16,564
Due in 2018 to 2020	<u>3,425</u>	<u>135</u>	<u>3,560</u>
	<u>\$ 20,855</u>	<u>\$ 3,229</u>	<u>\$ 24,084</u>

Note Payable - a summary of the note payable of the City of Ansonia, Connecticut, at June 30, 2011 is as follows:

Business-type Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Due in 2012	\$ 227	\$ 98	\$ 325
Due in 2013 to 2017	1,208	320	1,528
Due in 2018 to 2022	1,335	193	1,528
Due in 2023 to 2027	<u>1,245</u>	<u>55</u>	<u>1,299</u>
	<u>\$ 4,015</u>	<u>\$ 666</u>	<u>\$ 4,682</u>

The City is in the process of receiving interim funding from the State of Connecticut's clean water fund. The total funding approved for this project amounted to \$36,753,163 of which the City has drawn down \$34,091,934 as of June 30, 2011. This amount is classified as long-term debt and is not included in the 20-year annual debt service disclosure schedule as listed above.

The City maintains an "A+" rating from Standard & Poor's and an "Aa3" rating from Moody's for general obligation debt.

The current debt limitation for the City is \$211,477 which is significantly in excess of the City's outstanding general obligation debt. Additional information on the City's long-term debt can be found in Note 8 beginning on page 43 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County slightly increased to 6.3% vs. 6.5% in the prior year, consistent with the Connecticut unemployment rate.
- The Connecticut state government has reported an anticipated deficit for 2011, which may translate into a reduction in state aid to the City.
- Inflationary trends in the region compare favorably to national indices.
- During the current fiscal year, unassigned fund balance in the general fund increased to \$6,393.
- The City assigned \$500,000 of fund balance to balance the 2011-2012 budget.

All of these factors were considered in preparing the City's budget for the 2011-12 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, 253 Main Street Ansonia, Connecticut, 06401.

BASIC FINANCIAL STATEMENTS

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CITY OF ANSONIA, CONNECTICUT
STATEMENT OF NET ASSETS
YEAR ENDED JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 12,380,150	\$ 5,315,710	\$ 17,695,860
Investments	518,849	-	518,849
Receivables:			
Property taxes, net of allowance for collection losses of \$220,000	2,602,043	-	2,602,043
Sewer Project fees receivable, net of allowance for uncollectable of \$97,000	-	1,844,420	1,844,420
Sewer user fees receivable, net of allowance for uncollectable of \$75,000	-	454,266	454,266
Sewer assessments	182,167	-	182,167
Intergovernmental Accounts	14,027,306 836,204	- -	14,027,306 836,204
Inventory	7,478	-	7,478
Internal balances	110,479	(110,479)	-
Capital assets (net of accumulated depreciation)			
Land	13,377,372	1,000,285	14,377,657
Land improvements	839,105	-	839,105
Buildings and system	33,868,169	67,479	33,935,648
Machinery and equipment	3,479,685	36,583	3,516,268
Infrastructure	1,431,940	49,154,317	50,586,257
TOTAL ASSETS	\$ 83,660,947	\$ 57,762,581	\$ 141,423,528
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,733,311	\$ 453,334	\$ 3,186,645
Bond anticipation notes	750,000	-	750,000
Deferred revenue - grants	2,001,180	1,012	2,002,192
Noncurrent liabilities:			
Due within one year	6,150,251	227,464	6,377,715
Due in more than one year	24,709,248	37,879,537	62,588,785
TOTAL LIABILITIES	36,343,990	38,561,347	74,905,337
NET ASSETS			
Investment in capital assets, net of related debt	32,141,271	12,151,663	44,292,934
Restricted for:			
Inventories	7,478	-	7,478
Unrestricted:			
Net assets	15,168,208	7,049,571	22,217,779
TOTAL NET ASSETS	47,316,957	19,201,234	66,518,191
TOTAL LIABILITIES AND NET ASSETS	\$ 83,660,947	\$ 57,762,581	\$ 141,423,528

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
PRIMARY GOVERNMENT			
Governmental activities:			
General government	\$ (6,953,935)	\$ 955,352	\$ 634,866
Education	(36,642,156)	513,290	24,440,572
Public works	(5,459,661)	140,771	216,861
Public safety	(8,904,026)	1,037,186	157,663
Human services	(2,041,137)	34,108	35,463
Capital outlay	(891,477)	1,070	-
Interest on long-term debt	(1,164,253)	-	-
TOTAL GOVERNMENTAL ACTIVITIES	(62,056,645)	2,681,777	25,485,425
TOTAL BUSINESS-TYPE ACTIVITIES	(3,022,903)	7,542,289	1,978,411
TOTAL PRIMARY GOVERNMENT	<u>\$ (65,079,548)</u>	<u>\$ 10,224,066</u>	<u>\$ 27,463,836</u>

GENERAL REVENUES

Property taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Loss on disposal of assets

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

Net assets at July 1, 2010, as restated

NET ASSETS AT JUNE 30, 2011

See notes to financial statements.

Net (Expense) Revenue and
Changes in Net Assets
Primary Government

<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ 462,197	\$ (4,901,520)	\$ -	\$ (4,901,520)
-	(11,688,294)	-	(11,688,294)
-	(5,102,029)	-	(5,102,029)
735	(7,708,442)	-	(7,708,442)
5,333	(1,966,233)	-	(1,966,233)
361,889	(528,518)	-	(528,518)
-	(1,164,253)	-	(1,164,253)
830,154	(33,059,289)	-	(33,059,289)
-	-	6,497,797	6,497,797
<u>\$ 830,154</u>	<u>(33,059,289)</u>	<u>6,497,797</u>	<u>(26,561,492)</u>
	29,609,080	-	29,609,080
	426,956	-	426,956
	137,350	28,904	166,254
	(5,018)	-	(5,018)
	30,168,368	28,904	30,192,254
	(2,890,921)	6,526,701	3,630,762
	50,207,878	12,674,533	62,882,411
	<u>\$ 47,316,957</u>	<u>\$ 19,201,234</u>	<u>\$ 66,513,173</u>

CITY OF ANSONIA, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Economic Development Commission	Library Endowment Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS					
Cash	\$ 11,929,346	\$ 133,407	\$ 16,828	\$ 300,569	\$ 12,380,150
Investments			518,849	-	518,849
Receivables:					
Property taxes, net of allowance for collection losses of \$220,000	2,602,043	-	-	-	2,602,043
Sewer assessments	182,167	-	-	-	182,167
Intergovernmental	298,729	-	-	291,270	589,999
Accounts	835,856	-	348	-	836,204
Inventory	-	-	-	7,478	7,478
Due from other funds	110,479	-	-	729,131	839,610
TOTAL ASSETS	<u>\$ 15,958,620</u>	<u>\$ 133,407</u>	<u>\$ 536,025</u>	<u>\$ 1,328,448</u>	<u>\$ 17,956,500</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,683,609	\$ -	\$ -	\$ 49,702	\$ 2,733,311
Bond anticipation note	-	-	-	750,000	750,000
Deferred revenue:					
Taxes	2,402,722	-	-	-	2,402,722
Grants	1,865,373	133,407	-	2,400	2,001,180
Assessments	182,167	-	-	-	182,167
Due to other funds	193,106	-	536,025	-	729,131
TOTAL LIABILITIES	<u>7,326,977</u>	<u>133,407</u>	<u>536,025</u>	<u>802,102</u>	<u>8,798,511</u>
FUND BALANCES					
Fund balances:					
Nonspendable- inventories	-	-	-	7,478	7,478
Committed for future budgets	500,000	-	-	-	500,000
Committed for capital projects	280,179	-	-	-	280,179
Unassigned	7,851,464	-	-	518,868	8,370,332
TOTAL FUND BALANCES	<u>8,631,643</u>	<u>-</u>	<u>-</u>	<u>526,346</u>	<u>9,157,989</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,958,620</u>	<u>\$ 133,407</u>	<u>\$ 536,025</u>	<u>\$ 1,328,448</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

52,996,271

Long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

16,022,196

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

(30,859,499)

Net assets of governmental activities

\$ 47,316,957

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Economic Development Commission	Library Endowment Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES					
Property taxes	\$ 29,439,270	\$ -	\$ -	\$ -	\$ 29,439,270
State grants-education	23,392,816	-	-	-	23,392,816
State grants-municipal	3,773,513	110,175	-	1,182,689	5,066,377
Licenses and permits	76,842	-	-	-	76,842
Current charges	1,070,172	1,070	-	418,872	1,490,114
Fines	350,230	-	-	-	350,230
Interest, reimbursements and other	1,409,619	7	20,000	71,010	1,500,636
TOTAL REVENUES	59,512,462	111,252	20,000	1,672,571	61,316,285
EXPENDITURES					
Current:					
General government	4,641,608	-	-	-	4,641,608
Education	27,029,620	-	-	1,461,313	28,490,933
Public works	4,443,397	-	-	-	4,443,397
Public safety	5,740,970	-	-	72,701	5,813,671
Human services	869,242	-	-	40,002	909,244
Grants-Education	4,866,225	-	-	-	4,866,225
Grants-Municipal	3,105,081	-	-	-	3,105,081
Capital outlay	565,182	111,252	-	63,073	739,507
Debt Service	8,830,110	-	-	-	8,830,110
TOTAL EXPENDITURES	60,091,435	111,252	-	1,637,089	61,839,776
REVENUES OVER (UNDER) EXPENDITURES	(578,973)	-	20,000	35,482	(523,491)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	-	-	20,000	20,000
Operating transfers out	-	-	(20,000)	-	(20,000)
TOTAL OTHER FINANCING SOURCES(USES)	-	-	(20,000)	20,000	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES					
Fund balances	(578,973)	-	-	55,482	(523,491)
At July 1, 2010	9,210,616	-	-	470,864	9,681,480
FUND BALANCES	-	-	-	-	-
AT JUNE 30, 2011	\$ 8,631,643	\$ -	\$ -	\$ 526,346	\$ 9,157,989

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

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

Net change in fund balances - total governmental funds	\$	(523,491)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
		(1,707,706)
Revenues from taxes and assessments are reported as income in the year revenues provide current financial resources to governmental funds.		
		128,240
Revenues of school construction grants are reported as income in the year revenues provide current financial resources to governmental funds.		
		(2,211,395)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
		<u>1,423,431</u>
Change in net assets of governmental activities	\$	<u><u>(2,890,921)</u></u>

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2011

	Budgeted amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget- Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 29,518,985	\$ 29,518,986	\$ 29,439,270	\$ (79,716)
State grants-education	22,268,197	22,268,197	21,498,562	(769,635)
State grants-municipal	3,086,671	5,090,300	3,773,513	(1,316,787)
Licenses and permits	34,300	35,890	76,842	40,952
Current charges	1,068,660	1,081,033	1,070,172	(10,861)
Fines	255,000	355,000	350,230	(4,770)
Interest, reimbursements, and other	1,201,000	2,783,158	1,409,619	(1,373,539)
TOTAL REVENUES	57,432,813	61,132,564	57,618,208	(3,514,356)
EXPENDITURES				
Current				
Board of Apportionment and Taxation	635,755	2,084,072	718,621	1,365,451
City government	1,429,836	2,951,202	2,865,245	85,957
Elections	50,597	50,597	43,103	7,494
Building inspector	104,151	114,064	112,738	1,326
Mayors office	200,367	202,455	178,246	24,209
Finance	478,235	482,817	473,590	9,227
Economic development	186,297	189,662	188,225	1,437
Tax collector	149,680	149,680	147,319	2,361
Tax assessor	180,508	180,508	177,739	2,769
Town and City Clerk	181,450	181,450	160,236	21,214
Municipal planning	20,425	20,425	15,918	4,507
Police department	4,743,548	4,839,905	4,822,746	17,159
Fire department	315,333	325,412	324,089	1,323
ARMS	592,715	583,053	562,780	20,273
Flood control	35,500	29,900	29,900	-
Engineering	35,583	36,135	25,773	10,362
Streets and bridges	2,541,824	1,584,014	1,586,357	(2,343)
Building and refuse	3,033,945	2,531,149	2,439,887	91,262
Board of Education-operations	24,057,721	24,057,721	24,062,169	(4,448)
Board of Education-grants	2,144,493	2,144,493	2,144,493	-
Nature Center	168,818	168,818	167,524	1,294
Senior Center	70,795	120,938	120,796	142
Library	514,440	470,368	461,339	9,029
Recreation	100,705	104,330	93,472	10,858
Insurance / debt service	9,188,800	9,177,247	8,829,990	347,257
Grants-Board of Education	6,008,026	6,008,026	4,866,225	1,141,801
Grants-City	359,266	1,565,912	1,045,252	520,660
Capital outlay	104,000	1,178,809	401,404	777,405
	<u>57,632,813</u>	<u>61,533,864</u>	<u>57,065,876</u>	<u>4,467,988</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (200,000)</u>	<u>\$ (401,300)</u>	552,332	<u>\$ 953,632</u>
Fund balance at July 1, 2010			<u>6,121,532</u>	
FUND BALANCE AT JUNE 30, 2011			<u>\$ 6,673,864</u>	

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUND
JUNE 30, 2011

	Business-type Activities-
	Water Pollution Control Authority
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 5,315,710
Sewer user project fees receivable (net of allowance for uncollectable of \$97,000)	1,844,420
Sewer user fees receivable (net of allowance for uncollectable of \$75,000)	454,266
TOTAL CURRENT ASSETS	7,614,396
Capital assets -(net of accumulated depreciation)	50,258,664
TOTAL ASSETS	\$ 57,873,060
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities, including compensated absences	\$ 453,334
Deferred revenue	1,012
Due to other funds	110,479
Current portion of long-term debt	227,464
TOTAL CURRENT LIABILITIES	792,289
LONG-TERM DEBT - net of current portion	37,879,537
TOTAL LIABILITIES	38,671,826
NET ASSETS	
Investment in capital assets, net of related debt	12,151,663
Unrestricted	7,049,571
TOTAL NET ASSETS	19,201,234
TOTAL LIABILITIES AND NET ASSETS	\$ 57,873,060

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	Business-type Activities-
	Major Water Pollution Control Authority
OPERATING REVENUES	
Charges for services	\$ 2,604,374
OPERATING EXPENSES	
Salaries, benefits and claims	512,301
Materials and supplies	480,924
Depreciation	1,023,701
Utilities	534,532
Professional and consulting	108,036
Administration and operation	183,685
Total operating expenses	2,843,179
OPERATING LOSS	(238,805)
NON-OPERATING REVENUES(EXPENSES)	
Project fee revenue	4,937,915
Grant income	1,978,411
Interest income	28,904
Bad debt expense	(97,000)
Interest expense	(82,724)
NET NON-OPERATING INCOME	6,765,506
NET INCOME	6,526,701
Net assets at July 1, 2010	12,674,533
NET ASSETS AT JUNE 30, 2011	\$ 19,201,234

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	Business-type Activities-
	Water Pollution Control Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,367,500
Cash payments to suppliers	(1,646,198)
Cash payments to employees	(570,475)
NET CASH PROVIDED BY OPERATING ACTIVITIES	150,827
CASH FLOWS FROM INVESTING ACTIVITIES - investment income	28,904
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Grant income	1,978,411
Proceeds from project fee revenues	3,003,607
Proceeds from loan	6,774,443
Payments of principal and interest	(305,688)
Purchase of capital assets	(6,918,104)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	4,532,669
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,712,400
Cash and cash equivalents at July 1, 2010	603,310
CASH AND CASH EQUIVALENTS AT JUNE 30, 2011	\$ 5,315,710
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (238,805)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,023,701
Changes in assets and liabilities:	
Accounts receivable	(236,874)
Accounts payable	(441,338)
Due to other funds	44,143
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 150,827

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 73,915	\$ 342,933
Investments	2,162,057	163,175
Other receivables	1,266	-
TOTAL ASSETS	2,237,238	506,108
LIABILITIES - other liabilities	-	506,108
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES	\$ 2,237,238	\$ -

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2011

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
City of Ansonia	\$ 467,000
Plan members	<u>30,710</u>
	497,710
Investment income:	
Net appreciation in fair value of investments	339,817
Interest and dividends	<u>66,450</u>
	406,267
Less investment management fees	<u>22,588</u>
Net investment income	<u>383,679</u>
TOTAL ADDITIONS	881,389
DEDUCTIONS	
Benefits and other deductions	<u>732,293</u>
TOTAL DEDUCTIONS	<u>732,293</u>
CHANGE IN NET ASSETS	149,096
Net assets held in trust for pension benefits and other purposes at July 1, 2010	<u>2,088,142</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES AT JUNE 30, 2011	<u>\$ 2,237,238</u>

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – REPORTING ENTITY, DESCRIPTION OF FUNDS, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Ansonia, Connecticut, operates under a Mayor/Board of Alderman form of Government and provides services as authorized by its Charter including police and fire protection, education services, recreation and parks, health services and general administrative services. A Board of Apportionment and Taxation, consisting of twelve members, nominated by the Mayor and confirmed by the Board of Aldermen has the power to adopt the City's budget (preparation of a statement of appropriations) and levy a tax rate to cover such statement of appropriations.

The accounting policies of the City of Ansonia conform to generally accepted accounting principles as applicable to governmental units. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. A summary of the more significant policies are stated herein.

The City provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting Estimates

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

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

capital requirements of a particular function or program. 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 are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues 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 property taxes to be available if they are collected within 60 days of the end of the current fiscal year. Property taxes receivable, not expected to be collected within sixty days of year end, are reflected as deferred revenue. Expenditures are recorded when the related 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.

Those revenues susceptible to accrual are property taxes, special assessments due within one year and interest. Fines, permits and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports the following major governmental funds:

- (i) *General Fund* – The General Fund is the general operating fund of the City government. All unrestricted resources except those required to be accounted for in another fund are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt, and capital improvement costs of the City, which are not paid through a special fund.
- (ii) *Economic Development Commission* – The Economic Development Commission is a special revenue fund used to account for community development block grants/small cities program funds which are principally used for developing viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(iii) *Library Endowment Fund* – The Library Endowment Fund is a permanent fund used to account for donations used for the betterment of the City's library. Monies are restricted for the intended purpose of the donor.

The City reports the following major proprietary fund:

(i) *Water Pollution Control Authority* – The Water Pollution Control Authority accounts for the operations of the City's wastewater treatment plant. It is independent in terms of its relationship to other City functions. Its operations are financed from special assessments and direct charges to the users of the service.

Additionally, the City reports the following fund types:

(ii) *Pension Trust Fund* – this fund accounts for the activities of the City's two defined benefit pension plans, which accumulate resources for pension benefit payments to qualified employees.

(iii) *Agency Funds* – these funds account for monies held as a custodian for outside groups and agencies.

Interfund activity has been eliminated from the government-wide financial statements except for charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Water Pollution Control Authority enterprise fund are charges to customers for sewer services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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 resourced as they are needed.

Property Taxes – Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments on July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year.

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

Investments – Investments are stated at fair value. Fair value is determined based on quoted market prices.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditure/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

The three types of interfund transactions and the related accounting policies are as follows:

1. Transactions to reimburse the fund for expenditures made by it for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.
2. Transactions to shift revenue or contributions from the fund budgeted to receive them to the fund budgeted to expend them. These transactions are recorded as transfers in to and out of the respective funds.
3. Transactions to record equity contributions between funds. The receiving fund records such transactions as a transfer in and an addition to fund balance. The disbursement fund records the transaction as a transfer out and a reduction of fund balance.

Capital Assets

Capital Assets - City - Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are completed.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Building and building improvements	25 - 50 years
Infrastructure	10 - 65 years
Machinery and equipment	5 - 20 years
Licensed vehicles	8 years

Proprietary Fund Types - Property, plant and equipment owned by the Proprietary Funds are recorded based on the 2002 appraisal by a professional appraisal company and, subsequently, at acquisition cost or if contributed property at fair market value at the time of contribution.

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 50 years
Sewer System	30 - 50 years

Deferred Revenue - Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Long-Term Obligations - In the government-wide financial statements, and proprietary fund types in 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. Bonds payable are reported net of the applicable bond premium or discount.

OPEB Accounting-Governmental Funds/Activities - The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since July 1, 2008, should be calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements. Expenditures are recognized when they are paid or expected to be paid with current available resources. The OPEB liability is recorded with government-wide financial statements.

Funding Policy:

The City makes annual contributions based on the pay-as-you-go basis. The employees contribute to the plan.

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Fund Equity and Net Assets – In the government-wide financial statements, net assets are classified in the following categories:

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

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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, the City implemented GASB No. 54 Fund Balance Reporting and Governmental Fund Type Definitions for the year ended June 30, 2011. GASB No. 54 established that fund balance for governmental funds should be reported in that classifications for comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which the amounts in these funds can be spent. These classifications may consist of the following:

Non-spendable – generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts. This classification also includes some long-term amounts such as property acquired for resale or the long-term portion of loans receivable. (However, if the eventual proceeds or collections from these would be restricted, committed, or assigned, these amounts would be included in that other classification.)

Legally or Contractually Required to be Maintained Intact – amounts that are required to be maintained intact, such as the principal of a permanent fund.

Restricted – amounts that can be used only for specific purposes because of (a) constitutional provisions or enabling legislation or (b) externally imposed constraints. (External constraints might be imposed by creditors, grantors, contributors, or even the laws or regulations of other governments.)

Committed – amounts that can be used only for specific purposes because of a formal action by the government's highest level of decision-making authority. This classification might also include contractual obligations if existing resources have been committed for use in satisfying those contractual requirements. (The formal action to establish constraints should be taken before year-end, even if the amount might not be determined until the subsequent period.)

Assigned – amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a finance committee), or by an official to whom that authority has been given. This is the residual fund balance classification for all governmental funds except the general fund. Assigned fund balances should not be reported in the general fund if doing so causes the government to report a negative unassigned general fund balance.

Unassigned – this is the residual classification for the general fund (i.e.,

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everything that is not in another classification or in another fund). The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 2 - Government-Wide Financial Statements

Beginning net assets for governmental activities were determined as follows:

Fund balances of general, special revenue, capital project funds and permanent fund as of July 1, 2010	\$ 9,681,480
Add: governmental capital assets, including general fixed assets and infrastructure as of July 1, 2010	104,827,087
Add: school construction grants receivable as of July 1, 2010	15,648,702
Add: tax revenue receivable as of July 1, 2010	2,232,912
Add: waterline revenue receivable as of July 1, 2010	223,737
Add: deferred interest in refunding	817,489
Deduct: accumulated depreciation as of July 1, 2010	(50,123,110)
Deduct: general obligation bonds payable as of July 1, 2010	(24,055,000)
Deduct: capital lease payable as of July 1, 2010	(999,330)
Deduct: net pension obligation as of July 1, 2010	(2,627,291)
Deduct: other post retirement benefits as of July 1, 2010	(2,876,148)
Deduct: compensation absences payable and other long-term liabilities as of July 1, 2010	<u>(2,467,126)</u>
NET ASSETS AS OF JULY 1, 2010 AS PREVIOUSLY STATED	50,283,402
Increase in the net pension obligation as of July 1, 2010	<u>(75,524)</u>
NET ASSETS AS OF JULY 1, 2010 AS RESTATED	<u>\$ 50,207,878</u>

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets:

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$30,859,499 difference are as follows:

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Bonds payable	\$ 20,855,000
Deferred interest	(694,678)
Net pension obligation	2,871,995
Capital lease obligations	881,352
Other post retirement benefits	4,299,049
Compensated absences	<u>2,646,781</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 30,859,499</u>

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this 1,707,706 difference are as follows:

Capital outlay	\$ 729,944
Loss on disposal of assets	(5,018)
Depreciation expense	<u>(2,432,632)</u>
Net adjustment to increase net changes in fund balances - total governmental funds, to arrive at changes in net assets of governmental activities	<u>\$ (1,707,706)</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases)" provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,423,431 difference are as follows:

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Principal repayments:	
General obligation debt	\$ 3,200,000
Deferred interest	(122,811)
Capital lease	117,978
Net pension obligation	(169,180)
Other post retirement benefits	(1,422,901)
Compensated absences	<u>(179,655)</u>
Net adjustment to decrease net assets in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,423,431</u>

NOTE 4 – BUDGETS AND BUDGETARY ACCOUNTING

General Fund

The City uses the following procedures in establishing the budgetary data included in the financial statements for the General Fund. Prior to January 15, each Board of the City Government, each committee of the Board of Aldermen and each Officer of the City shall report to the Board of Aldermen an estimate of the amount of money required by said board, committee or officer for the ensuing fiscal year. Prior to the third Tuesday of February, the Board of Aldermen shall prepare and submit to the Board of Apportionment and Taxation an estimate of the amounts required by each department of the City Government for the ensuing year. The Board of Aldermen will recommend appropriations for all the City expenses for said year and shall also recommend such tax necessary to meet such expenses. The Board of Apportionment and Taxation shall hold a meeting on the fourth Tuesday of February in each year and up to the third Monday of May hold meetings to hear all parties relative to any alterations in the estimates, appropriations and tax rates. The Board of Apportionment and Taxation shall hold a meeting on the third Monday of May in each year to make further alterations in the estimates, appropriations and tax rates and shall have the power to make appropriations and set taxes for all City purposes. This budget, as adopted by the Board of Apportionment and Taxation, becomes a legal level of control.

For management purposes only, the Board of Apportionment and Taxation is authorized to transfer legally budgeted amounts between any existing category of appropriation or transfer funds to a newly established category of appropriation. The legal level of budgetary control is the departmental budget line level. The Board of Apportionment and Taxation shall not have the power to make any appropriations in excess of the revenues of the City of Ansonia for the year as estimated by said board, and in no case shall the expenses of the City exceed its revenues for any year, except in cases and for purposes for which the City is authorized to issue bonds and when bonds or temporary notes in anticipation thereof are so issued. Unexpended and unencumbered appropriations, in the General Fund, lapse at the end of the fiscal year. Supplemental appropriations in the amount of \$3,901,051 were approved by the Board of Apportionment and Taxation during the fiscal year. Appropriations for capital projects and special revenue funds are continued until completion of the applicable project, which often lasts more than one year.

The City's formal budgeting system is employed as a management control device only for the General Fund and requires accounting for certain transactions to be on a basis other than generally accepted accounting principles (GAAP) basis.

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The general fund budget is prepared on the modified accrual basis of accounting. The major difference between the budget and GAAP basis is that encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year, whereas on a GAAP basis, encumbrances are recorded as a reservation of fund balance and are not reflected as expenditures or liabilities. In addition, State of Connecticut payments on-behalf of the City of Ansonia teachers for the State teacher retirement system are reported for GAAP purposes only. A reconciliation between the accounting treatment for encumbrances as required by the Governmental Accounting Standards Board (the combining statement of revenues, expenditures, and changes in fund balance), and the budgetary basis (the statement of revenues, expenditures and changes in fund balance - budgetary basis - budget and actual - general fund) is as follows:

	Revenues	Expenditures And Encumbrances	Fund Balance
Balance, Budgetary basis at			
June 30, 2009	\$ 57,618,208	\$ 57,065,876	\$ 6,673,864
Encumbrances:			
June 30, 2010	-	2,589,084	-
June 30, 2011	-	(1,457,779)	(1,457,779)
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	1,894,254	1,894,254	-
Balance, GAAP basis at June 30, 2011	<u>\$ 59,512,462</u>	<u>\$ 60,091,435</u>	<u>\$ 8,631,643</u>

Special Revenue Funds

The City does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies such budgets carryover until completion of the grants.

Capital Projects Funds

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

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NOTE 5 – DEPOSITS AND INVESTMENTS

Deposits

Following is a reconciliation of the City's deposit and investment balances as of June 30, 2011:

	<u>Carrying and Fair Values</u>
Deposits	\$ 8,654,406
Stif	318,354
Moneymarket	<u>9,139,948</u>
	<u>\$ 18,112,708</u>

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party.

At June 30, 2011, the carrying amount of the City's deposits was \$18,112,709. The Primary Government balances were \$17,695,860, the Pension Trust Fund was \$73,915 and Agency Funds were \$342,933. The bank balances of funds on deposit totaled \$19,521,697. Of the bank balance, \$1,402,288 was covered by federal depository insurance, \$1,811,941 was protected under provisions of the Connecticut General Statutes, which provide for protection against loss in excess of depository insurance through assessment against segregated collateral required to be maintained by public depositories, but not held in the City's name, and \$16,307,467 was uninsured and uncollateralized.

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

Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City Treasurer. Investing is performed in accordance with investment policies adopted by the Board of Aldermen complying with State Statutes and the City Charter.

The City's investments are categorized as either (1) insured or registered, or securities held by the City or its agency in the City's name, (2) uninsured and unregistered, with securities held by the counterpart's trust department or agent in the City's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

The State statutes authorize the City to invest in obligations of the United States, including its agencies, in obligations of any state or of any political subdivision, authority or agency thereof, provided that at the time of investment such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

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The pension and other trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, in stocks or bonds, or in other securities selected by the trustee with the care of a prudent investor.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City generally invests in certificates of deposit that mature in less than one year and mutual funds. The City follows the State Statutes as its investment policy. The City's investments at June 30, 2011 are shown below:

	<u>Carrying and</u>		<u>Cost</u>	<u>Average</u>	<u>Weighted</u>
	<u>Fair Values</u>			<u>Quality</u>	<u>Average</u>
				<u>Ratings</u>	<u>Maturity</u>
					<u>(Years)</u>
Library Endowment Fund:					
Mutual funds-Equity					
Large Cap Growth	\$ 139,949 *		\$ 96,906	N/A	N/A
Large Cap Value	91,963 *		45,843	N/A	N/A
International Equity	46,133 *		51,882		
Other mutual funds	67,009		62,691	N/A	N/A
Fixed income:					
Government Credit	173,795		162,959	N/A	N/A
Pension Trust Fund:					
Common stock	20,820		23,075		
Other mutual funds	-		-		
Corporate bonds and notes	393,968		377,537	A	2.18
Natixis Trust FDS IV	59,003		51,276	N/A	N/A
Mutual funds-Equity					
American Fundamental investor	162,893 *		146,159	N/A	N/A
Harbor capital Appreciation	164,335 *		129,695	N/A	N/A
Vanguard 500 Index	108,151 *		94,837	N/A	N/A
American Europacific Growth	108,905 *		102,441	N/A	N/A
Neuberger and Berman	115,047 *		81,441	N/A	N/A
Pimco Commodity	121,400 *		118,525	N/A	N/A
Pimco Total Return	245,316 *		239,289	N/A	N/A
Columbia Dividend Income	192,442 *		182,316	N/A	N/A
Columbia Large CAP	200,648 *		182,316	N/A	N/A
Mutual funds-Debt					
VanguardTotal BD Mrkt	112,066 *		102,728	UNRATED	
Western Asset Core Plus Bond	157,063 *		137,388	AA	4.75
Scholarship Trust Fund:					
Other mutual funds	<u>163,175</u>		<u>163,175</u>	N/A	N/A
TOTAL	<u>\$ 2,844,081</u>		<u>\$ 2,552,479</u>		

*Amounts represent greater than 5% of the total carrying amount of investments.

The City's investments are classified under category 1. Category 1 investments are investments that are insured or registered, or securities held by the City or its agent in the City's name.

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 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 6 – INTERFUND ACCOUNTS AND TRANSFERS

As of June 30, 2011, interfund receivables and payables that resulted from various interfund transactions were as follows:

The General Fund interfund receivable is due from the Water Pollution Control Authority for current operating expenses reimbursed monthly. These amounts are expected to be repaid within one year. Special Revenue interfund receivable and payable represents amounts due from the Library Endowment Fund (unrestricted investments) to the Library Operating Fund for operations, and is being repaid as funds become available.

The interfund receivables and payables for the year ended June 30, 2011 is as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Funds:		
General Fund	\$ 110,479	\$ 193,106
Library Endowment Fund	-	536,025
Enterprise Fund	-	<u>110,479</u>
	<u>110,479</u>	839,610
Nonmajor Funds:		
Special Revenue	536,025	-
Capital Projects	<u>193,106</u>	<u>-</u>
	<u>\$ 839,610</u>	<u>\$ 839,610</u>

The purpose of the transfers to/from the general fund to/from the WPCA is for the repayment of payroll expenses. The purpose of the transfers from the Library Endowment Fund, to the Special Revenue-Library Fund, was to cover annual operational expenditures. The interfund transfers for the year ended June 30, 2011 are as follows:

The interfund transfers as of June 30, 2011 is as follows:

	<u>Tranfers From Other Funds</u>	<u>Transfers To Other Funds</u>
Major Fund:		
Library Endowment Fund	-	20,000
Nonmajor Fund:		
Special Revenue	<u>20,000</u>	<u>-</u>
	<u>\$ 20,000</u>	<u>\$ 20,000</u>

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – CAPITAL ASSETS

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

	Balance July 1, 2010	Additions/ Transfers	Disposal/ Transfers	Balance June 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,377,372	\$ -	\$ -	\$ 13,377,372
Capital assets, being depreciated:				
Land improvements	2,724,723	160,093	-	2,884,816
Buildings and system	58,689,697	-	-	58,689,697
Machinery and equipment	14,467,047	569,851	69,104	14,967,794
Infrastructure	15,568,248	-	-	15,568,248
	<u>91,449,715</u>	<u>729,944</u>	<u>69,104</u>	<u>92,110,555</u>
Less accumulated depreciation for:				
Land improvements	1,990,313	55,398	-	2,045,711
Buildings and system	23,562,861	1,258,667	-	24,821,528
Machinery and equipment	11,039,799	512,396	64,086	11,488,109
Infrastructure	13,530,137	606,171	-	14,136,308
	<u>50,123,110</u>	<u>2,432,632</u>	<u>64,086</u>	<u>52,491,656</u>
Total capital assets, being depreciated, net	<u>41,326,605</u>	<u>(1,702,688)</u>	<u>5,018</u>	<u>39,618,899</u>
Governmental activities capital assets, net	<u>\$ 54,703,977</u>	<u>\$ (1,702,688)</u>	<u>\$ 5,018</u>	<u>\$ 52,996,271</u>
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 1,000,285	\$ -	\$ -	\$ 1,000,285
Capital assets, being depreciated:				
Buildings and system	2,024,400	-	-	2,024,400
Machinery and equipment	1,802,582	-	-	1,802,582
Infrastructure	47,374,053	6,918,103	-	54,292,156
	<u>51,201,035</u>	<u>6,918,103</u>	<u>-</u>	<u>58,119,138</u>
Less accumulated depreciation for:				
Buildings and system	1,911,935	44,987	-	1,956,922
Machinery and equipment	1,798,653	2,346	-	1,800,999
Infrastructure	4,126,470	976,368	-	5,102,838
	<u>7,837,058</u>	<u>1,023,701</u>	<u>-</u>	<u>8,860,759</u>
Total capital assets being depreciated, net	<u>43,363,977</u>	<u>5,894,402</u>	<u>-</u>	<u>49,258,379</u>
Business-type activity capital assets, net	<u>\$ 44,364,262</u>	<u>\$ 5,894,402</u>	<u>\$ -</u>	<u>\$ 50,258,664</u>

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

Governmental activities:	
Education	\$ 1,383,751
Public works	70,736
Public safety	232,922
General government	89,071
Human services	<u>656,152</u>
Total depreciation expense - governmental activities	<u>\$ 2,432,632</u>

NOTE 8 - LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2011 was as follows:

	Balance at July 1, 2010	Increases	Decreases	Balance at June 30, 2011	Due Within One Year
Governmental activities:					
General obligation					
bonds	\$ 24,055,000	\$ -	\$ 3,200,000	\$ 20,855,000	\$ 3,155,000
Deferred interest	(817,489)	122,811	-	(694,678)	(120,082)
Capital leases	999,330	-	117,978	881,352	183,338
Compensated absences	2,467,126	185,039	5,384	2,646,781	60,000
Other post retirement benefit obligations	2,876,148	1,422,901	-	4,299,049	-
Net pension Obligation	<u>2,702,815</u>	<u>169,180</u>	<u>-</u>	<u>2,871,995</u>	<u>2,871,995</u>
Governmental activity long-term liabilities	<u>\$ 32,282,930</u>	<u>\$ 1,899,931</u>	<u>\$ 3,323,362</u>	<u>\$ 30,859,499</u>	<u>\$ 6,150,251</u>
Business type activities:					
Notes payable -					
State of Connecticut	<u>\$ 31,548,410</u>	<u>\$ 6,781,556</u>	<u>\$ 222,964</u>	<u>\$ 38,107,002</u>	<u>\$ 227,464</u>

Long term debt related to governmental activities is liquidated by the General Fund of the City. Long term debt related to business-type activities is liquidated by revenues generated through sewer user fees.

Compensated Absences

Under the terms of various union contracts, City and Board of Education employees are granted and paid vacation and sick time in varying amounts based on length of service. Certain City and Board of Education employees may carry over a limited number of unused vacation days based on the terms of employment contract or union agreement.

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General Obligation Bonds

As of June 30, 2011, the outstanding general obligation bonded indebtedness serviced by the general fund of the City was as follows:

	Outstanding Amount
\$23,500,000 serial bond; issue of 1998; due October 2018; effective interest at 4.497%	\$ 9,400,000
\$17,990,000 serial bond issue of 2004; due October 2017; effective interest ranging from 2.000% to 3.630%	<u>11,455,000</u>
	<u>\$ 20,855,000</u>

The annual debt service requirements of the City's bonded indebtedness recorded in the Governmental activities described above are as follows:

	Principal	Interest	Total
2012	3,155,000	805,714	3,960,714
2013	3,115,000	697,101	3,812,101
2014	3,075,000	586,626	3,661,626
2015	3,045,000	464,445	3,509,445
2016	2,785,000	329,926	3,114,926
2017	2,255,000	210,738	2,465,738
2018	2,250,000	107,026	2,357,026
2019	1,175,000	27,613	1,202,613
	<u>\$ 20,855,000</u>	<u>\$ 3,229,187</u>	<u>\$ 24,084,187</u>

Notes Payable- State of Connecticut

As of June 30, 2011, the outstanding notes payable serviced by the Business-type activities of the City was as follows:

	Outstanding Amount
\$5,082,808 note payable to the State of Connecticut; payable in monthly installments of \$25,474 until September 30, 2026; effective interest rate at 2.0%	\$ 4,015,068
\$36,753,163 note payable to the State of Connecticut; payable in monthly installments to be determined upon completion of the project; effective interest rate at 2.0%	<u>34,091,934</u>
	<u>\$ 38,107,002</u>

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JUNE 30, 2011

The annual debt service requirements of the City's bonded indebtedness recorded in Business-type activities described above are as follows:

	Business-type activities		Total
	Principal	Interest	
2012	227,464	97,997	325,461
2013	232,055	73,632	305,687
2014	236,739	68,948	305,687
2015	241,517	64,170	305,687
2016	246,392	59,295	305,687
2017	251,365	54,322	305,687
2018	256,439	49,248	305,687
2019	261,615	44,072	305,687
2020	266,896	38,791	305,687
2021	272,283	33,404	305,687
2022	277,779	27,908	305,687
2023	283,386	22,302	305,688
2024	289,106	16,582	305,688
2025	294,941	10,746	305,687
2026	300,894	4,973	305,867
2027	76,197	255	76,452
	\$ 4,015,068	\$ 666,645	\$ 4,681,713

The City is in the process of receiving interim funding from the State of Connecticut's clean water fund. The total funding approved for this project amounted to \$36,753,163 of which the City has drawn down \$34,091,934 as of June 30, 2011. This amount is classified as long-term debt and is not included in the 20-year annual debt service disclosure schedule as listed above.

Prior Year's Defeasement of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2011, the amount of defeased bonds outstanding but removed from the City's government-wide financial statements amounted to \$14,265,000.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Capital Lease Obligations

Property and equipment carried at \$1,726,518, with \$290,884 in accumulated depreciation, in the governmental activities was acquired under capital lease obligations. Future minimum lease payments under the capital lease are as follows:

	2012	\$	224,809
	2013		224,809
	2014		224,809
	2015		224,809
			899,236
Less amounts representing interest			(17,885)
		\$	881,351

Debt Limitation

The Connecticut General Statutes provide that the City's total outstanding and authorized debt shall not exceed certain limitations. The following schedule details these limitations and debt issued to date:

The Connecticut General Statutes provide that the total authorized debt of the City shall not exceed seven times the above base, or \$211,476,776, nor shall the total authorized particular purpose debt exceed the individual debt limitations reflected in the table below:

Total tax collections (including interest and lien fees) for the year ended June 30, 2011		\$	30,069,372		
Reimbursement for revenue loss:					
Tax Relief for Elderly			141,596		
	Base	\$	30,210,968		
	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 ¼ times base	\$ 67,974,678				
4 ½ times base		\$ 135,949,356			
3 ¾ times base			\$ 113,291,130		
3 ¼ times base				\$ 98,185,646	
3 times base	-	-	-	-	\$ 90,632,904
Total debt limitation	67,974,678	135,949,356	113,291,130	98,185,646	90,632,904
Indebtedness:					
Bonds payable	16,585,000	4,270,000	-	-	2,871,995
Debt Limitation in excess of outstanding and authorized debt	\$ 51,389,678	\$ 131,679,356	\$ 113,291,130	\$ 98,185,646	\$ 87,760,909

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

School Bond Reimbursements

The State of Connecticut reimburses the City for eligible school bond principal and interest costs. The amount of such reimbursement for the year ended June 30, 2011 was \$2,291,686. Additional payments for principal and interest aggregating \$15,648,702 are to be received through the bonds' maturity dates.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation Matters

One claim in the amount of \$44,000 has been accrued as of June 30, 2011. Other matters described below represent contingencies that have not been accrued because either the outcome of the contingency and/or the amount of potential loss cannot be reasonably estimated.

The City has open encumbrances of \$1,457,779, as of June 30, 2011. There are several claims pending against the City. The outcome and eventual liability of the City, if any, in these cases are not known at this time. The City's legal counsel estimates that potential claims against the City not covered by insurance, resulting from such litigation would not materially affect the financial position of the City.

Note 10 - RISK MANAGEMENT

The City and Board of Education are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; medical (partially self-insured) and workers' compensation claims and natural disasters for which the City carries commercial insurance. For insured programs, there have been no significant reductions in insurance coverage. Workers' compensation claims are covered through an insurance premium plan. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Insurance premiums of \$715,416 are accounted for as expenditures of the General Fund.

NOTE 11 – EMPLOYEE RETIREMENT PLANS

Connecticut Municipal Employees' Retirement Plan - Fund B

Certain full-time clerical, active members of the police force and public works employees participate in the Connecticut Municipal Employees' Retirement System - Fund B ("MERS"), a cost-sharing multiple employer public employee retirement system administered by the State Retirement Commission. The payroll for employees covered by the System for the period from July 1, 2010 to June 30, 2011 was \$7,317,870 and the City's total payroll was \$25,628,523.

Employees are eligible to participate in MERS provided they work at least 20 hours per week if hired after September 30, 1969. If hired prior to that date, there is no minimum hourly requirement. Benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

CITY OF ANSONIA, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.

If covered by Social Security: 1 1/2% of the average of earnings for the three highest paid years of service not in excess of the year's breakpoint, plus 2% of the average of earnings for the three highest paid years of service in excess of the year's breakpoint. The year's breakpoint for 2011 is \$54,800.

MERS also provides death and disability benefits. Benefits and other plan provisions are established by State statute. Covered employees are required by State statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% of earnings upon which no Social Security tax is paid. The City is required to make contributions as set by the State Retirement Commission necessary to fund the remaining costs of the plan.

Required contributions for the current year and the preceding two years are as follows:

Fiscal Year Ending	City	Employees
June 30, 2011	\$ 821,770	\$ 257,726
June 30, 2010	745,586	161,681
June 30, 2009	666,038	150,917

The required contribution was made for each year. The employee's contribution represents 5.0% of covered payroll; further, the employer's contribution represents 10.0% of covered payroll.

The actuarial accrued liability as of July 1, 2010 for CMERF as a whole, determined through an actuarial valuation performed as of that date, was \$1,880,664,552. CMERF's actuarial value of assets available for benefits as of that date, valued at cost, were \$1,662,583,369, leaving assets in excess of the pension benefit liability of \$218,081,183.

MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Ten year analysis showing MERS funding progress in accumulating sufficient assets to pay benefits when due is presented in MERS June 30, 2011 comprehensive annual financial report which can be obtained from the State of Connecticut.

Connecticut State Teachers' Retirement Fund

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The City does not and is not legally responsible to contribute to the plan. Prior to completing five years of service, teachers are fully vested in their contributions up to 5% of their earnings. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are eligible for a vested benefit beginning at age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

actuarial valuation for the plan as a whole which does not provide actuarial information on an individual city basis. For the fiscal year ended June 30, 2011, total contributions made by the State of Connecticut were \$581,593,216. For the period from July 1, 2010 to June 30, 2011, City teachers contributed \$863,733 to the plan and covered payroll for the period was \$11,913,559.

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$1,894,254 for the year ended June 30, 2011.

A copy of the plan's comprehensive annual financial report can be obtained from the State of Connecticut Teachers Retirement Board.

Police Retirement Plan and City Employees' Retirement Plan

The City maintains two single-employer defined benefit pension plans covering its police and its other full-time employees (excluding employees who are covered under plans described above). These plans are considered to be part of the City's financial reporting entity and are included as pension trust funds of the City. The cost of administration is borne by the respective fund.

Police Retirement Plan

Plan description - All full-time employees of the force are covered. The plan provides retirement, disability and death benefits to members and beneficiaries.

Benefit provision may be amended by the employer through the collective bargaining agreement. As of July 1, 2010, the latest valuation date, employee membership data is:

Retirees and beneficiaries currently receiving benefits and
terminated employees entitled to benefits but not yet
receiving them

24

Contributions - Contribution rates for employees may be amended by the employer through the collective bargaining agreement. Plan members are required to contribute 3% of their annual covered salary.

City Employees Retirement Plan

Plan Description - The plan covers all full-time employees (other than employees covered by other plans) who were vested in a benefit as of July 1, 1991. The plan provides retirement, disability and death benefits to members and beneficiaries. The employee vests with 15 years of service (50%) to 25 years of service (100%). As of July 1, 2010, the latest valuation date, employee membership data there are only retirees and beneficiaries receiving benefits. All active participants were transferred to MERS.

Benefit provision may be amended by the employer through the collective bargaining agreement. As of July 1, 2010, the latest valuation date, employee membership data is:

Retirees and beneficiaries currently receiving benefits and
terminated employees entitled to benefits but not yet

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

receiving them

64

Contributions - Contribution rates for employees may be amended by the employer through the collective bargaining agreement. Plan members are required to contribute 2% of their annual covered salary. The employer is funding the remaining amounts necessary to finance the benefit through periodic contributions at actuarially determined rates.

The required contributions as determined by the latest actuarial valuations are as follows:

	Police Retirement Plan	Employees' Retirement Plan
Actuarial determined contribution	\$ 382,139	\$ 284,751
Projected employee contributions	-	30,710
Pension costs	382,139	254,041
Amortization of unfunded actuarial accrued liability	382,139	-
Interest	-	-
Total required contribution	382,139	254,041
Actual contribution	467,000	-
(Decrease) increase in net pension obligation	(84,861)	254,041
Net pension obligation, beginning of year	2,055,300	647,515
Net pension obligation, end of year	\$ 1,970,439	\$ 901,556
 Actuarial valuation date	 July 1, 2010	 July 1, 2010

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Trend information:

City Employees

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 1997	-	100%	-
June 30, 1998	-	100%	-
June 30, 1999	15,287	100%	-
June 30, 2000	9,872	83%	1,675
June 30, 2001	8,197	0%	9,872
June 30, 2002	11,234	0%	21,106
June 30, 2003	11,234	0%	32,340
June 30, 2004	19,868	0%	52,208
June 30, 2005	19,868	180%	(37,924)
June 30, 2006	66,665	36%	28,741
June 30, 2007	65,104	39%	93,845
June 30, 2008	155,251	0%	249,096
June 30, 2009	161,321	0%	410,417
June 30, 2010	237,098	0%	647,515
June 30, 2011	254,041	0%	901,556

Police	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	June 30, 1997	696,014	45%	3,195,582
	June 30, 1998	696,014	61%	3,469,071
	June 30, 1999	544,836	130%	3,305,184
	June 30, 2000	509,335	138%	3,112,727
	June 30, 2001	499,246	150%	2,862,633
	June 30, 2002	499,246	150%	2,615,570
	June 30, 2003	485,869	143%	2,407,439
	June 30, 2004	485,869	151%	2,158,272
	June 30, 2005	485,869	179%	2,625,335
	June 30, 2006	417,556	96%	2,042,891
	June 30, 2007	460,673	11%	2,454,305
	June 30, 2008	434,928	57%	2,639,233
	June 30, 2009	424,928	206%	2,198,161
	June 30, 2010	382,139	137%	2,055,300
	June 30, 2011	382,139	137%	1,970,439

Note 12 - Other Post-Retirement Benefits

The City provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made June 30, 2009. The post-retirement plan does not issue stand-alone financial reports.

CITY OF ANSONIA, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the City recognized the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

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

Membership in the plan consisted of the following at June 30, 2009, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	116
Active plan members	<u>361</u>
Total	<u>477</u>

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

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Contributed	Net OPEB Obligation
June 30, 2011	\$ 2,683,901	\$ 1,261,000	47%	\$ 4,299,049
June 30, 2010	\$ 2,523,148	\$ 1,135,000	45%	\$ 2,876,148

The calculation of the Net Other Post-Retirement Benefits (OPEB) is detailed as follows and is recorded in Governmental Activities:

Annual required contribution(ARC)	\$ 2,672,000
Adjustments to ARC	(103,145)
Interest on OPEB	<u>115,046</u>
Annual OPEB cost	2,683,901
Contributions made	<u>1,261,000</u>
Increase in net OPEB liability	1,422,901
Net OPEB obligation, beginning of year	<u>2,876,148</u>
Net OPEB obligation, end of year	<u>\$ 4,299,049</u>

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going 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 schedule of funding progress is as follows:

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Covered payroll (C)	Unfunded UAL as a % of covered payroll ((b-a)/c)
June 30, 2011	\$ -	\$ 31,003,000	0%	N/A	N/A
June 30, 2010	-	31,003,000	0%	N/A	N/A

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

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

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

Valuation date	June 30, 2009
Actuarial cost method	Projected Unit Credit Cost
Amortization method	30 Year Level
Remaining amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	5.00%

Health cost trend rates

Annual increases in premium for retired medical and prescription drug benefits are assumed to be 6.6% for years 1 to 7 or more.

The City also provides certain health care benefits to 39 retirees as required by various collective bargaining agreements. Expenditures of approximately \$385,000 for retirees receiving these benefits were recognized during the year ended June 30, 2011. Expenditures are recognized when premiums are paid to the insurance carriers. There is no requirement for participant contributions for premiums.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 13 - Bond Anticipation Note

The City borrowed \$700,000 during the year ended June 30, 2010. The outstanding balance consisted of a bond anticipation note due September 1, 2010(3.75% per annum). This note was refinanced with a new bond anticipation note of \$750,000 due August 31, 2011(1.50% per annum).

Note 14 - Fund Deficit

The Capital Projects Fund had a negative assigned fund balance of \$556,894. This negative assigned fund balance was due to demolition of buildings financed through bond anticipation notes. These notes are expected to be repaid through bonding and financed by the general fund once the demolition project is completed.

Note 15 - Subsequent Event

Subsequent to June 30, 2011 the City issued general obligation bonds in the amount of \$7,995,000 carrying an interest rate ranging from 2% to 3% to be paid semiannually through October 15, 2018. These bonds were issued in a refunding of the October 15, 1998 issuance of \$23,500,000. The principal amount refunded was \$8,225,000.

Subsequent events were evaluated through December 20, 2011, the date the financial statements were available to be issued.

CITY OF ANSONIA, CONNECTICUT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 JUNE 30, 2011

Fiscal Year Ended June 30,	Police Retirement Plan		City Employee Retirement Plan	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
1997	N/A		N/A	100%
1998	N/A		N/A	100%
1999	544,836	130%	15,287	100%
2000	509,335	138%	9,872	83%
2001	499,246	150%	197	0%
2002	499,246	150%	11,234	0%
2003	485,869	143%	11,235	0%
2004	486,869	151%	19,868	0%
2005	486,869	179%	19,868	108%
2006	459,830	115%	66,665	36%
2007	460,673	26%	65,104	39%
2008	434,928	57%	155,251	0%
2009	434,928	201%	161,321	0%
2010	382,139	137%	239,098	0%
2011	382,139	122%	254,041	0%

	Police Retirement Plan	Employees' Retirement Plan
Valuation date	July 1, 2010	July 1, 2010

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Projected unit cost	Aggregate Actuarial cost method
Actuarial cost method		
Amortization method		
Actuarial accrued liability	Level dollar	N/A
Remaining amortization period	30 years	N/A
Asset valuation method	Market value	Expected value
Actuarial assumptions		
Investment rate of return	8.00%	7.50%

Under the Aggregate Actuarial Cost Method, since an actuarial accrued liability is not determined, there is no unfunded actuarial accrued liability. The aggregate actuarial cost method is not in accordance with GASB statement No. 50, Pension Disclosure- an amendment of GASB Statements No. 25 and No. 27. Management believes this difference from using the entry age actuarial cost method and the aggregate actuarial cost method is immaterial.

CITY OF ANSONIA, CONNECTICUT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 June 30, 2011

Police Retirement Plan (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Under- funded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
October 15, 1991	362	4,798	4,436	7.5%	N/A	-
October 15, 1993	486	5,510	5,024	8.8%	1,221	412%
July 1, 1995	605	6,924	6,319	8.7%	1,339	472%
July 1, 1998	956	5,963	5,007	16.0%	1,407	356%
July 1, 2000	1,999	6,287	4,288	31.8%	1,616	265%
July 1, 2002	2,763	6,785	4,022	40.7%	1,883	214%
July 1, 2005	4,930	8,176	3,246	60.3%	2,051	158%
July 1, 2007	6,047	8,063	2,016	75.0%	2,105	144%
July 1, 2009	880	5,182	4,302	17.0%	-	-
July 1, 2010	880	5,182	4,302	17.0%	-	-

City Retirement Plan

The City has adopted the Aggregate Actuarial Cost Method.

(*) biennial valuation

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Library – is used to account for the programs to provide literature and educational programs.

Police Seizure – is used to account for the seized assets from assets made by the Ansonia Police Department.

Municipal Parking Authority – is used to account for fees paid for parking.

School Cafeteria – is used to account for a school lunch program and the federal and state grants that are included within that program.

Economic NTA – is used to account for funds used for the economic betterment of the City of Ansonia.

CAPITAL PROJECT FUND

Capital Project Fund -is used to account for construction, demolition and acquisition of capital assets that requires more than one year.

CITY OF ANSONIA, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue						Total
	Library	Police Seizure	Municipal Parking Authority	School Cafeteria	Economic NTA	Capital Projects	
ASSETS							
CURRENT ASSETS							
Cash	\$ 15,124	\$ 137,846	\$ 61,701	\$ 75,544	\$ 10,354		\$ 300,569
Receivables:							
Intergovernmental	-	-	-	291,270	-		291,270
Inventory	-	-	-	7,478	-		7,478
Due from other funds	536,025	-	-	-	-	\$ 193,106	729,131
TOTAL ASSETS	\$ 551,149	\$ 137,846	\$ 61,701	\$ 374,292	\$ 10,354	\$ 193,106	\$ 1,328,448
LIABILITIES AND FUND BALANCES (DEFICIT)							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 49,702			\$ 49,702
Bond anticipation note	-	-	-	-		\$ 750,000	750,000
Deferred revenue-grants	-	-	-	-	\$ 2,400		2,400
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	49,702	2,400	750,000	802,102
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	7,478	-		7,478
Assigned	551,149	137,846	61,701	317,112	7,954	(556,894)	518,868
TOTAL FUND BALANCES	551,149	137,846	61,701	324,590	7,954	(556,894)	526,346
TOTAL LIABILITIES AND FUND BALANCES	\$ 551,149	\$ 137,846	\$ 61,701	\$ 374,292	\$ 10,354	\$ 193,106	\$ 1,328,448

CITY OF ANSONIA, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

REVENUES							
Federal and state grants	\$ -	\$ 26,753	\$ -	\$ 1,155,936	\$ -		\$ 1,182,689
Charges for services	10,168	-	3,594	405,110	-		418,872
Interest on investments	69,522	1,275	19	194	-	-	71,010
TOTAL REVENUES	79,690	28,028	3,613	1,561,240	-	-	1,672,571
EXPENDITURES							
Education	-	-	-	1,461,313	-		1,461,313
Public safety	-	72,701	-	-	-		72,701
Human services	40,002	-	-	-	-		40,002
Capital outlay	-	-	-	-	-	63,073	63,073
TOTAL EXPENDITURES	40,002	72,701	-	1,461,313	-	63,073	1,637,089
EXCESS OF REVENUES							
(UNDER) OVER EXPENDITURES	39,688	(44,673)	3,613	99,927	-	(63,073)	35,482
OTHER FINANCING SOURCES							
Operating transfers in	20,000	-	-	-	-	-	20,000
Operating transfers out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	20,000	-	-	-	-	-	20,000
EXCESS (DEFICIENCY) OF REVENUES	59,688	(44,673)	3,613	99,927	-	(63,073)	55,482
AND OTHER FINANCIAL SOURCES							
OVER EXPENDITURES							
Fund balance at July 1, 2010	491,461	182,519	58,088	224,663	7,954	(493,821)	470,864
FUND BALANCE AT JUNE 30, 2011	\$ 551,149	\$ 137,846	\$ 61,701	\$ 324,590	\$ 7,954	\$ (556,894)	\$ 526,346

FIDUCIARY FUNDS

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FIDUCIARY FUNDS

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

Police Pension Trust Fund – utilizes the accrual basis of accounting and is used for the accumulation of resources to be used for retirement benefits under the Employees' Retirement Plan of the Police of the City of Ansonia.

City Employees' Retirements Pension Trust Fund – utilizes the accrual basis of accounting and is used for the accumulation of resources to be used for retirement benefits under the Employees' Retirement Plan of the City of Ansonia.

Agency Funds – utilize the modified accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and are used to account for the activities as listed below:

- Student Activity
- Student Scholarship Fund
- Senior Center
- Performance Bonds

CITY OF ANSONIA, CONNECTICUT
 COMBINING BALANCE SHEET - FIDUCIARY FUNDS
 JUNE 30, 2011

	Pension Trust Funds		
	Police Pension Fund	City Employees' Retirement	Total Pension Trust Funds
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 61,009	\$ 12,906	\$ 73,915
Investments	1,049,860	1,112,197	2,162,057
Other receivables	306	960	1,266
TOTAL ASSETS	<u>\$ 1,111,175</u>	<u>\$ 1,126,063</u>	<u>\$ 2,237,238</u>
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES			
Other liabilities	\$ -	\$ -	\$ -
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Reserved for employee retirement system	1,111,175	-	1,111,175
TOTAL FUND BALANCES	<u>1,111,175</u>	<u>1,126,063</u>	<u>2,237,238</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,111,175</u>	<u>\$ 1,126,063</u>	<u>\$ 2,237,238</u>

CITY OF ANSONIA, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 YEAR ENDED JUNE 30, 2011

ADDITIONS			
Contributions			
City of Ansonia	\$ 467,000	\$ -	\$ 467,000
Plan members	-	30,710	30,710
Total contributions	467,000	30,710	497,710
Investment income (loss)			
Net appreciation in fair value of investments	176,063	163,754	339,817
Interest and dividends	32,341	34,109	66,450
	208,404	197,863	406,267
Less investment management fees	15,165	7,423	22,588
Net investment income	<u>193,239</u>	<u>190,440</u>	<u>383,679</u>
TOTAL ADDITIONS	660,239	221,150	881,389
DEDUCTIONS - benefits and other			
benefits and other deductions	515,794	216,499	732,293
TOTAL DEDUCTIONS	515,794	216,499	732,293
CHANGE IN NET ASSETS	144,445	4,651	149,096
Net assets held for pension benefits and other purposes at July 1, 2010	<u>966,730</u>	<u>1,121,412</u>	<u>2,088,142</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES AT JUNE 30, 2011	<u>\$ 1,111,175</u>	<u>\$ 1,126,063</u>	<u>\$ 2,237,238</u>

Agency Funds

Student Activity Fund	School Scholarship Fund	Senior Center	Performance Bonds	Total Agency Funds	Total Fiduciary Funds
\$ 135,226	\$ 7,829	\$ 1,608	\$ 198,270	\$ 342,933	\$ 416,848
-	163,175	-	-	163,175	2,325,232
-	-	-	-	-	1,266
<u>\$ 135,226</u>	<u>\$ 171,004</u>	<u>\$ 1,608</u>	<u>\$ 198,270</u>	<u>\$ 506,108</u>	<u>\$ 2,743,346</u>
<u>\$ 135,226</u>	<u>\$ 171,004</u>	<u>\$ 1,608</u>	<u>\$ 198,270</u>	<u>\$ 506,108</u>	<u>\$ 506,108</u>
<u>135,226</u>	<u>171,004</u>	<u>1,608</u>	<u>198,270</u>	<u>506,108</u>	<u>506,108</u>
-	-	-	-	-	1,111,175
-	-	-	-	-	2,237,238
<u>\$ 135,226</u>	<u>\$ 171,004</u>	<u>\$ 1,608</u>	<u>\$ 198,270</u>	<u>\$ 506,108</u>	<u>\$ 2,743,346</u>

CITY OF ANSONIA, CONNECTICUT
 COMBINING SCHEDULE OF CHANGES IN ASSETS
 AND LIABILITIES - AGENCY FUNDS
 YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
STUDENT ACTIVITY FUNDS				
ASSETS				
Cash	\$ 105,432	\$ 236,131	\$ 206,337	\$ 135,226
LIABILITIES				
Due to student groups	\$ 105,432	\$ 236,131	\$ 206,337	\$ 135,226
STUDENT SCHOLARSHIP FUNDS				
ASSETS				
Cash	\$ 172,750	\$ 6,091	\$ 7,837	\$ 171,004
LIABILITIES				
Due to student groups	\$ 172,750	\$ 6,091	\$ 7,837	\$ 171,004
SENIOR CENTER				
ASSETS				
Cash	\$ 1,117	\$ 9,454	\$ 8,963	\$ 1,608
LIABILITIES				
Due to seniors	\$ 1,117	\$ 9,454	\$ 8,963	\$ 1,608
PERFORMANCE BONDS				
ASSETS				
Cash	\$ 223,455	\$ 11,167	\$ 36,352	\$ 198,270
LIABILITIES				
Due to developers	\$ 223,455	\$ 11,167	\$ 36,352	\$ 198,270
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 502,754	\$ 262,843	\$ 259,489	\$ 506,108
TOTAL ASSETS	\$ 502,754	\$ 262,843	\$ 259,489	\$ 506,108
LIABILITIES				
Due to student groups	\$ 278,182	\$ 242,222	\$ 214,174	\$ 306,230
Due to seniors	1,117	9,454.00	8,963.00	1,608
Due to developer	223,455	11,167.00	36,352.00	198,270
TOTAL LIABILITIES	\$ 502,754	\$ 262,843	\$ 259,489	\$ 506,108

Other Schedules

CITY OF ANSONIA, CONNECTICUT
SCHEDULE OF PROPERTY TAXES
YEAR ENDED JUNE 30, 2011

Grand List October 1,	Uncollected Taxes July 1, 2010 and Current List	Corrections of Error			Balance to be Collected
		Additions	Deductions	Suspense	
1994	\$ 17,166	\$ -	\$ 17,166		\$ -
1995	28,129	-	-	-	28,129
1996	15,047	-	-	-	15,047
1997	15,608	-	-	-	15,608
1998	17,420	-	-	-	17,420
1999	25,581	-	-	-	25,581
2000	24,747	-	-	-	24,747
2001	(9,211)	-	-	-	(9,211)
2002	128,075	-	153	-	127,922
2003	99,222	-	144	-	99,078
2004	125,216	-	485	-	124,731
2005	256,770	-	1,562	-	255,208
2006	390,744	363	2,028	-	389,079
2007	535,000	1,426	20,544	-	515,882
2008	927,286	11,520	38,702	-	900,104
	2,596,800	13,309	80,784	-	2,529,325
2009	30,040,637	95,549	248,997	-	29,887,189
TOTAL	\$ 32,637,437	\$ 108,858	\$ 329,781	\$ -	\$ 32,416,514

SCHEDULE OF WATERLINE ASSESSMENTS
YEAR ENDED JUNE 30, 2011

Assessments July 1, 2010	Collections				Assessments June 30, 2011
	Assessments	Interest	Lien	Total	
\$ 223,737	\$ 41,570	\$ 14,275	\$ 443	\$ 56,288	\$ 182,167

Collections

Taxes	Interest	Liens & Fees	Totals	Uncollected Taxes June 30, 2011
\$ -	1,275	-	\$ 1,275	\$ -
18,395	46,907	592	65,894	9,734
2,456	5,821	-	8,277	12,591
2,600	5,695	24	8,319	13,008
2,668	5,363	24	8,055	14,752
2,668	4,883	24	7,575	22,913
2,753	4,543	24	7,320	21,994
3,566	4,459	48	8,073	(12,777)
3,831	5,207	24	9,062	124,091
1,437	5,658	24	7,119	97,641
11,097	8,653	136	19,886	113,634
32,441	21,460	346	54,247	222,767
75,933	49,800	417	126,150	313,146
155,054	58,764	925	214,743	360,828
<u>401,853</u>	<u>88,875</u>	<u>2,367</u>	<u>493,095</u>	<u>498,251</u>
716,752	317,363	4,975	1,039,090	1,812,573
<u>28,877,719</u>	<u>151,539</u>	<u>1,024</u>	<u>29,030,282</u>	<u>1,009,470</u>
<u>\$ 29,594,471</u>	<u>\$ 468,902</u>	<u>\$ 5,999</u>	<u>\$ 30,069,372</u>	<u>\$ 2,822,043</u>

CITY OF ANSONIA, CONNECTICUT
 SCHEDULE OF NATIONALLY RECOGNIZED MUNICIPAL
 SECURITIES INFORMATION REPOSITORY
 YEAR ENDED JUNE 30, 2011

Gross Grand List-October 1, 2009	\$ 1,334,923,675
Net Grand List-October 1, 2009	1,164,619,962

	Grand List Assessment
Ten Largest Taxpayers:	
Ansonia Shopping Center LLC	\$ 10,966,900
Target Corporation	10,674,252
Ansonia E & A LLC	8,945,900
United Illuminating Co.	6,823,547
445 Beaver Brook, LLC	6,168,800
Yankee Gas Services Co.	6,057,180
Ansonia Copper & Brass Inc.	5,578,960
Meditrust of Connecticut, Inc.	4,203,500
Birmingham Utilities Inc.	3,517,365
Dan Riverview APTS LLC	3,221,400

Debt Statement as of June 30, 2011:

Short Term Debt	\$ 750,000
Long Term Debt	<u>20,855,000</u>
Total Direct Debt	21,605,000
Less: School construction grants	(13,437,307)
Water assessments receivable	<u>(182,167)</u>
Total Net Direct Debt	<u>\$ 7,985,526</u>

Current Debt Ratios

(Pro Forma)	
Population (2010)*	18,531
Net Grand List(Taxable)-October 1, 2009	\$ 1,164,619,962
Estimated Full Value (70%)	\$ 1,038,891,186
Equalized Net Taxable Grand List**	\$ 1,484,130,265
Money Income per Capita (2010)*	\$ 49,794

* Connecticut Economic Resource Center, Inc. (Cerc)
 ** State of Connecticut, Office of Policy and Management

	Total Direct Debt	Total Net Direct Debt
Per Capita	1,166	431
Ratio to Net Taxable Grand List	1.86%	0.69%
Ratio to Estimated Full Value	2.08%	0.77%
Ratio to Equalized Net Taxable Grand List	1.46%	0.54%
Per Capita to Money Income per Capita	2.34%	0.87%

