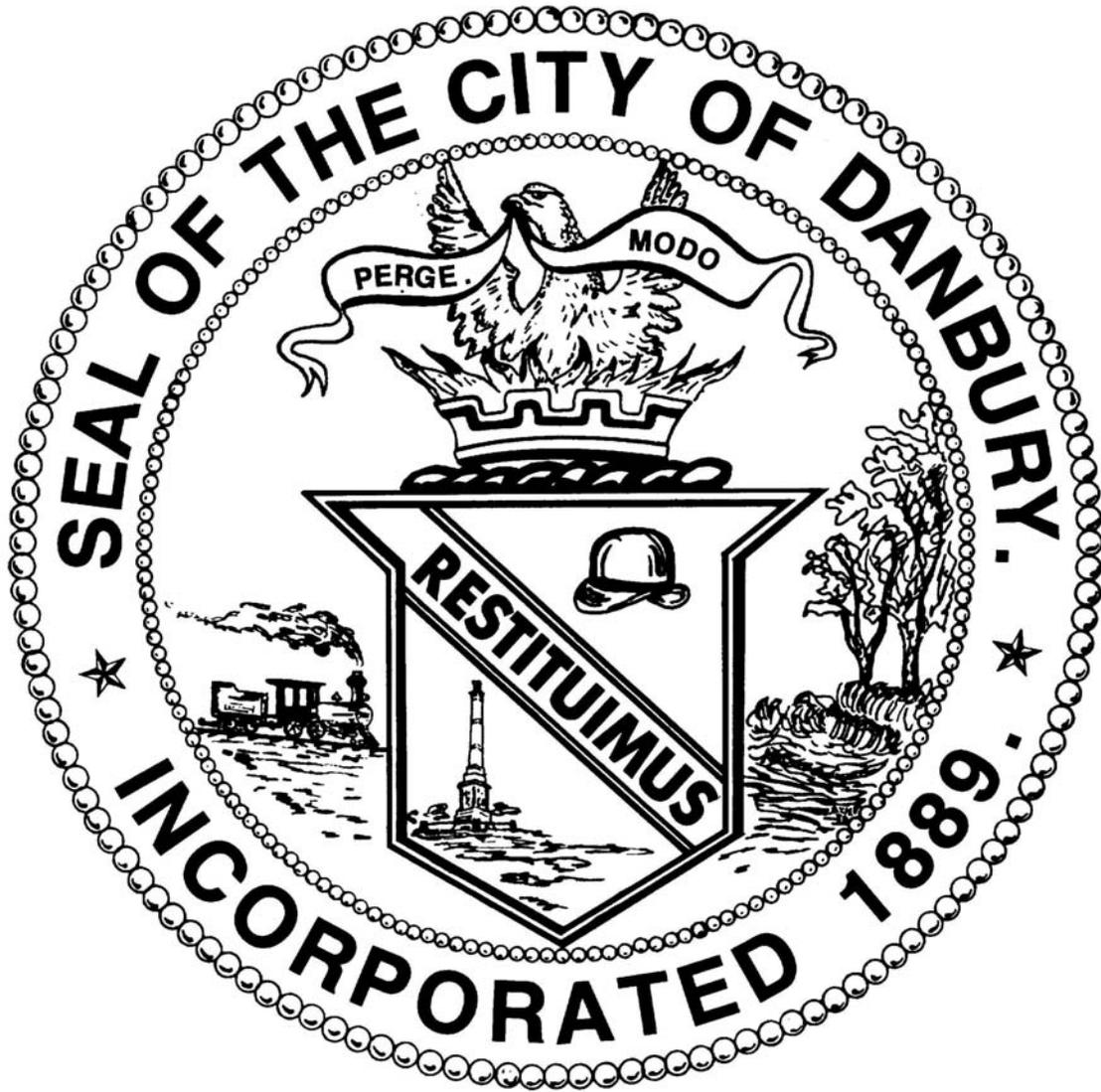


**CITY OF DANBURY, CONNECTICUT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2014
DEPARTMENT OF FINANCE
DANBURY, CONNECTICUT**

**CITY OF DANBURY,
CONNECTICUT**

**Comprehensive
Annual Financial Report**

for

**The Fiscal Year Ended
June 30, 2014**

Prepared By:

City of Danbury Department of Finance

David W. St. Hilaire

Director of Finance

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Introductory Section



CITY OF DANBURY

**155 DEER HILL AVENUE
DANBURY, CONNECTICUT 06810-7769**

**DAVID ST. HILAIRE
DIRECTOR OF FINANCE**

**(203) 797-4652
FAX: (203) 796-1526**

December 31, 2014

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

FORMAL TRANSMITTAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Connecticut State Statutes require that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Danbury, Connecticut for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City of Danbury, Connecticut. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the management of the City of Danbury has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Danbury's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Danbury, Connecticut's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Danbury, Connecticut's financial statements have been audited by McGladrey LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Danbury, Connecticut for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Danbury, Connecticut's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

Danbury is the largest city in Northern Fairfield County. Danbury's unique location on I-84 and Route 7, and adjacent to I-684 makes it easily accessible to New York City, Hartford and Norwalk, all of which are within 60 miles.

Fairfield County is one of the wealthiest counties in the United States and Danbury is one of the wealthiest cities according to the U.S. Census Bureau. The City of Danbury has an estimated population of 83,684 (2014) and a median household income of approximately \$66,432 in 2012 (inflation-adjusted dollars).

The City of Danbury was incorporated in 1889, and operates pursuant to a city charter revised most recently in December 2009.

A Mayor and a twenty-one member City Council govern the City. The Mayor is the City's chief elected and executive officer and the Council is its legislative body.

The City of Danbury's municipal government provides a full range of services including education, police, fire, planning and zoning, construction and maintenance of highway streets, storm/sanitary sewers and infrastructure, health and social services, parks and recreational activities, cultural events and a municipal airport. The City has a total of 2020 employees with approximately 540 actual full-time equivalent municipal employees who provide services to the Danbury community and 1,480 teachers, administrators and support staff for the City's School District. The City is 44 square miles and has 242 miles of streets.

The City of Danbury has five discretely presented component units: the Danbury Parking Authority, Richter Park Authority, Tarrywile Park Authority, Charles Ives Authority, and the Danbury Museum and Historical Society Authority. Discretely presented component units are reported in separate columns in the entity-wide statements to emphasize that they are legally separate from the primary government and to differentiate their financial positions and results of operations from those of the primary government. The annual budget serves as the foundation for the City of Danbury's financial planning and control.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. All governmental funds in the City of Danbury are appropriated on an annual basis. For the general fund, this comparison is presented on page 87 as part of the Required Supplementary Section for the General Fund.

INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

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

Local Economy: Essential to developing the economy and the overall quality of life in Danbury is the safety of its residents and community. Danbury continues to be ranked as the safest city in Connecticut

and one of the safest in all of New England among the nearly 400 U.S. cities included in the national ranking, conducted by CQ Press, as part of its Crime in Metropolitan America series.

The strength of Danbury Labor Market Area economic base builds upon the diversity of its talented workforce of approximately 68,940 among several large sustainable leading industries such as: Education and Health Services (employing 18,610 - 27.0% of the workforce), Trade, Transportation and Utilities (employing 16,240 – 23.6%), Professional and Business Services (employing 8,310 - 12.1%) and Manufacturing (employing 8,720 – 12.7%). The City of Danbury and the Danbury LMA has routinely been the leader in the state economic and jobs recovery since the severe economic recession which started with the housing and stock market crashes in the fall of 2008. The most important economic indicator supporting the City's decade long effort to promote a diversified industrial base is the Danbury Labor Market Area (LMA) unemployment rate of 4.7% for November 2014 which remains the lowest in the State of Connecticut as compared to 6.5% for the State of Connecticut and 5.8% for the United States.

Danbury has been fortunate that most previously planned private construction projects have continued during this prolonged economic recession, although smaller in size and scope. Previously approved municipal projects, especially those with state and/or federal funding continue to move ahead. The City of Danbury has been able to continue to make the necessary investments in our community to ensure the foundation is in place for a more robust economy in the future. Our strategy of focusing on the City's core mission and reprioritizing projects while strengthening our partnerships with our existing businesses and aggressively seeking out and formulating new business relationships has proven very successful. Danbury continues to lead the state in most vital economic statistics including unemployment rate, jobs created and retained, and retail sales tax revenue. The following are some of the larger development projects in recent years:

New and Ongoing Projects (2014)

- **Praxair.** The City's only Fortune 500-headquartered company announced in November that it will invest \$65 million to build a new headquarters building in the Berkshire Corporate Park. The 100,000 ft² facility will house the company's corporate management and North American division. Praxair received a \$30 million state incentive package and will add 120 employees in the next five years.
- **Cartus.** The City's largest enterprise employer announced a \$15.4 million headquarters expansion and lease renewal in April that will keep the company in Danbury another 15 years. Cartus received a \$6.5 million forgivable loan if the company retains its 1275 employees in Danbury and adds another 200 over five years.
- **Kennedy Place.** Graystar, a national developer, acquired the 10 acre property in August and is investing \$80 million to construct a 375 unit market-rate apartment complex in downtown Danbury. Construction began in October 2014 and will last two years. The project, a cornerstone of the Main Street Renaissance Task Force report, will bring several hundred new residents downtown and significantly contribute to revitalization and additional investment.
- **Doctors Express.** The urgent care and walk-in medical facility (and important Main Street project) will open its second location on Mill Plain Road in February 2015. Doctors Express is investing \$2.0 million in a 3,400 ft² space, creating 20-25 new jobs.
- **Colonial Subaru** has relocated to the former Robert Buick site on Newtown Road, opening in November. The \$12.2 million project includes a 31,000 ft² signature showroom and parts/service facility. 60 employees.
- **MannKind.** After a six year process, the company announced in June that its inhaled insulin product Afrezza was approved by the FDA. The company previously invested \$200 million in the 263, 900 ft² manufacturing facility for manufacturing the drug in the City. It plans to hire 100 additional jobs (to 275) by next year, and potentially hundreds more.

- **Addivant.** The global polymer additives manufacturer opened its new corporate headquarters in Danbury in May. Addivant operates 11 plants on five continents, and nine technology and application testing centers worldwide.
- **Matrix Corporate Center.** Matrix remains the largest commercial office building in New England and is 65% occupied. Major investments in the facility include an upgraded health club and catering facilities. Recent new clients include **NewOak** (above), **Goddard School**, **Eastern College Athletic Conference (ECAC)** and **Macromark**.
- **Lee Farm Corporate. Lenovo**, the world's largest PC manufacturer, leased 10,000 ft² for a Northeast national/international center housing sales/marketing and other functions. **Navigators Management**, an international specialty insurance holding company, increased its space from about 3,400 ft² to 16,000 ft². The company plans to grow from 40 to 75 employees.
- **Toll Brothers.** A 244 acre residential construction project began (as WCI) in 2007 with 1080 units planned over six phases. The first phase (134 units) has been completed and work has started on the second. The entire project will take another 10 years.
- **Regional Hospice and Home Care of Western Connecticut.** The new \$12.5 million hospice residence and office facility is nearly completed and scheduled to open in January 2015. The 36,000 ft² facility will be one of only two resident hospices in Connecticut, with 12 private patient suites. 35 new jobs will be created, adding to the existing staff of 57.

Completed Projects

- **Western Connecticut Health Network.** The new \$150 million 300,000 ft² 12 story patient tower at Danbury Hospital opened in June. Includes expanded ER and critical care units, and several additional medical-surgical patient care floors. The project was one-third privately financed. The WCHN also completed its affiliation with Norwalk Hospital. The projected economic impact for Danbury is estimated to be approximately \$200 million.
- **Western Connecticut State University.** Western's \$97 million Visual and Performing Arts Center opened in September. Includes a 350 seat theatre and concert hall, art gallery, recording studio and state-of-the-art rehearsal, classroom, and studio art facilities.
- **Belimo Air Controls.** The \$40 million 200,000 ft² U.S. headquarters and manufacturing facility opened in October. The company plans to double its 250 member workforce.
- **U.S. Army Reserve Center.** The \$33.8 million weekend training facility on 17 acres at Lee Farm opened in April. Includes a 95,000 ft² building with administrative, educational, weapons-simulator and physical fitness areas, and an 18,000 ft² vehicle maintenance shop and 3000 ft² storage building. Since housing will not be provided onsite, a projected \$2 million will be generated annually for the local economy.
- **NewOak** of New York City opened their new space at the Matrix in October, completed their expansion into Connecticut and Danbury. The company invested \$16 million, creating 100 new financial service jobs. Notably, most of the jobs will be for younger employees.
- **Perosphere.** Sol Steiner (co-founder of MannKind Pharmaceuticals and Biomed) started a new pharmaceutical company on Kenosia Avenue in Danbury. The \$3 million 16,000 ft² R&D/manufacturing facility opened in October and employs 25-50 people.
- **Danbury Innovation Center.** Opened in May at the Danbury Library. Tenants include **Danbury Hackerspace**, **SCORE of Western Connecticut** and an internet café. The City invested \$600,000 to refurbish the former Union Bank space at the Danbury Library to provide the space. It will foster entrepreneurship and corroboration, especially in the technology community. The Hackerspace received a two year \$250,000 grant from Connecticut Innovations.

Retail

- **Danbury Fair Mall.** Macerich and its tenants have invested an estimated \$180 million in renovations, upgrades and provisioning in the past few years. The investments continue to pay dividends. Sales per ft² remain the highest for a covered mall nationwide. Retail sales in Danbury continue to rank as one of highest in the State of Connecticut which can be attributed to one of the largest malls in New England, the popular Danbury Fair Mall. The Mall, which totals 1.5 million square feet, offers more than 200 shops and services, is a destination place for many residents on the East Coast. **Shops at Marcus Dairy.** Construction began in June 2011 on a two building/81,000 ft² retail center on 10-acres on the former Marcus Dairy site. The construction is now complete, and all shops opened in the summer of 2013. Tenants include Whole Foods (anchor), Panera Bread, EMS and others.

Other

- **Mad Hackers Conference.** The City-produced the social media and maker movement conference event for the second year. Over 700 people attended or participated, positioning it to be the premier technology event in western Connecticut in the future.

Given the constant ebb and flow of the economy at any time, the City of Danbury understands and appreciates the importance of promoting the growth of a variety of industries for Danbury's long term economic future and for tax rate stability. All three rating agencies cite the City's diverse tax base and continued development and job growth in Danbury. Moody's Investor's, Standard and Poors, and Fitch Ratings have rated the City as Aa1, AA+, and AAA from respectively.

Major Initiatives

Listed below are some of the more notable initiatives that have been undertaken in recent years. Several on-going projects which will continue into Fiscal Year 2014-2015 are cited as well.

- **Danbury Road Bond 2020**– In November 2014, the voters approved a \$20 million bonding referendum for the following: Paving, Drainage & Thoroughfare Improvements Program (\$6.5 million); Public Works Heavy Equipment & Vehicle Replacement Program (\$3.0 million); Bridge Replacement Program (\$4.0 million); Roof Replacement Program (\$5.5 million); and Public Safety Communications Network Upgrades (\$1.0 million). Most of expenditures relating to these projects will begin in FY 15/16 after the anticipated borrowing in July 2015.
- **Vision 2020 Bond** – In November 2012, the voters overwhelmingly approved a \$55 million bonding referendum for school improvements (\$44 million), bridge replacement/repair fund (\$1.925 million), water and sewer improvements (\$8.525) and \$550,000 for a space conversion project to locate a small business development facility in the downtown district.
 - ◆ The school improvement funds (\$44 million) have been used to manage and accommodate the needs of the Danbury Board of Education for more space as the student population grows and as educational programming changes occur to best prepare our students for the year 2020 and beyond.

The spacing solution offered the flexibility for programmatic changes by creating an Intra-Magnate School program specifically for Danbury residents and to expand the Stem Academies (science, technology, engineering and math for middle school students) into Mill Ridge Intermediate, thus freeing up middle school space in Rogers Park. This creative approach to renovate/expand/ and reconfigure instead of new construction addresses the

primary spacing/programming issues of today and for the next several years while being the most cost effective and not unnecessarily burdening the taxpayer with the significant cost increases in operational/staffing costs associated with two new buildings.

Shelter Rock Elementary, Stadley Rough Elementary, Park Avenue Elementary and Mill Ridge Primary Schools have initially been identified for significant renovation, expansion, and/or reconfiguration (space conversion) to address the space utilization and related programming concerns/issues. Funds are intended to be used for capital improvements addressing the space/programming issues at any Danbury Educational facility and will be reviewed/approved accordingly between the Danbury School Buildings Committee and the City. Examples of some specific improvements initially planned include – new classroom wings, new media center/computer/mechanical room, cafeteria additions, elevators, reconfiguration/redistribution of classrooms, site work improvements, playground improvements, roof repair/replacements, and roadway/parking/traffic improvements for buses and cars. The expanded facilities were opened in August 2014 with only some minor projects remaining.

- ◆ The \$1,750,000 of funds has been used to establish a fund for a City-wide bridge replacement and repair program which will primarily address those bridges rated in “Poor Condition.”
 - ◆ \$550,000 of Funds will be used to make capital improvements to correct or prevent violations throughout the City’s water system including at plants, pump stations and for distribution. Funding will also address the water main issue at Oil Mill Road.
 - ◆ The fund authorization of \$7,975,000 will be appropriated for the design and construction of improvements and upgrades to the wastewater treatment plant facilities and sewer collection upgrades.
- **Open Space Bond** - In March 2008, \$18.9 million was approved by the voters for: open space acquisitions, improvements to Danbury High School, various recreation projects and public works improvements and equipment.
 - ◆ **Open Space Initiatives** - \$6.6 million of the bond authorization will be used for the purchase of land, easements, and developmental rights for open space preservation, recreation, conservation, or agricultural land preservation. Several parcels throughout the City were previously identified and efforts to acquire the land, easements or developmental rights are underway. Since March 2008, the City has expended nearly \$3.9 million to purchase over 400 acres of undeveloped land and the development rights to a 28 acre working farm.
 - ◆ **Danbury High School Improvements** - The \$2.6 million of improvements to Danbury High School included a new sprinkler system in the "D" building to enhance student safety and for renovations to bring the building into compliance with fire safety codes and ADA requirements of which \$1.2 million has been expended. Funds have also been used for the reorganization of building space to create 3 additional classrooms, to expand a parking lot to provide additional parking spaces and for courtyard improvements between the various school buildings.
 - ◆ **Recreation Improvements** - \$4.9 million of the bond initiative is allocated to recreation improvement projects as part of the City's on-going commitment to enhancing the residents' quality of life for the entire family. Prior to this initiative, significant improvements to parks and playgrounds were made throughout the City costing approximately \$3.5 million. \$3.1 million of projects recently completed under the new bond initiative include the construction of a multipurpose artificial turf field with appurtenances in Rogers Park (August 2009), the design/rebuild/recondition of baseball fields, purchase of equipment for use in recreation projects and the creation of a vegetative buffer to protect the water quality of the Lake Kenosia. The remaining funds from this bond authorization will be used for various recreation improvements, planning and development that include drainage and improvements to Rogers Park fields, a skate park, a feasibility study for Kenosia Swamp

Boardwalk and bird viewing area, and the planning/development of the Margerie Trail system.

- ◆ **Paving, Drainage and Related Improvements** - \$3.34 million of the bond authorization is being used for the repair, rebuilding, paving, reconstruction work of City streets and to purchase public works equipment and vehicles. Improvements to date total approximately \$2.9 million include: drainage installation, cross culvert repair and replacement throughout the city, citywide street paving, and curbing/guardrail/lighting installation. The beautification of the Main Street thoroughfare which included the installation of sprinklers in medians and islands and the design for the renovation to Kennedy Park was also completed. Beautification measures along Plumtrees Road will be made with some of the remaining bond funds. The remaining \$1.1 million of the bond authorization will be used to replace and/or add to the equipment used by the various divisions of the Public Works Department for the City of Danbury. Equipment will include trucks, sanders, plows, graders, sweepers, rollers, tractors, mowers and Public Works vehicles.
- ◆ **Bridge Replacements/Improvements and Public Building Improvements** – East Franklin Street Bridge and Long Ridge Road bridges were completed during the 2013/2014 fiscal year. Crosby Street Bridge received approval for State funding in October 2014 and construction will begin in the last half of the 2014/2015 fiscal year, taking about one year to complete. Construction cost is estimated to be \$2,000,000. Public building improvements include the Tarrywile Mansion renovations, including replacing the roof, renovating the school building on Mountainville Avenue for rental income, and converting the Mansion to natural gas, renovating the ‘Red Barn Environmental Center’ and the ‘Camp Building’ (funded through March 2014 LoCIP entitlement). The roof replacement at Charles Ives is in progress as is the school roof replacement program.

Risk Management

The City has a comprehensive Risk Management Program designed to measure and control exposure to financial loss resulting from claims against the City. Such claims have been reduced as a direct result of the extensive promotion of training and safety initiatives which are customized for each functional area. The program includes the purchasing of all insurances for the City such as worker's compensation, property and liability, disability, dental, life and health insurance. The Risk Manager is also responsible for purchasing employee bonds for various positions as required by State statutes.

The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. Presently, the City is self-insured for the first \$100,000 per claim for general, auto, property and public liability. The Risk Management Department also manages worker's compensation and heart/hypertension claims. The City is self-insured for the first \$500,000 per claim and maintains an aggregate stop loss on these worker's compensation claims of \$4 million. The City is completely self-insured for all heart/hypertension liability. Employee medical, prescription drug, and dental benefits are self-insured.

Debt Management

At year-end, the City had outstanding \$123.4 million in general obligation bonds, \$40.0 million in Bond Anticipation Notes (BANS) and had \$25.9 million in authorized but unissued debt (net of state/federal revenues and other funding sources). The City enters the bond market usually just once a year to convert its short-term financing to long-term on the completed projects while issuing short-term financing for newer projects. Prior to FY 2011-2012, the City had been issuing about \$20 million in bonds but reduced this amount in recent years. However, \$31.5 million in short-term financing was issued in July 2014 as school construction and infrastructure projects associated with the “Vision 2020” bond were being completed.. We do expect to return to the annual bond issue level of about \$20 million in FY 2015-2016. Such strategy has helped keep our debt ratio manageable while maintaining only the necessary cash funding for the City's capital program without having too much idle cash on hand (from borrowed monies) to avoid the risk of losing some of the benefit derived from the low borrowing rates (interest rate risk).

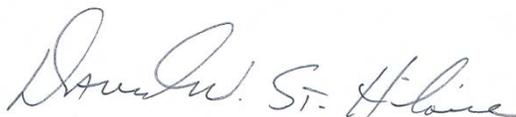
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Danbury, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the 27 consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "David W. St. Hilaire".

David W. St. Hilaire
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Danbury
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**Principal Officials
City of Danbury, Connecticut
As of December 1, 2014**

Mayor

Mark D. Boughton

Town Clerk

Lori A. Kaback

Treasurer

Daniel P. Jowdy

Legislative Assistant

Jean A. Natale

City Council

Joseph A. Cavo
President

Benjamin Chianese
Irving M. Fox
Philip D. Curran
Elmer Palma
Michael J. Haddad, Sr.
Vinny DiGilio
Jack Knapp
Warren M. Levy
John Priola
Peter P. Nero

Duane E. Perkins
Paul T. Rotello
Thomas J. Saadi
Joseph Scozzafava
Gregg W. Seabury
Colleen A. Stanley
Christopher J. Arconti.
Marina Loyola
Frederick L. Visconti, Jr.
Andrew R. Wetmore

David W. St. Hilaire
Director of Finance

Daniel G. Garrick
Assistant Director of Finance

Scott Ferguson
Tax Collector

Colleen LaHood
Tax Assessor

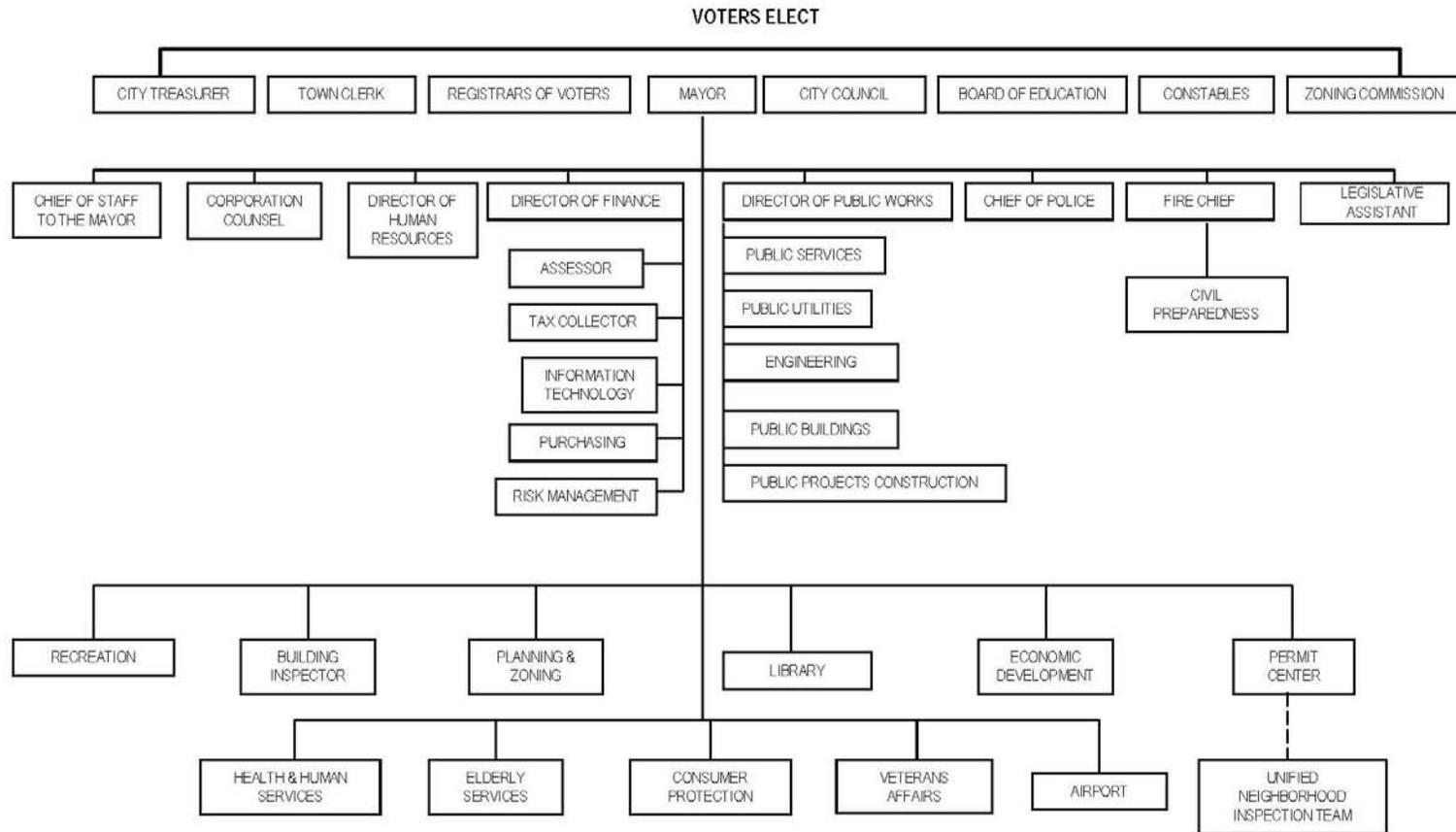
Charles Volpe
Purchasing Agent

Frank Gentile
Manager, Information Technology

Independent Auditors

McGladrey LLP
New Haven, Connecticut

**CITY OF DANBURY
ORGANIZATION CHART**



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Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Danbury, Connecticut (the "City") as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of content.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority, the Tarrywile Park Authority, the Charles Ives Authority for the Performing Arts and the Danbury Museum and Historical Society Authority, component units of the City, which represent 100 percent of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority, the Tarrywile Park Authority, the Charles Ives Authority for the Performing Arts and the Danbury Museum and Historical Society Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Danbury, Connecticut as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 5-14, the schedules of funding progress and employer contributions on pages 83-85, the schedule of the City's net pension liability and related ratios on page 86 and budgetary comparison information on page 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and other schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "McGladrey LLP". The signature is written in black ink and is positioned above the typed name and address.

New Haven, Connecticut
December 31, 2014

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**City of Danbury, Connecticut
Management's Discussion and Analysis, Unaudited
June 30, 2014**

As management of the City of Danbury, Connecticut, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Danbury for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

Financial Highlights

- Unassigned fund balance increased \$1.7 million to \$23.9 million for the general fund while the total fund balance amounted to \$28.9 million, an increase of \$0.4 million. On an actual budgetary basis, revenues were greater than expenditures by approximately \$159,000, however overall the City's general fund realized a surplus of approximately \$0.4 million for the current year.
- At the end of the current fiscal year, revenues were greater than expenditures on an actual budgetary basis by approximately \$390,000. Unassigned general fund balance at year-end represents 10.1% of the ensuing year's total general fund expenditures of \$235.7 million.
- On a government-wide basis for the year-ended June 30, 2014, the City's net position totaled \$294.0 million, an increase from last year's total of \$288.6 million. Government-wide expenses totaled \$298.1 million and revenues totaled \$303.5 million. Total net position for Governmental Activities and Business-type Activities at fiscal year-end were \$141.9 million and \$152.1 million, respectively. Net position for Governmental Activities increased by \$2.1 million while net position increased for Business-Type Activities by \$3.3 million or 2.2%. Of the City's total net position at June 30, 2014, \$3.7 million or 1.3% is unrestricted and may be used to meet the government's obligation to citizens and creditors.
- At the close of the year, the City of Danbury's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$10.8 million, a decrease of \$18.8 million from the prior fiscal year. The decrease in governmental fund balance was mostly due to the delay in reimbursements from the State/Federal grants relating to the Vision 2020 projects, Headstart, and Airport capital projects as they near final completion.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all of the City of Danbury's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the city is improving or deteriorating. It speaks to the question of whether or not, the City, as a whole is better or worse off as a result of this year's activities.

However, substantial changes in net position may occur from one year to the next simply as a result of the construction of capital assets and new accounting standards issued by GASB (Governmental Accounting Standards Board). For an example, the implementation of GASB 45 in 2008 requiring the City to account for the unfunded portion of "Other Post Employment Benefits" (OPEB), have resulted in a reduction of the City's net position by a total of \$44.7 million, \$8.9 million of which impacted the FY ended June 30, 2014. Other non-financial factors will need to be considered, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

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

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

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing

so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Danbury maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Other funds considered to be Major Funds are Miscellaneous Special Revenue, Sewer, Water, Ambulance and Internal Service. Non-major governmental funds are combined into a single, aggregated presentation as other governmental funds. Such funds include the School Lunch Program Fund, the Community Development Block Grant Fund, the Animal Control Fund, the School-Based Health Center Grant Fund, the LOCIP Fund, Airport Projects Fund, State and Federal School Projects Fund, the Library Fund, the Metro North Parking Lease Fund, Open Space Bond, the Vision 21 and Vision 21 - 2 Bond Issues Fund, NSP Grant, ARRA, Public Safety Bond, SECP, Century 21 PI Fund, the City Projects Fund, the Danbury Neighborhood Bond Fund, the Head Start Bond Fund, CRM Project Fund, and the Farioly Permanent Fund. The Miscellaneous Special Revenue Fund is the consolidation of 52 small grant programs that have been combined for the purposes of financial reporting. This is considered a major fund. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The City of Danbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement on page 87 has been provided for the general fund to demonstrate compliance with the authorized budget.

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

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

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

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

The basic fiduciary fund financial statements can be found on pages 26-27 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 various fund-type financial statements. The notes to the financial statements can be found on pages 28-81 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-retirement benefits to its employees.

The City of Danbury adopts an annual budget for its General Fund. See pages 81-81 for the budgetary comparison statement has been provided for the General Fund.

Required supplementary information can be found on pages 83-90.

Government-wide Financial Analysis

As noted earlier, the statement of net position presents information on all of the City of Danbury's assets and liabilities, with the difference reported as net position. In the case of the City of Danbury, assets exceeded liabilities by \$294.0 million at June 30, 2014, an increase of \$5.4 million in net position from the previous fiscal year.

Summary Statement of Net Position

	June 30, 2014			June 30, 2013		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 84,182	\$ 29,549	\$ 113,731	\$ 67,707	\$ 25,819	\$ 93,526
Non-Current	42	5	47	3,998	751	4,749
Capital Assets	336,084	151,778	487,862	309,146	154,903	464,049
Total assets	420,308	181,332	601,640	380,851	181,473	562,324
Deferred outflows of resources						
Deferred charges on refunding	2,100	861	2,961	-	-	-
Total deferred outflows of resources	2,100	861	2,961	-	-	-
Current Liabilities	60,891	3,873	64,764	29,272	3,474	32,746
Long-Term Liabilities Outstanding	219,475	26,173	245,648	211,805	29,180	240,985
Total liabilities	280,366	30,046	310,412	241,077	32,654	273,731
Deferred inflows of resources						
Advanced tax collections	199	-	199	-	-	-
Total deferred inflows of resources	199	-	199	-	-	-
Net Position						
Net investment in capital assets	164,322	125,106	289,428	151,178	125,724	276,902
Restricted	880	-	880	1,277	-	1,277
Unrestricted (deficit)	(23,319)	27,042	3,723	(12,681)	23,095	10,414
Total net position	\$ 141,883	\$ 152,148	\$ 294,031	\$ 139,774	\$ 148,819	\$ 288,593

At the end of the current fiscal year, the City of Danbury is able to report positive growth of \$5.4 million in total net position over last year. In comparison to last year, net position invested in capital assets (net of related debt) increased for Governmental activities by \$13.1 million and Business-type activities decreased by \$0.6 million; restricted net position decreased for governmental activities by \$0.3 million but remained unchanged for business-type activities; unrestricted net position increased by \$4.0 million for business-type activities but decreased for governmental activities by \$10.6 million - mostly due to GASB 45 - (OPEB) Other Post Employment Benefits, which increased current fiscal year liabilities by \$8.9 million.

On a government-wide basis, excluding component units, the assets of the City of Danbury exceeded its liabilities resulting in total net position at the close of the fiscal year of \$294.0 million. This is slightly up from last year's net position of \$288.6 million. Total net position for Governmental Activities at fiscal year-end were \$141.9 million (up from \$139.8 million in the previous year) and total net position for Business-type activities were \$152.1 million (up from \$148.8 million in the previous year). Of the City's total net position at June 30, 2014, \$3.7 million or 1.3% is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. This compares with last year's total unrestricted net position of \$10.4 million or 3.6% unrestricted.

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

Summary Statement of Activities

	Year Ended June 30, 2014			Year Ended June 30, 2013		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 14,632	\$ 24,185	\$ 38,817	\$ 13,056	\$ 25,232	\$ 38,288
Operating grants and contributions	68,436	-	68,436	62,743	-	62,743
Capital grants and contributions	6,284	983	7,267	3,274	1,332	4,606
General revenues:						
Property taxes	183,284	-	183,284	176,149	-	176,149
Grants and contributions not restricted to specific programs	5,513	13	5,526	6,860	10	6,870
Unrestricted investment earnings	198	19	217	105	18	123
Other non-operating revenues (transfers)	-	-	-	365	(365)	-
Total revenues	278,347	25,200	303,547	262,552	26,227	288,779
Expenses						
General government	20,891		20,891	18,140	-	18,140
Public safety	50,076	2,788	52,864	54,529	2,630	57,159
Public works	20,224	19,083	39,307	17,049	17,888	34,937
Health and welfare	4,551		4,551	4,676	-	4,676
Culture and recreation	4,952		4,952	4,433	-	4,433
Education	172,351		172,351	163,206	-	163,206
Interest on long-term debt	3,194		3,194	3,468	-	3,468
Total expenses	276,239	21,871	298,110	265,501	20,518	286,019
Change in net position	2,108	3,329	5,437	(2,949)	5,709	2,760
Net Position- beginning	139,774	148,819	288,593	142,723	143,110	285,833
Net Position - ending	\$ 141,882	\$ 152,148	\$ 294,030	\$ 139,774	\$ 148,819	\$ 288,593

Government Activities

For Governmental activities, approximately 65.8% of the revenues were derived from property taxes followed by 32.1% from program revenues, then 2.4% from grants and investment earnings.

Total revenues in Governmental Activities increased by \$15.8 million as compared to last year. Property tax revenues increased by \$7.1 million, approximately 80% of the increase was due to an increase in the mill rate, while most of the \$10.3 million increase in Program Revenues and other general revenues is due to an increase of \$5.7 million in Operating Grants and contributions.

For Governmental Activities, the City's expenses relate as follows: 62.4% - Education; 18.1% - Public Safety; 7.3% - Public Works; 7.5% - General Government; 1.8% - Cultural and Recreation; 1.7% - Health and Welfare; and 1.2% for Interest on Long-Term Debt. GASB 45 required the City to record an additional \$8.9 million liability for Other Post Employment Benefits (OPEB) which directly reduce the Net Position.

Expenses were very lean again this year in every function and category. Major expense factors included:

- In addition to routinely reducing the budgeted staffing positions since the beginning of the recession, the City has kept positions which are open and funded vacant for extended periods to evaluate the necessity of such positions. This strategy has yielded significant budgeted savings of \$1.1 million in personal related costs for FY 2013-2014.
- The City also realized budgeted savings from the following: LAP and workers' compensation insurance savings (\$1.3 million); retiree benefits savings (\$0.7 million); health insurance savings (\$1.3 million); prescription drug insurance savings (\$0.3 million); issued fewer bonds/BANS during the year, but at a preferred rate, thus saving \$0.5 million in debt service payments and interest expense; \$1.0 million savings in utilities, fuel, heating oil, supplies, maintenance, equipment, and profession/other services.
- Education expenses had increased by \$2.4 million from the prior fiscal year.

All other categories were impacted with rising cost associated with employee benefits, which include Other Post Employment Benefit (OPEB) and pension costs.

Business-Type Activities

Business-Type activities increased the City's net position by \$3.3 million or 2.2%. Factors impacting the growth include:

Water Fund: The water fund had a positive change in net position of \$1.8 million for a total ending net position of \$76.2 million. Although usage related charges for services declined by nearly \$0.25 million as expenses decreased by \$0.5 million, revenues exceeded operating expenses by \$1.6 million. However, this amount was offset by \$364,000 of non-operating expenses and \$437,000 of capital contributions.

Sewer Fund: The sewer fund had a positive change in net position of \$1.4 million for a total ending net position of \$72.8 million. Although usage related charges for services and connection charges declined by nearly \$0.2 million and \$0.25 million, respectively, the net income before capital contributions and transfers resulted in a surplus of \$2.7 million. However, there was also \$437,000 of additional capital contributions and a one-time charge of \$1.7 million for the loss on disposal of capital assets

Ambulance Fund: The ambulance fund had a positive change in net position of \$116,000 for a total ending net position of \$3.1 million. Although usage related charges for services declined due to fewer transports by nearly \$0.35 million and operating expenses increased by \$0.15 million, revenues still exceeded operating expenses by \$104,000. This amount was also increased by \$11,000 from the sale of an asset.

Financial Analysis of the Fund Financial Statements

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

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

As of the end of the current fiscal year, the City of Danbury's governmental funds reported combined ending fund balances of \$10.8 million. The General Fund and Other Governmental Funds reported fund balances of \$28.9 million and \$(18.1) million, respectively. The decrease in capital projects fund balance is primarily due to the timing of the completion of projects and state aid reimbursements.

The general fund is the chief operating fund of the City of Danbury. At the end of the current fiscal year, unassigned fund balance of the general fund increased to \$23.9 million while total fund balance equals \$28.9 million. Approximately \$23.9 million of the General Fund's total fund balance constitutes unassigned fund balance which is available for spending at the government's discretion. The remaining \$5.0 million of the General Fund balance is not available for new spending and has been assigned to liquidate contracts/purchase orders of the prior period (\$1.9 million), future budget appropriations (\$1.9 million), continuing education (\$0.9 million) and capital projects (\$0.3 million). 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 fund expenditures for the ensuing year's budget. Unassigned fund balance represents 10.1% of total general fund expenditures while total fund balance represents 12.2 % of that same amount.

The City of Danbury's General Fund unassigned Budgetary Fund Balance increased by \$1.7 million during the current fiscal year. \$0.5 million of such increase was related to the reduction of the budgeted use of fund balance for FY 2014-2015 of \$1.85 million from \$2.35 million for FY 2013-2014. The revenue challenges for FY 2013-2014 included the following:

- To minimize the use of the appropriated fund balance of \$2.35 million. Fortunately, the City finished with a surplus and did not require the use of any of the FY 2013-2014 appropriated fund balance.
- There was a \$0.5 million decrease in expected property tax revenues due to higher than expected cumulative impact of tax appeals and other tax adjustments;
- As typical, the schedule relating to the adoption of the State Budget is different than that of the City's budget adoption process. As such, some budgetary variations with the City's intergovernmental revenues budgetary line items may and do occur. However, the city does adjust its operations as necessary, especially if the State's Adopted Budget presents a possible budgetary shortfall for the City. The net effect of such reclassification and modifications in State funding resulted in a reduction of about \$4.6 million in ECS funding allocated to the Danbury BOE as an Alliance Grant instead of going directly to the City of Danbury as an ECS grant.
- The City reduced a prior year Intergovernmental revenue accrual by \$0.7 million to more accurately reflect an outstanding amount due to the City from the State.

The City was able to recover some of the budgetary revenue shortfalls from other revenue sources or from budgetary surpluses such as:

- Increases in activity resulted in increased fee revenues for Conveyance, Licenses/Permits, airport, recreation, etc. exceeded budgetary expectation by \$0.9 million,
- Bond Premiums, which are typically unbudgeted, amounted to \$0.6 million.
- The City received prescription reimbursements amounting to \$1.5 million.
- The City recorded a \$0.25 million QECB subsidy previously deferred.

Total general fund balance increased to \$28.9 million from \$28.5 million, an increase of \$0.4 million. The General Account (typically called the "General Fund") contributed an additional \$0.9 million to the fund balance, but this was offset by a fund balance reduction of \$0.5 million relating to the Continuing Education Account which is operated by the Board of Education. The net total of both accounts is an increase of \$0.4 million to the General Fund Balance for FY 2013-2014.

The Miscellaneous Special Revenue Fund had an increase in fund balance (deficit) mainly due to the timing of FEMA reimbursements.

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

Net Position of the Water Fund at the end of the year amounted to \$76.2 million. During the year, the fund generated operating income of \$1.6 million, a decrease of approximately \$0.4 million from the prior year. Capital contributions totaled \$0.5 million and non-operating expenses totaled \$0.4 million which resulted in the fund increasing its net position by \$1.8 million. Unrestricted net position totaled \$15.7 million at year-end.

Net Position of the Sewer Fund at the end of the year amounted to \$72.8 million. The fund generated operating income of nearly \$3.1 million and capital contributions of about \$0.4 million combined with a one-time charge of \$1.7 million on the loss of disposal of an asset helped to increase the fund's overall net position by \$1.4 million. Unrestricted net position totaled \$8.8 million at year-end.

Net Position of the Ambulance Fund at the end of the year amounted to \$3.1 million. The fund generated operating income of nearly \$0.1 million. Unrestricted net position totaled \$2.6 million at year-end

General Fund Budgetary Highlights

The difference between the original budgeted expenditures and the final amended budget was \$1.1 million. The major additional appropriations which were authorized by the City Council and approved during the year are summarized below:

- \$896,873 for Continued Appropriations.
- \$233,166 for Prior Year Encumbrances.
- Town Clerk Historic docs \$19,040.

During the year, actual revenues on a budgetary basis were \$222.1 million, \$2.9 million under budgetary estimates, which is primarily due to a budgetary shortfall of intergovernmental revenues offset by budgetary surpluses of \$2.0 million in charges for services. Furthermore, the City had anticipated a planned use of general fund balance of \$2.35 million. However actual results did not require the use of any of the budgeted use of fund balance.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2014, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to \$487.9 million, net of accumulated depreciation. This investment in capital assets includes land, building and land improvements, machinery and equipment and infrastructure. The total increase in the City of Danbury's investment in capital assets for the current fiscal year was \$23.8 million.

	June 30, 2014			June 30, 2013		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 53,058,647	\$ 1,031,946	\$ 54,090,593	\$ 52,295,226	\$ 1,031,946	\$ 53,327,172
Easements	918,950	-	918,950	918,950	-	918,950
Land Improvements	8,778,396	-	8,778,396	8,926,027	-	8,926,027
Buildings and Improvements	171,221,735	56,044,351	227,266,086	157,102,659	58,666,704	215,769,363
Machinery and Equipment	15,802,239	17,528,806	33,331,045	14,516,840	17,362,964	31,879,804
Infrastructure	50,644,144	67,010,213	117,654,357	49,397,448	67,515,961	116,913,409
Other	-	-	-	-	281,466	281,466
Construction in Progress	35,659,690	10,163,147	45,822,837	25,988,503	10,043,854	36,032,357
Total	\$ 336,083,801	\$ 151,778,463	\$ 487,862,264	\$ 309,145,653	\$ 154,902,895	\$ 464,048,548

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

- Computer infrastructure upgrades of \$849,000.
- Completed the School Energy Conservation Project for a total project cost of \$11,300,000.
- Purchased two new ambulances for \$187,058.
- Construction and renovation to four schools associated with the Vision 2020 bond referendum for \$28.0 million.
- Additional renovations to the Headstart School for nearly \$181,000.
- Purchased public safety replacement vehicles for police department (\$203,000) and fire department (\$153,000).
- Replaced Public Works equipment and vehicles for \$827,000.
- Repairs and renovations to various city and school buildings for \$78,000.
- Road reconstruction, repaving, and drainage to various city streets for \$2,000,000.
- Purchased Air Packs for the Fire Department for \$15,000.
- Completed Innovation Center for \$543,000.
- Continued upgrades to Airport beacons for \$380,000.
- Began Construction of Skate Park - \$195,000.
- Completed various Park improvement projects for \$181,000.
- Completed renovations to Kennedy Park for \$307,000.
- Purchased tasers for the Police Department for \$124,000.
- Bridge Improvements of \$196,000.

Additional information on the City of Danbury's capital assets can be found in Note 6 of this report.

Debt. At the end of the current fiscal year the City of Danbury had total bonded debt outstanding of \$188.1 million. One-hundred percent of this debt is backed by the full faith and credit of the city government.

	June 30, 2014			June 30, 2013		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 122,616,599	\$ 19,393,401	\$ 142,010,000	\$ 134,366,695	\$ 22,228,305	\$ 156,595,000
Bond Anticipation Notes	39,500,000	500,000	40,000,000	2,500,000	-	2,500,000
Notes Payable	806,000	5,271,613	6,077,613	878,000	5,755,638	6,633,638
Total	\$ 162,922,599	\$ 25,165,014	\$ 188,087,613	\$ 137,744,695	\$ 27,983,943	\$ 165,728,638

The City of Danbury's total debt increased by \$22.4 million during the current fiscal year, due to an increase of approximately \$37.0 million in short-term debt and a \$14.6 million decrease in long-term debt. Included in this amount is \$10.9 million of general obligation refunding bonds.

The City of Danbury maintains the following ratings from Wall Street's credit agencies for general obligation debt: an Aa1 rating from Moody's Investors Service, AA+ from Standard and Poor's Corporation (upgraded last year), and AAA from Fitch Ratings.

The overall statutory debt limit for the City of Danbury is equal to seven times annual receipts from taxation or \$1,278 million. As of June 30, 2014 the City recorded long-term debt of \$122.6 million related to Governmental Activities and \$19.4 million related to Business-Type Activities, well below its statutory debt limit.

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

Economic Factors and Next Year's Budgets and Rates

The City of Danbury continues to show economic stability compared to other parts of the State of Connecticut. As of November 2014, the unemployment rate for the Danbury Labor Market Area was 4.7%, the lowest in the State of Connecticut. Connecticut's unemployment rate was 6.5% for the same period.

Danbury has been fortunate that most previously planned private construction projects have continued during the economic recession and subsequent "recovery" although smaller in size and scope. Also, previously approved municipal projects, especially those with state and/or federal funding have continued to move ahead. The City of Danbury has been able to continue to make the necessary investments in our community to ensure the foundation is in place for a more robust economy in the future. There is a proactive line of communications between the Mayor's office, Permit Center and the developers to ensure a project's success. The City of Danbury celebrates its diverse and high quality tax base which adds stability to the City's revenue stream and enhances its competitive advantage in Northern Fairfield County

Our strategy of focusing on the City's core mission and reprioritizing projects while strengthening our partnerships with our existing businesses and aggressively seeking out and formulating new business relationships has proven very successful. Danbury continues to lead the state in most vital economic statistics including unemployment rate, jobs created and retained, and retail sales tax revenue.

Requests for Information

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

Basic Financial Statements

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City of Danbury, Connecticut

Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total*
Assets			
Cash and Cash Equivalents	\$ 38,588,685	\$ 21,190,864	\$ 59,779,549
Investments	3,184,515	-	3,184,515
Receivables (net of allowances for collection losses):			
Property taxes	8,178,528	-	8,178,528
Special assessments	-	2,923,344	2,923,344
Accounts receivable	4,490,854	-	4,490,854
Federal and state governments	11,999,115	-	11,999,115
User charges	-	3,195,945	3,195,945
Other receivable	-	1,297,598	1,297,598
Unbilled services	-	2,815,235	2,815,235
Inventories	71,145	341,610	412,755
Internal Balances	2,215,603	(2,215,603)	-
Due from fiduciary funds	37,560	-	37,560
Other Assets	42,062	5,291	47,353
Restricted Cash	15,453,836	-	15,453,836
Capital Assets, not being depreciated	89,637,287	11,195,093	100,832,380
Capital Assets, net of accumulated depreciation	246,446,514	140,583,370	387,029,884
Total assets	420,345,704	181,332,747	601,678,451
Deferred outflows of resources			
Deferred charges on refunding	2,100,023	861,069	2,961,092
Total deferred outflows of resources	2,100,023	861,069	2,961,092
Liabilities			
Accounts Payable	26,322,611	1,324,431	27,647,042
Accrued Liabilities	1,936,773	412,295	2,349,068
Unearned Revenues	3,880,453	1,636,725	5,517,178
Bond Anticipation Notes Payable	28,750,000	500,000	29,250,000
Noncurrent Liabilities:			
Due within one year	14,121,590	2,642,824	16,764,414
Due in more than one year	205,353,252	23,529,298	228,882,550
Total liabilities	280,364,679	30,045,573	310,410,252
Deferred inflows of resources			
Advanced tax collections	198,875	-	198,875
Total deferred inflows of resources	198,875	-	198,875
Net Position			
Net Investment in Capital Assets	164,321,669	125,106,341	289,428,010
Restricted For			
Culture and recreation	3,879	-	3,879
Public safety	378,607	-	378,607
Loans	497,459	-	497,459
Unrestricted (Deficit)	(23,319,441)	27,041,902	3,722,461
Total net position	\$ 141,882,173	\$ 152,148,243	\$ 294,030,416

See Notes to Financial Statements.

* After internal receivables and payables have been eliminated.

Component Units

	Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority	Danbury Museum and Historical Society Authority	Charles Ives Authority for the Performing Arts
\$	190,432	\$ 143,402	\$ 135,372	\$ 18,214	\$ 88,334
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	42,887	-	11,380	-	16,125
	-	-	-	-	41,644
	-	-	-	-	-
	-	-	-	-	-
	-	92,885	-	-	-
	-	-	-	-	-
	4,150	21,883	-	6,847	3,800
	-	-	8,388	-	-
	-	842,385	-	-	-
	215,356	2,598,544	93,120	766,798	19,577
	452,825	3,699,099	248,260	791,859	169,480
	-	-	-	-	-
	-	-	-	-	-
	13,596	338,377	9,259	4,130	35,464
	37,397	66,725	33,694	1,963	2,387
	10,900	162,734	-	-	-
	-	-	-	-	-
	8,000	440,314	-	-	-
	10,000	1,100,520	8,960	16	-
	79,893	2,108,670	51,913	6,109	37,851
	-	-	-	-	-
	-	-	-	-	-
	197,356	2,084,804	93,120	766,798	19,577
	-	-	9,804	3,760	-
	-	-	-	-	-
	-	-	-	-	-
	175,576	(494,375)	93,423	15,192	112,052
\$	372,932	\$ 1,590,429	\$ 196,347	\$ 785,750	\$ 131,629

City of Danbury, Connecticut

Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ (20,890,212)	\$ 4,277,479	\$ 372,506	\$ -
Public safety	(50,075,696)	5,854,283	-	-
Public works	(20,223,960)	245,866	2,330,055	5,852,338
Health and welfare	(4,551,279)	329,923	497,828	431,623
Culture and recreation	(4,952,292)	266,013	10,733	-
Education	(172,350,552)	3,658,741	65,224,766	-
Interest on long-term debt	(3,194,296)	-	-	-
Total governmental activities	(276,238,287)	14,632,305	68,435,888	6,283,961
Business-type activities:				
Water	(7,743,465)	8,964,537	-	546,299
Sewer	(11,339,431)	12,327,807	-	436,676
Ambulance	(2,788,996)	2,893,050	-	-
Total business-type activities	(21,871,892)	24,185,394	-	982,975
Total primary government	(298,110,179)	38,817,699	68,435,888	7,266,936
Component Units:				
Danbury Parking Authority	(1,021,338)	1,029,572	-	-
Richter Park Authority	(2,392,545)	2,195,735	-	-
Tarrywile Park Authority	(360,822)	136,976	3,603	-
Danbury Museum and Historical Society Authority	(214,633)	131,782	-	-
Charles Ives Authority for the Performing Arts	(671,724)	594,374	70,107	-
Total component units	\$ (4,661,062)	\$ 4,088,439	\$ 73,710	\$ -

General revenues:
Property taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Total general revenues and transfers

Change in net position

Net position - beginning
Net position - ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units				
Governmental Activities	Business-type Activities	Total	Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority	Danbury Museum and Historical Society Authority	Charles Ives Authority for the Performing Arts
\$ (16,240,227)	\$ -	\$ (16,240,227)	\$ -	\$ -	\$ -	\$ -	\$ -
(44,221,413)	-	(44,221,413)	-	-	-	-	-
(11,795,701)	-	(11,795,701)	-	-	-	-	-
(3,291,905)	-	(3,291,905)	-	-	-	-	-
(4,675,546)	-	(4,675,546)	-	-	-	-	-
(103,467,045)	-	(103,467,045)	-	-	-	-	-
(3,194,296)	-	(3,194,296)	-	-	-	-	-
(186,886,133)	-	(186,886,133)	-	-	-	-	-
-	1,767,371	1,767,371	-	-	-	-	-
-	1,425,052	1,425,052	-	-	-	-	-
-	104,054	104,054	-	-	-	-	-
-	3,296,477	3,296,477	-	-	-	-	-
(186,886,133)	3,296,477	(183,589,656)	-	-	-	-	-
-	-	-	8,234	-	-	-	-
-	-	-	-	(196,810)	-	-	-
-	-	-	-	-	(220,243)	-	-
-	-	-	-	-	-	(82,851)	-
-	-	-	-	-	-	-	(7,243)
-	-	-	8,234	(196,810)	(220,243)	(82,851)	(7,243)
183,283,690	-	183,283,690	-	-	-	-	-
5,512,836	13,317	5,526,153	-	75,882	218,153	-	-
197,943	18,983	216,926	579	7,801	131	-	-
188,994,469	32,300	189,026,769	579	83,683	218,284	-	-
2,108,336	3,328,777	5,437,113	8,813	(113,127)	(1,959)	(82,851)	(7,243)
139,773,837	148,819,466	288,593,303	364,119	1,703,556	198,306	868,601	138,872
\$ 141,882,173	\$ 152,148,243	\$ 294,030,416	\$ 372,932	\$ 1,590,429	\$ 196,347	\$ 785,750	\$ 131,629

City of Danbury, Connecticut

Balance Sheet - Governmental Funds
June 30, 2014

	General	Miscellaneous Special Revenue	Vision 2020	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 20,340,939	\$ 3,598,539	\$ 9,030,780	\$ 18,786,903	\$ 51,757,161
Investments	3,184,515	-	-	-	3,184,515
Receivables (net of allowances for collection losses):					
Property taxes	8,178,528	-	-	-	8,178,528
Contract receivable	-	-	-	155,684	155,684
State and federal governments	2,650,000	4,107,003	-	5,242,112	11,999,115
Accounts receivable	4,334,572	549	-	49	4,335,170
Inventories	-	-	-	71,145	71,145
Other assets	42,062	-	-	-	42,062
Due from other funds	13,903,518	1,193,498	-	78,662	15,175,678
Total assets	\$ 52,634,134	\$ 8,899,589	\$ 9,030,780	\$ 24,334,555	\$ 94,899,058
Liabilities					
Accounts payable	\$ 6,726,186	\$ 261,304	\$ 4,467,561	\$ 2,816,339	\$ 14,271,390
Accrued wages	1,832,276	-	-	104,497	1,936,773
Due to other funds	8,174,360	2,274,534	881	9,987,521	20,437,296
Unearned revenue	136,530	2,331,899	-	1,412,024	3,880,453
Bond anticipation notes payable	-	-	25,500,000	3,250,000	28,750,000
Total liabilities	16,869,352	4,867,737	29,968,442	17,570,381	69,275,912
Deferred inflows of resources					
Unavailable revenues	6,910,460	4,073,307	-	3,810,673	14,794,440
Total liabilities	6,910,460	4,073,307	-	3,810,673	14,794,440
Fund Balances (Deficits)					
Nonspendable	42,062	-	-	1,554,278	1,596,340
Restricted	-	-	-	1,001,015	1,001,015
Committed	295,320	196,144	8,440,760	4,216,377	13,148,601
Assigned	4,654,591	-	-	-	4,654,591
Unassigned	23,862,349	(237,599)	(29,378,422)	(3,818,169)	(9,571,841)
Total fund balances (deficits)	28,854,322	(41,455)	(20,937,662)	2,953,501	10,828,706
Total liabilities and fund balances (deficits)	\$ 52,634,134	\$ 8,899,589	\$ 9,030,780	\$ 24,334,555	

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

Capital assets, net of accumulated depreciation of \$206,446,888, purchased by governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the City as a whole.	336,083,801
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(219,474,842)
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	40,690
Deferred charges on refundings	2,100,023
Deferred inflows of resources	14,595,565
Accrued interest	(2,291,770)

Net position of governmental activities

\$ 141,882,173

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds
For the Year Ended June 30, 2014

	General	Miscellaneous Special Revenue	Vision 2020	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 181,696,534	\$ -	\$ -	\$ -	\$ 181,696,534
State and federal governments	46,161,761	4,508,246	-	28,269,808	78,939,815
Licenses and permits	4,262,540	-	-	1,840,168	6,102,708
Charges for services	7,390,792	209,233	-	121,585	7,721,610
Fines and penalties	1,231,133	-	-	-	1,231,133
Investment income	192,513	-	-	5,430	197,943
Contributions	-	45,087	-	173	45,260
Total revenues	240,935,273	4,762,566		30,237,164	275,935,003
Expenditures					
Current					
General government	9,570,570	270,491	-	609,721	10,450,782
Public safety	32,041,952	774,175	-	249,954	33,066,081
Public works	9,127,320	-	-	88,108	9,215,428
Health and welfare	2,134,091	384,790	-	665,740	3,184,621
Culture and recreation	2,405,356	-	-	128,605	2,533,961
Education	135,882,098	-	-	28,228,014	164,110,112
Pension and other employee benefits	28,941,783	-	-	-	28,941,783
Debt service					
Principal retirements	11,191,096	-	-	-	11,191,096
Interest and other charges	5,507,802	-	-	31,162	5,538,964
Capital outlay	2,761,552	586,338	28,542,060	8,174,978	40,064,928
Total expenditures	239,563,620	2,015,794	28,542,060	38,176,282	308,297,756
Excess (deficiency) of revenues over (under) expenditures	1,371,653	2,746,772	(28,542,060)	(7,939,118)	(32,362,753)
Other Financing Sources (Uses)					
Transfers in	-	-	-	3,772,000	3,772,000
Transfers out	(3,772,000)	-	-	-	(3,772,000)
Issuance of refunding bonds	6,617,000	-	-	-	6,617,000
Payment to escrow agent	(7,278,085)	-	-	-	(7,278,085)
Issuance of bond anticipation notes	-	-	9,500,000	1,250,000	10,750,000
Issuance of capital leases	2,160,000	-	-	-	2,160,000
Premium on bonds	1,291,152	-	-	-	1,291,152
Total other financing sources (uses)	(981,933)	-	9,500,000	5,022,000	13,540,067
Net change in fund balances (deficits)	389,720	2,746,772	(19,042,060)	(2,917,118)	(18,822,686)
Fund Balances (Deficits), beginning	28,464,602	(2,788,227)	(1,895,602)	5,870,619	29,651,392
Fund Balances (Deficits), ending	\$ 28,854,322	\$ (41,455)	\$ (20,937,662)	\$ 2,953,501	\$ 10,828,706

See Notes to Financial Statements.

City of Danbury, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014**

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

Net change in fund balances – total governmental funds	\$ (18,822,686)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	26,938,148
<p>Some revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revenues in governmental funds. Examples are revenues from special assessments, property taxes and intergovernmental projects.</p>	
Taxes and related interest	608,991
Miscellaneous revenue	(224,587)
School Construction	(239,231)
Intergovernmental revenue and other	2,266,441
<p>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 position. Also, governmental funds report the effect of 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.</p>	785,738
<p>Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.</p>	40,690
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	<u>(9,245,168)</u>
Change in net position of governmental activities	<u><u>\$ 2,108,336</u></u>

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Assets					
Current Assets					
Cash and cash equivalents	\$ 12,624,709	\$ 6,845,687	\$ 1,720,468	\$ 21,190,864	\$ 2,285,360
Receivables (net of allowances for collection losses):					
Unbilled services	1,359,440	1,455,795	-	2,815,235	-
Special assessments receivable	72,231	270,749	-	342,980	-
User charges	1,074,249	1,237,125	884,571	3,195,945	-
Due from other funds	-	168,523	3,500	172,023	7,514,781
Prepaid	-	-	5,291	5,291	-
Other	-	1,112,276	185,322	1,297,598	-
Inventories	341,610	-	-	341,610	-
Total current assets	15,472,239	11,090,155	2,799,152	29,361,546	9,800,141
Noncurrent Assets					
Capital assets (net of accumulated depreciation)	71,878,904	79,355,819	543,740	151,778,463	-
Special assessments receivable, net	344,589	2,235,775	-	2,580,364	-
Total noncurrent assets	72,223,493	81,591,594	543,740	154,358,827	-
Total assets	87,695,732	92,681,749	3,342,892	183,720,373	9,800,141
Deferred outflows of resources					
Deferred charges on refunding	480,821	380,248	-	861,069	-
Total deferred outflows of resources	480,821	380,248	-	861,069	-
Liabilities					
Current Liabilities					
Accrued liabilities	229,611	182,684	-	412,295	-
Accounts payable	258,594	857,951	207,886	1,324,431	9,759,451
Due to other funds	150,222	2,237,404	-	2,387,626	-
Unearned revenues	-	1,636,725	-	1,636,725	-
Bonds and notes payable	1,552,750	1,590,074	-	3,142,824	-
Total current liabilities	2,191,177	6,504,838	207,886	8,903,901	9,759,451
Noncurrent Liabilities					
Notes payable (net of unamortized discount)	-	5,271,613	-	5,271,613	-
Bonds payable (net of unamortized premium)	9,757,025	8,500,660	-	18,257,685	-
Total noncurrent liabilities	9,757,025	13,772,273	-	23,529,298	-
Total liabilities	11,948,202	20,277,111	207,886	32,433,199	9,759,451
Net Position					
Net investment in capital assets	60,569,129	63,993,472	543,740	125,106,341	-
Unrestricted	15,659,222	8,791,414	2,591,266	27,041,902	40,690
Total net position	\$ 76,228,351	\$ 72,784,886	\$ 3,135,006	\$ 152,148,243	\$ 40,690

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Operating Revenues					
Charges for services	\$ 8,964,537	\$ 11,995,431	\$ 2,893,050	\$ 23,853,018	\$ 21,263,861
Septic and connection fees	-	332,376	-	332,376	-
Total operating revenues	8,964,537	12,327,807	2,893,050	24,185,394	21,263,861
Operating Expenses					
Salaries, benefits and claims	4,006,206	133,340	1,774,299	5,913,845	-
Materials and supplies	597,169	-	-	597,169	-
Depreciation	1,536,939	3,015,797	70,323	4,623,059	-
Utilities	699,178	-	-	699,178	-
Administrative and operating	521,416	6,069,234	944,374	7,535,024	21,223,171
Total operating expenses	7,360,908	9,218,371	2,788,996	19,368,275	21,223,171
Operating income	1,603,629	3,109,436	104,054	4,817,119	40,690
Nonoperating Revenues (Expenses)					
Interest income	18,500	3	480	18,983	-
Interest expense	(382,557)	(423,019)	-	(805,576)	-
Total nonoperating revenues (expenses)	(364,057)	(423,016)	480	(786,593)	-
Net income before capital contributions and transfers	1,239,572	2,686,420	104,534	4,030,526	40,690
Capital Contributions	546,299	436,676	-	982,975	-
Loss on disposal of capital assets	-	(1,698,041)	-	(1,698,041)	-
Sale of assets	2,317	-	11,000	13,317	-
Change in net position	1,788,188	1,425,055	115,534	3,328,777	40,690
Net Position, beginning	74,440,163	71,359,831	3,019,472	148,819,466	-
Net Position, ending	\$ 76,228,351	\$ 72,784,886	\$ 3,135,006	\$ 152,148,243	\$ 40,690

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 9,214,582	\$ 11,937,112	\$ 2,650,721	\$ 23,802,415	\$ 23,015,003
Payments to suppliers/claims paid	(1,838,269)	(6,781,964)	(988,717)	(9,608,950)	(20,729,643)
Payments to employees	(4,020,205)	(133,340)	(1,774,299)	(5,927,844)	-
Net cash provided by (used in) operating activities	3,356,108	5,021,808	(112,295)	8,265,621	2,285,360
Cash Flows from NonCapital Financing Activities					
Transfers to other funds	-	-	-	-	2,285,360
Cash Flows from Capital and Related Financing Activities					
Principal payments on debt	(1,677,869)	(995,060)	-	(2,672,929)	-
Interest paid on debt	(333,596)	(364,330)	-	(697,926)	-
Capital contributions	546,299	436,676	-	982,975	-
Purchase of capital assets	(599,774)	(711,794)	(187,059)	(1,498,627)	-
Refunding of bonds	(3,894,000)	(535,000)	-	(4,429,000)	-
Proceeds of bonds, notes and refunding	3,793,000	490,000	-	4,283,000	-
Net cash used in capital and related financing activities	(2,165,940)	(1,679,508)	(187,059)	(4,032,507)	-
Cash Flows from Investing Activities					
Interest received on investments	18,500	3	480	18,983	-
Net cash provided by investing activities	18,500	3	480	18,983	-
Net increase (decrease) in cash and cash equivalents	1,208,668	3,342,303	(298,874)	4,252,097	4,570,720
Cash and Cash Equivalents					
Beginning	11,416,041	3,503,384	2,019,342	16,938,767	-
Ending	\$ 12,624,709	\$ 6,845,687	\$ 1,720,468	\$ 21,190,864	\$ 4,570,720
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities					
Operating income	\$ 1,603,629	\$ 3,109,436	\$ 104,054	\$ 4,817,119	\$ 40,690
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	1,536,939	3,015,797	70,323	4,623,059	-
Loss (gain) on disposal of capital assets	2,317	(1,698,041)	11,000	-	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	250,045	500,434	(197,817)	552,662	-
Increase in other receivables	-	(391,125)	(44,512)	(435,637)	-
(Decrease) increase in accrued expenses	(76,823)	625,311	(55,343)	493,145	2,693,528
Decrease (increase) in due to/from other funds	40,001	360,000	-	400,001	(448,858)
Increase in unearned revenue	-	(500,004)	-	(500,004)	-
Net cash provided by (used in) operating activities	\$ 3,356,108	\$ 5,021,808	\$ (112,295)	\$ 8,265,621	\$ 2,285,360
Supplemental Schedule of Noncash Financing Activities					
Amortization of gain on refunded debt	\$ 31,498	\$ 46,399	\$ -	\$ 77,897	\$ -
Amortization of premium on refunded debt	\$ 67,839	\$ 91,767	\$ -	\$ 159,606	\$ -

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets			
Cash and Cash Equivalents	\$ 7,996,447	\$ 1,369	\$ 3,742,025
Investments, at fair value			
Common stock	28,294,671	-	-
Debt securities	7,639,989	-	-
Mutual funds	120,111,888	-	-
Private hedge funds	92,439,504	-	-
Total investments	248,486,052	-	-
Accrued Interest and Dividends	187,180		
Pending Sales	64,712	-	-
Total assets	256,734,391	1,369	3,742,025
Liabilities			
Pending Purchases	601,727	-	-
Other Liabilities	366,701	-	-
	968,428	-	-
Net Position- Restricted for Pension Benefits and Other Purposes	\$ 255,765,963	\$ 1,369	\$ 3,742,025

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2014

	Pension Trust Funds	Private Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 9,822,970	\$ -
Plan members	1,074,729	-
Total contributions	<u>10,897,699</u>	<u>-</u>
Investment Income:		
Net appreciation in fair value of investments	29,263,141	-
Interest and dividends	5,185,747	-
	<u>34,448,888</u>	<u>-</u>
Less investment expenses:		
Investment management fees	891,518	-
Net investment income	<u>33,557,370</u>	<u>-</u>
Deductions		
Benefits	<u>21,758,992</u>	<u>97</u>
Change in net position	22,696,077	(97)
Net Position - Restricted for Pension Benefits and Other Purposes		
Beginning of year	<u>233,069,886</u>	<u>1,466</u>
End of year	<u>\$ 255,765,963</u>	<u>\$ 1,369</u>

See Notes to Financial Statements.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

Accounting Standards Adopted in the Current Year:

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, was implemented as July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, deferred amounts on refunding were reclassified to Deferred Outflows of Resources.

GASB Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25, issued in June 2012, was effective for the Town as of July 1, 2013. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The implementation of this statement did not have a material impact on the City's financial statements.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, became effective on July 1, 2013. This statement provides guidance to governments that extend and receive nonexchange financial guarantees. The implementation of this statement had no impact on the City's financial statements.

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

The Tarrywile Park Authority ("Tarrywile") is responsible for administering, operating and maintaining Tarrywile Park, including all structures and land. The land and original buildings are owned by the City. Tarrywile is governed by board members that are appointed by the Mayor and confirmed by the City Council on a rotating basis. The City is potentially liable for any operating deficits and provides substantial budgeted allocation annually to Tarrywile to support its operations. Tarrywile is presented as a governmental fund type. The information presented for Tarrywile is for the year ended June 30, 2014.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Danbury Parking Authority ("Parking Authority") is responsible for establishing and operating parking facilities within the City in a manner similar to a private business enterprise where the costs of providing services to the general public are financed through user charges. The Parking Authority is governed by board members who are appointed by the Mayor and confirmed by the City Council.

The Parking Authority has the potential to provide specific financial benefit to, or impose specific financial burdens on, the City. The Parking Authority is presented as a proprietary fund type. The information presented for the Parking Authority is for the year ended June 30, 2014.

Richter Park is responsible for independent control over the operation of the Stanley L. Richter Memorial Park. Richter Park was donated to the City of Danbury for use as a recreational facility in 1971. The board members are appointed on a rotating basis by the Mayor and confirmed by the City Council. The City is potentially liable for any operating deficits and provides funding periodically as needed, in the form of operating and capital grants, to Richter Park to support its operations. Richter Park is presented as a proprietary fund type. The information presented for Richter Park is for the year ended December 31, 2013.

The Danbury Museum and Historical Society Authority ("the Authority") is responsible for administering, operating, and maintaining the Danbury Museum and Historical Society in the City of Danbury. The board members are appointed by the Mayor with the approval of the majority of the City Council. The City is potentially liable for any operating deficits and provides budgeted allocation annually to the Authority. The Authority is presented as a proprietary fund type. The information presented for the Authority is for the year ended June 30, 2014.

The Charles Ives Authority for the Performing Arts ("Charles Ives") is responsible, in affiliation with Western Connecticut States University, for administering, operating and maintaining the Ives Concert Park. The board members are appointed by the Mayor with the approval of the majority of the City Council. Three of the nine appointees selected by the Mayor shall be persons nominated by the President of Western Connecticut State University. The City is potentially liable for any operating deficits and provides budgeted allocation and capital grants to fund operations, capital acquisitions and long-term improvements. The Authority is presented as a proprietary fund type. The information presented for Charles Ives is for the year ended September 30, 2013.

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

Tarrywile Park Authority
70 Southern Boulevard
Danbury, CT 06810

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

Danbury Parking Authority
21 Delay Street
Danbury, CT 06810

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

Charles Ives Authority for the Performing Arts
University Boulevard
Danbury, CT 06810

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Joint Ventures and Related Organizations: The Candlewood Lake Authority, the Housatonic Resources Recovery Authority (HRRA), and the Housatonic Area Regional Transit (HART) District are joint ventures of the City. The Danbury Housing Authority is a related organization. See Note 13 in the notes to financial statements. The City does not have an equity investment in the joint ventures. Therefore, the annual support is reported as expenditure when incurred.

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds.

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

The *Miscellaneous Special Revenue Fund* accounts for proceeds from smaller projects related to public health, social services, public safety, public works, open space and culture and recreation.

The *Vision Fund* accounts for expenditures related to education capital projects.

The City reports the following major proprietary funds:

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

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

The *Ambulance Fund* accounts for the operations of the City's ambulance system for the benefit of its residents. Its operations are financed from fees charged to the users of its services.

Additionally, the City reports the following fund types:

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

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

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

The *Agency Funds* account for monies held as a custodian for outside student groups, airport security deposits, Flood Plain permit applications, and city street opening permits. Agency funds have no measurement focus and are reported on the accrual basis of accounting.

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Allowance for Doubtful Accounts: Accounts receivables, property tax receivables and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately \$1,874,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, grants and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Long-Term Obligations: In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs expensed as incurred.

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

Pension Accounting:

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

Governmental Funds and Governmental Activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

Funding Policy: The City funds the contributions to its pension plans based on the actuarial required contribution and terms of union contracts.

Other Post-Employment Obligations (OPEB) Accounting:

Governmental Funds and Governmental Activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since July 1, 2008, is 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.

Funding Policy: The City makes annual contributions based upon decisions of the City Council. However, effective July 1, 2014, the City Council adopted an OPEB Funding Policy requiring annual funding with incremental increases of 5% over the annual pay-as-you-go funding levels with the goal of prefunding the OPEB obligation and eliminating the annual funding gap.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position: In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. 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 Position* – These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- *Unrestricted Net Position or Deficits* – This category represents the net position of the City, which are not restricted for any project or other purpose. A deficit will require future funding.

Fund Balance: In the government fund financial statements, the City classified fund balances as follows:

- *Nonspendable Fund Balance* – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- *Committed Fund Balance* – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Danbury City Council is the highest level of decision making authority for the City and can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.
- *Assigned Fund Balance* – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Under the City's adopted policy, the Mayor or the Finance Director has the authority to assign amounts for a specific purpose as delegated by the City Council.
- *Unassigned Fund Balance (Deficit)* – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned.

City of Danbury, Connecticut

Notes to Financial Statements

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

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position: The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds, and net position – governmental activities as reported in the government-wide statement of net position. 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.”

Bonds and Notes Payable	\$ (133,366,599)
Add: unamortized premium	(10,388,690)
Capital Leases Payable	(16,447,722)
Compensated Absences	(4,205,150)
Pollution Remediation Obligation	(872,307)
Landfill Closure	(7,675,674)
HUD-Section 108 Loans	(806,000)
Legal Claims and Other	(750,000)
OPEB Obligations	(44,712,700)
Easement Obligations	<u>(250,000)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ (219,474,842)</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 reconciliation between net changes in fund balances – total governmental funds and changes in net position 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.”

Capital Outlay	\$ 37,811,649
Depreciation Expense	(10,862,001)
Loss on Disposal of Capital Assets	<u>(11,500)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 26,938,148</u>

City of Danbury, Connecticut

Notes to Financial Statements

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

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 position. 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.”

Debt Issued or Incurred	
Issuance of bonds (including bond anticipation notes)	\$ (17,367,000)
Issuance of capital leases	(2,160,000)
Premiums	(778,276)
Principal Repayments	
General obligation debt	18,439,096
Amortization of premiums	866,467
Capital leases	<u>1,785,451</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	
	<u><u>\$ 785,738</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.”

Compensated Absences	\$ (708,877)
Early Retirement	897,651
Other Post-Employment Benefits	(8,908,700)
Amortization of Deferred Charges	(1,093,529)
Accrued Interest	303,488
Landfill Closure	426,192
Other Liabilities	<u>(161,393)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	
	<u><u>\$ (9,245,168)</u></u>

Note 3. Cash, Cash Equivalents and Investments

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

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

Interest Rate Risk: The City does have a policy that limits its exposure to fair value losses arising from changes in interest rates. The City's pension funds do have a policy to limit their exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for benefit payments, and monitoring the liquidity of the funds on an ongoing basis.

Concentrations: The City does have a formal policy; however, their practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

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

Custodial Credit Risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2014, \$55,177,671 of the City's bank balance of \$95,283,200 was uninsured and uncollateralized.

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Cash, cash equivalents and investments of the City consist of the following at June 30, 2014:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 83,239,855
Cutwater Asset Management - Connecticut Class Plus	<u>3,733,371</u>
Total cash and cash equivalents	<u><u>86,973,226</u></u>
Investments	
General Fund	
U.S. Government securities	<u>3,184,515</u> *
Total government investments	<u><u>3,184,515</u></u>
Pension Trust Funds:	
U.S. Treasury Notes	951,040 *
U.S. Government Agencies	761,904 *
Asset and mortgage backed	1,817,592 *
Corporate bonds	3,574,252 *
Foreign bonds	535,201 *
Common stocks	28,294,671 *
Mutual Funds	120,111,888
Alternative investments	<u>92,439,504</u>
Total pension investments	<u><u>248,486,052</u></u>
 Total cash, cash equivalents and investments	 <u><u>\$ 338,643,793</u></u>

*These investments are uninsured and unregistered, with securities held by its agent, but in the City's Pension Trust Funds' name.

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

	<u>Primary Government</u>
Statement of Net Position	
Cash and cash equivalents	\$ 75,233,385
Investments	<u>3,184,515</u>
	<u><u>78,417,900</u></u>
Fiduciary Funds	
Cash and cash equivalents	11,739,841
Investments	<u>248,486,052</u>
	<u><u>260,225,893</u></u>
 Total cash, cash equivalents and investments	 <u><u>\$ 338,643,793</u></u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

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

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Securities	\$ 951,040		\$ 825,004	\$ 126,036	\$ -
U.S. Government Agencies	761,904	-	291,000	39,851	431,053
Asset Backed Securities	1,817,592	-	981,107	210,086	626,399
Fixed Income Funds	28,751,614	-	11,187,684	6,954,350	10,609,580
Foreign Bonds	535,201	95,450	286,098	153,653	-
Corporate Bonds	3,574,252	176,913	2,060,629	1,336,710	-
Total	\$ 36,391,603	\$ 272,363	\$ 15,631,522	\$ 8,820,686	\$ 11,667,032

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The City does have a formalized policy establishing a minimum rating for investments. Cash equivalents of \$3,733,371 are invested in Cutwater Asset Management-Connecticut Class Plus, which maintains a Standard and Poor's investment rating of AAA. Presented below is the minimum rating as required for each debt type investment:

Average Rating	U.S. Government Agency Obligation	Asset Backed Securities	Fixed Income Funds	Foreign Bonds	Corporate Bonds
AAA	\$ 470,904	\$ 703,514	\$ 15,470,204	\$ -	\$ -
AA+	291,000	-	-	-	180,564
AA	-	-	2,126,469	44,908	51,373
AA-	-	-	-	-	210,625
A+	-	-	-	195,687	81,948
A	-	-	2,871,620	44,948	473,756
A-	-	-	-	39,734	717,321
BBB+	-	-	-	133,286	323,112
BBB	-	-	2,144,040	-	766,040
BBB-	-	-	-	-	389,345
BB+	-	-	-	-	46,291
BB	-	-	1,985,771	-	-
B	-	-	1,725,527	-	-
CCC	-	-	1,315,161	-	-
Unrated	-	1,114,078	1,112,822	76,638	333,877
	\$ 761,904	\$ 1,817,592	\$ 28,751,614	\$ 535,201	\$ 3,574,252

City of Danbury, Connecticut

Notes to Financial Statements

Note 4. Deferred Inflows of Resources/Unearned Revenue

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

	Deferred Inflows	Unearned Revenue
General Fund		
Taxes and accrued interest on delinquent property taxes	\$ 6,501,089	\$ -
Advanced property tax collections	198,875	-
Other	210,496	136,530
Miscellaneous Special Revenue		
Grants and other	4,073,307	2,331,899
Nonmajor Funds		
Grants and other	3,810,673	1,412,024
	<u>\$ 14,794,440</u>	<u>\$ 3,880,453</u>

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 13,903,518	\$ 8,174,360
Miscellaneous Funds	1,193,498	2,274,534
Vision	-	881
Water	-	150,222
Sewer	168,523	2,237,404
Nonmajor and Other Funds	7,596,943	10,025,081
Totals	<u>\$ 22,862,482</u>	<u>\$ 22,862,482</u>

Interfund balances represent routine short-term advances.

City of Danbury, Connecticut

Notes to Financial Statements

Note 5. Interfund Receivables, Payables and Transfers (Continued)

Interfund transfers during the year ended June 30, 2014 were as follows:

	Transfers in:	
	Transfers In	Transfers Out
General Fund	\$ -	\$ 3,772,000
Nonmajor Governmental Funds	3,772,000	-
Total	\$ 3,772,000	\$ 3,772,000

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

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases/ Transfers	Transfers/ Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 52,295,226	\$ 763,421	\$ -	\$ 53,058,647
Easements	918,950	-	-	918,950
Construction in progress	25,988,503	31,836,424	(22,165,237)	35,659,690
Total capital assets, not being depreciated	79,202,679	32,599,845	(22,165,237)	89,637,287
Capital assets, being depreciated:				
Land improvements	13,983,735	551,556	-	14,535,291
Buildings and improvements	225,662,114	18,639,125	-	244,301,239
Machinery and equipment	47,377,120	4,185,114	(115,000)	51,447,234
Infrastructure	138,608,392	4,001,246	-	142,609,638
Total capital assets being depreciated	425,631,361	27,377,041	(115,000)	452,893,402
Less accumulated depreciation for:				
Land improvements	5,057,708	699,187	-	5,756,895
Buildings and improvements	68,559,455	4,520,049	-	73,079,504
Machinery and equipment	32,860,280	2,888,215	(103,500)	35,644,995
Infrastructure	89,210,944	2,754,550	-	91,965,494
Total accumulated depreciation	195,688,387	10,862,001	(103,500)	206,446,888
Total capital assets, being depreciated, net	229,942,974	16,515,040	(11,500)	246,446,514
Governmental activities capital assets, net	\$ 309,145,653	\$ 49,114,885	\$ (22,176,737)	\$ 336,083,801

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers*	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,031,946	\$ -	\$ -	\$ 1,031,946
Construction in progress	10,043,854	1,934,277	(1,814,984)	10,163,147
Total capital assets, not being depreciated	11,075,800	1,934,277	(1,814,984)	11,195,093
Capital assets, being depreciated:				
Buildings and improvements	109,074,029	4,800	-	109,078,829
Machinery and equipment	27,578,430	391,560	-	27,969,990
Distribution and collection systems	90,349,683	982,974	-	91,332,657
Other	907,217	-	-	907,217
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	228,197,063	1,379,334	-	229,576,397
Less accumulated depreciation for:				
Buildings and improvements	50,407,325	2,627,153	-	53,034,478
Machinery and equipment	9,934,000	507,184	-	10,441,184
Distribution and collection systems	22,833,722	1,488,722	-	24,322,444
Other	907,217	-	-	907,217
Furniture and fixtures	287,704	-	-	287,704
Total accumulated depreciation	84,369,968	4,623,059	-	88,993,027
Total capital assets, being depreciated, net	143,827,095	(3,243,725)	-	140,583,370
Business-type capital assets, net	\$ 154,902,895	\$ (1,309,448)	\$ (1,814,984)	\$ 151,778,463

* Includes amounts transferred to operating budget

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

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

Governmental Activities	
General government	\$ 1,371,040
Public safety	1,803,577
Public works, including depreciation of general infrastructure assets	3,037,506
Health and welfare	82,397
Culture and recreation	811,040
Education	3,756,441
Total depreciation expense – governmental activities	\$ 10,862,001
Business-Type Activities	
Sewer	\$ 3,015,797
Water	1,536,939
Ambulance	70,323
Total depreciation expense – business-type activities	\$ 4,623,059

Discretely Presented Component Units: Activity for the Danbury Parking Authority for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated:				
Buildings and improvements	\$ 270,907	\$ 3,350	\$ -	\$ 274,257
Machinery and equipment	504,245	43,613	-	547,858
Computer equipment	22,506	-	-	22,506
Total capital assets, being depreciated	797,658	46,963	-	844,621
Less accumulated depreciation for:				
Buildings and improvements	122,488	14,315	-	136,803
Machinery and equipment	456,926	14,085	-	471,011
Computer equipment	21,451	-	-	21,451
Total accumulated depreciation	600,865	28,400	-	629,265
Total capital assets, being depreciated, net	\$ 196,793	\$ 18,563	\$ -	\$ 215,356

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

Activity for the Richter Park Authority for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 842,385	\$ -	\$ -	\$ 842,385
Total capital assets, not being depreciated	842,385	-	-	842,385
Capital Assets, being depreciated:				
Course development improvements	3,773,259	37,345	-	3,810,604
Building and improvements	2,458,726	7,482	-	2,466,208
Machinery and equipment	1,516,889	182,084	(63,074)	1,635,899
Totals, capital assets being depreciated	7,748,874	226,911	(63,074)	7,912,711
Less accumulated depreciation for:				
Course development improvements	2,232,004	192,780	-	2,424,784
Building and improvements	1,726,095	76,068	-	1,802,163
Machinery and equipment	1,028,726	118,968	(60,474)	1,087,220
Total accumulated depreciation	4,986,825	387,816	(60,474)	5,314,167
Total capital assets, being depreciated, net	2,762,049	(160,905)	(2,600)	2,598,544
Total capital assets, net	\$ 3,604,434	\$ (160,905)	\$ (2,600)	\$ 3,440,929

Activity for the Tarrywile Park Authority for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated:				
Buildings and improvements	\$ 202,453	\$ -	\$ -	\$ 202,453
Ground maintenance equipment	48,238	-	-	48,238
Administrative equipment	90,727	-	-	90,727
Vehicles	9,992	-	-	9,992
Construction-in-progress	-	-	-	-
Total capital assets , being depreciated	351,410	-	-	351,410
Less accumulated depreciation for:				
Buildings and improvements	116,130	8,766	-	124,896
Ground maintenance equipment	38,267	3,858	-	42,125
Administrative equipment	86,922	1,350	-	88,272
Vehicles	999	1,998	-	2,997
Total accumulated depreciation	242,318	15,972	-	258,290
Total capital assets, being depreciated, net	\$ 109,092	\$ (15,972)	\$ -	\$ 93,120

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

Activity for the Danbury Museum and Historical Society Authority for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 128,790	\$ -	\$ -	\$ 128,790
Total capital assets, not being depreciated	128,790	-	-	128,790
Capital Assets, being depreciated:				
Buildings and improvements	1,188,751	-	-	1,188,751
Machinery and equipment	26,016	-	-	26,016
Furniture and fixtures	28,110	-	-	28,110
Total capital assets, being depreciated	1,242,877	-	-	1,242,877
Less accumulated depreciation for:				
Buildings and improvements	515,957	57,298	-	573,255
Machinery and equipment	15,100	1,500	-	16,600
Furniture and fixtures	13,814	1,200	-	15,014
Total accumulated depreciation	544,871	59,998	-	604,869
Total capital assets, being depreciated, net	698,006	(59,998)	-	638,008
Total capital assets, net	\$ 826,796	\$ (59,998)	\$ -	\$ 766,798

Activity for the Charles Ives Authority for the Performing Arts for the year ended September 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Machinery and equipment	\$ 105,638	\$ 8,474	\$ -	\$ 114,112
Total capital assets, being depreciated	105,638	8,474	-	114,112
Less accumulated depreciation for:				
Machinery and equipment	88,618	5,917	-	94,535
Total accumulated depreciation	88,618	5,917	-	94,535
Total capital assets, net	\$ 17,020	\$ 2,557	\$ -	\$ 19,577

City of Danbury, Connecticut

Notes to Financial Statements

Note 7. Bond Anticipation Notes Payable

The City has \$40,000,000 of bond anticipation notes outstanding as of June 30, 2014. The bond anticipation notes bear interest at 1.0% and a yield of 0.11% and mature on July 25, 2014. Bond Anticipation Notes were issued for sewer, water, school facility and other general government and public improvement capital projects.

Bond anticipation note transactions for the year ended June 30, 2014 were as follows:

Outstanding, July 1, 2013	\$ 2,500,000
Borrowings	40,000,000
Repayments	<u>(2,500,000)</u>
Outstanding, June 30, 2014	<u>\$ 40,000,000</u>
Reported as:	
Long-term debt - governmental	<u>\$ 10,750,000</u>
Short-term debt - governmental	<u>\$ 28,750,000</u>
Short-term debt - business-type	<u>\$ 500,000</u>

Of the \$40,000,000 outstanding at June 30, 2014, \$29,250,000 was rolled into General Obligation Bond Anticipation Notes on July 25, 2014. See Note 16.

Note 8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and notes payable					
General obligation bonds	\$ 134,366,695	\$ 6,617,000	\$ 18,367,096	\$ 122,616,599	\$ 9,529,250
Notes payable	878,000	-	72,000	806,000	72,000
Bond anticipation notes	-	10,750,000	-	10,750,000	-
Plus deferred amounts:					
Unamortized premiums	10,476,881	778,276	866,467	10,388,690	-
Total bonds and notes payable	<u>145,721,576</u>	<u>18,145,276</u>	<u>19,305,563</u>	<u>144,561,289</u>	<u>9,601,250</u>
Capital leases	16,073,173	2,160,000	1,785,451	16,447,722	2,273,889
Landfill post-closure monitoring	8,101,866	-	426,192	7,675,674	92,888
Pollution remediation obligation	660,914	211,393	-	872,307	-
Early retirement accrual	897,651	-	897,651	-	-
Compensated absences	3,496,273	2,327,381	1,618,504	4,205,150	2,103,563
Legal claims and other	750,000	-	-	750,000	-
Easement obligation	300,000	-	50,000	250,000	50,000
OPEB obligations	35,804,000	8,908,700	-	44,712,700	-
Governmental activity long-term liabilities	<u>\$ 211,805,453</u>	<u>\$ 31,752,750</u>	<u>\$ 24,083,361</u>	<u>\$ 219,474,842</u>	<u>\$ 14,121,590</u>
Business-Type Activities					
Bonds and notes payable					
General obligation bonds	\$ 22,228,305	\$ 4,283,000	\$ 7,117,904	\$ 19,393,401	\$ 2,380,750
Notes payable	5,755,638	-	484,025	5,271,613	262,074
Plus deferred amounts:					
Unamortized premiums	1,194,959	471,755	159,606	1,507,108	-
Total bonds and notes payable	<u>29,178,902</u>	<u>4,754,755</u>	<u>7,761,535</u>	<u>26,172,122</u>	<u>2,642,824</u>
Business-type activity long-term liabilities	<u>\$ 29,178,902</u>	<u>\$ 4,754,755</u>	<u>\$ 7,761,535</u>	<u>\$ 26,172,122</u>	<u>\$ 2,642,824</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

Notes Payable: The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2014:

	<u>Outstanding Amount</u>
HUD-Section 108 loan, due in annual installments through 2024 with an interest rate of 3%.	<u>\$ 806,000</u>

General Obligation Bonds: As of June 30, 2014, the outstanding general obligation bonded indebtedness of the City, payable from its governmental activities, was as follows:

	<u>Outstanding Amount</u>
\$1,695,000 Public Improvement general obligation bonds issued February 1, 1995 due in annual installments of \$70,000 to \$115,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	\$ 70,000
\$11,770,000 General Purpose General Obligation Refunding bonds, issued March 1, 2004, due in annual installments of \$15,000 to \$1,180,000; final maturity August 1, 2021; interest at 2.00% to 5.00%	1,177,000
\$2,278,000 School Program General Obligation Refunding bonds issued March 1, 2004, due in annual installments of \$221,000 to \$233,000; final maturity August 1, 2021; interest at 2.00% to 5.00%	227,000
\$23,480,000 General Purpose and School General Obligation bonds; issued August 1, 2007, due in annual installments of \$1,070,000 to \$1,284,000 final maturity date August 2027, interest at 4.0% to 5.0%	1,260,000
\$17,599,450 General Obligation bonds; issued August 1, 2008, due in annual installments of \$879,000 to \$882,450 final maturity date August 2028, interest at 3.5% to 5.0%	880,000
\$15,269,000 General Obligation Bonds; issued July 15, 2009 - 2010 post refunding due in annual installments of \$763,000 to \$766,762; final maturity July 15, 2029; interest at 3.00% - 5.00%	11,448,000
\$5,525,000 General Obligation Bonds issued; March 18, 2010 -2010 post refunding-Series A post refunding-Series A due in annual installments of \$292,000	4,770,000
\$27,159,000 General Obligation Bonds issued; March 18, 2010 -2010 post refunding-Series B due in annual installments of \$22,000 to \$4,096,000; final maturity July 1, 2024; interest at 2.00% - 5.00%	26,574,000

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

	<u>Outstanding Amount</u>
\$21,705,000 General Purpose and School Obligation Bonds issued July 15, 2010 due in annual installments of \$1,085,250; final maturity July 15, 2030; interest at 2.00% - 4.00%	18,359,599
\$17,552,320 General Purpose and School Obligation Bonds; issued July 15, 2011; due in annual installments of \$548,000 to \$1,498,000; final maturity July 15, 2031; interest at 3.00% to 5.00%	15,223,000
\$13,264,000 General Obligation Bonds; issued December 15, 2011; refunding due in annual installments of \$1,038,000 to \$2,569,000; final maturity July 15, 2026; interest at 3.00% - 5.00%	13,264,000
\$10,961,846 General Obligation Bonds; issued July 27, 2012; due in annual installments of \$280,000 to \$757,890; final maturity July 15, 2030; interest at 2.00% - 4.00%	10,208,000
\$12,712,000 General Obligation Bonds; issued August 21, 2012; refunding due in annual installments of \$71,000 to \$3,155,000; final maturity August 1, 2027; interest at 2.00% - 4.00%	12,539,000
\$6,617,000 General Obligation Bonds; issued May 6, 2014; refunding due in annual installments of \$13,000 to \$1,204,000; final maturity August 1, 2021; interest at 1.00% - 5.00%	6,617,000
Total bonds and notes payable	<u><u>\$ 123,422,599</u></u>

At June 30, 2014, the outstanding general obligation bonded indebtedness of the City, payable from its business-type activities, was as follows:

	<u>Outstanding Amount</u>
\$2,100,000 Water general obligation bonds issued February 1, 1995 due in annual installments of \$105,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	\$ 105,000
\$1,500,000 Lateral Sewer Systems general obligation bonds issued February 1, 1995 due in annual installments of \$75,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	75,000
\$11,312,000 Water and Sewer general obligation refunding bonds issued March 1, 2004, due in annual installments of \$20,000 to \$1,127,000; final maturity August 1, 2021; interest at 2.00% to 5.00%	1,131,000

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

	<u>Outstanding Amount</u>
\$4,835,000 Water and Sewer general obligation bonds; issued August 1, 2007, due in annual installments of \$234, 000 to \$252,000; final maturity August 2027; interest at 4.0% to 5.0%	245,000
\$2,400,550 Water and Sewer general obligation bonds; issued August 1, 2008, due in annual installments of \$117,500 to \$121,000; final maturity August 2028; interest at 4.0% to 5.0%	120,000
\$915,000 Water general obligation bonds; issued July 15, 2009, due in annual installments of \$41,000 to \$46,000; final maturity July 15, 2029; interest at 3.00% to 5.00%	552,000
\$5,286,000 Water and Sewer general obligation refunding bonds; issued March 18, 2010; due in annual installments of \$179,000 to \$428,000; final maturity July 1, 2020; interest at 2.00% to 5.00%	5,211,000
\$1,295,000 Water and Sewer General Obligation Bonds issued July 15, 2010; due in annual installments of \$64,750; final maturity July 15, 2030; interest at 2.00% - 4.00%	1,095,401
\$447,680 Sewer general obligation bond; issued July 15, 2011; due in annual installments of \$80,000 to \$250,000; final maturity July 15, 2016; interest at 3.00% - 5.00%	357,000
\$2,961,000 Water and Sewer general obligation refunding bonds; issued December 11, 2011; due in annual installments of \$144,000 to \$495,000; final maturity July 15, 2016; interest 3.00% - 5.00%	2,961,000
\$1,038,154 Water and Sewer general obligation bonds; issued July 27, 2012; due in annual installments of \$52,000 to \$96,232; final maturity July 15, 2029; interest 3.00% - 5.00%	942,000
\$2,343,000 Water and Sewer general obligation refunding bonds; issued August 21, 2012; due in annual installments of \$13,000 to \$725,000; final maturity August 1, 2028; interest 2.00% - 4.00%	2,316,000
\$4,283,000 Water and Sewer general obligation refunding bonds; issued May 6, 2014; due in annual installments of \$59,000 to \$663,000; final maturity August 1, 2028; interest 1.00% - 5.00%	4,283,000
Total general obligation bonds	<u>19,393,401</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

	Outstanding Amount
\$441,322 Clean Water Fund 305-C note payable signed January 31, 1995 due in annual installments of \$22,066 (\$1,840 in 2015); final maturity January 31, 2015; interest at 2.0%	1,838
\$2,549,994 Clean Water Fund 5155-C note payable signed March 31, 2010 due in annual installments of \$107,476 (\$206,709 in 2011); final maturity September 30, 2029, interest at 2.0%	2,014,305
\$3,219,688 Clean Water 132-CSC note payable signed January 31, 2013 due in annual installments of \$174,910 (\$87,455 in 2013); final maturity January 31, 2033, interest at 2.0%	3,255,470
Total notes payable	5,271,613
Total bonds and notes payable	\$ 24,665,014

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

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Payments	Principal	Interest	Total Payments
2015	\$ 9,601,250	\$ 5,308,790	\$ 14,910,040	\$ 2,642,824	\$ 1,040,947	\$ 3,683,771
2016	9,922,095	5,028,285	14,950,380	2,195,392	818,570	3,013,962
2017	9,906,376	4,453,703	14,360,079	2,196,470	696,405	2,892,875
2018	9,855,376	3,986,450	13,841,826	2,197,937	602,555	2,800,492
2019	9,390,376	3,550,993	12,941,369	2,010,514	516,559	2,527,073
2020-2024	40,830,376	11,829,443	52,659,819	7,161,752	1,630,305	8,792,057
2025-2029	28,886,250	4,457,164	33,343,414	5,262,196	490,099	5,752,295
2030-2034	5,030,500	411,309	5,441,809	997,929	34,020	1,031,949
Total	\$ 123,422,599	\$ 39,026,137	\$ 162,448,736	\$ 24,665,014	\$ 5,829,460	\$ 30,494,474

School Bond Reimbursements: The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. The amount of such principal reimbursement for the year ended June 30, 2014 was approximately \$239,231.

In-Substance Defeasance: In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2014, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements was approximately \$72,367,000.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

In the current year, the City issued \$10,900,000 of General Obligation Refunding Bonds to advance refund all or any portion of the aggregate principal amounts outstanding of certain of the City's outstanding general obligation bonds totaling \$11,605,000. The bonds mature through 2021, with interest from 1.0% to 5.0%. The transaction produced a present value gain of \$739,519 and a cash savings of \$745,980.

Landfill Postclosure Monitoring: State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The landfill's closure project was completed during the year ended June 30, 1999 as the landfill was at 100% capacity. The estimated total current cost of the landfill postclosure care, aggregating \$7,675,674, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill as of June 30, 2014. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. These costs will be paid from the General Fund.

Other Post Employment Obligation: Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions," requires the City to accrue a net OPEB obligation. The amount at June 30, 2014 was \$44,712,700. This amount is recorded in the government-wide statements, and will eventually be paid out of the General Fund when due.

Early Retirement: In March 2009, the City approved early retirement incentive payout for eligible Board of Education and government employees to retire as of June 30, 2009. The Board of Education obligation represents the early retirement incentive payout for eligible certified teachers who have completed twenty-five or more years of Connecticut public school teaching service and have been a certified employee of the Danbury Board of Education for at least 10 years. Participants electing early retirement receive incentive compensation equal to a percentage of salary rates for the 2008-2009 school year to be paid in five equal installments representing 20% of the total incentive compensation. Payments commencing September 1, 2009 will be made through September 1, 2014. The amount accrued has been calculated at the discounted present value of the expected future benefit. The amount recorded at June 30, 2014 is approximately \$0 on the government-wide statements, and is paid out of the annual appropriation to the Board of Education from the General Fund.

Compensated Absences: Included in the Long-Term Obligations in the government-wide statement of net position is the estimated obligation for employee compensated absences in the amount of \$4,205,150 as of June 30, 2014. The General Fund has typically been used to liquidate the liability for compensated absences.

Capital Lease Obligations: The City has entered into multi-year capital leases for the purchase of various capital items including energy conservation construction, public works equipment, vehicles and computer hardware and software. Interest rates on these leases range from 1.59% to 3.88%. Most of the lease arrangements have terms of 5-8 years; however, the energy conservation project leases have a 15-year term.

On December 30, 2011, the City entered into a \$2,500,000 capital lease agreement with JP Morgan Chase Bank, N.A. The lease has an interest rate of 1.59% and matures on July 1, 2016. Principal and interest payments are made annually and vary throughout the life of the lease.

On June 28, 2011, the City entered into a \$4,248,835 equipment tax-exempt lease/purchase agreement and a \$7,251,165 equipment taxable direct pay qualified energy conservation bond (QECP) lease/purchase agreement for building improvements. The \$4,248,835 lease has an interest rate of 3.60% and matures on June 28, 2026.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

The \$7,251,165 lease has an interest rate of 5.27%, a tax credit rate of 5.04% (70% of tax credit rate of 3.53%), and a net effective rate of 1.74% and matures on June 28, 2026. Principal and interest payments are made biannually on both leases and vary throughout the life of the lease. The City received \$11,500,000 in funding on June 30, 2011 and had associated construction in progress of \$10,802,231.

On February 17, 2012 the Board of Education entered into a \$696,784 capital lease agreement with First Niagara Leasing Inc for an energy conservation program. The lease has an interest rate of 2.86% and matures on February 17, 2022. Principal and interest payments are made semi-annually vary throughout the life of the lease.

On October 30, 2013 the City entered into a \$1,000,000 capital lease agreement with First Niagara Leasing Inc for an Aerial Ladder Truck. The lease has an interest rate of 1.8% and matures on November 15, 2021. Principal and interest payments of \$11,193.34 are made on a monthly basis.

On November 8, 2013 the City entered into a \$1,160,000 capital lease agreement with Bank of America Public Capital Corporation for technology related equipment for the City and Board of Education. The lease has an interest rate of 1.3% and matures on December 11, 2018. Principal and interest payments of \$19,974.23 are made on a monthly basis.

On February 17, 2012 the Board of Education entered into a \$696,784 capital lease agreement with First Niagara Leasing Inc for an energy conservation program. The lease has an interest rate of 2.86% and matures on February 17, 2022. Principal and interest payments are made semi-annually and vary throughout the life of the lease.

Buildings and Improvements	\$ 11,308,274
Machinery and Equipment	22,237,412
Accumulated Depreciation	<u>(16,246,297)</u>
Net book value	<u><u>\$ 17,299,389</u></u>

Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u>	
2015	\$ 2,928,058
2016	2,911,124
2017	2,757,653
2018	2,064,280
2019	1,425,564
Thereafter	<u>7,824,865</u>
	19,911,544
Less Amount Representing Interest*	<u>(3,463,822)</u>
	<u><u>\$ 16,447,722</u></u>

* \$1,439,833 will be subsidized by Qualified Energy Conservation Bonds

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

Stanley L. Richter Park Authority: The following is a summary of the component unit's bonds and notes payable transactions for the year ended December 31, 2013:

Beginning Balance	\$ 874,781
Additions	-
Deductions	-
Ending Balance	<u>\$ 874,781</u>

The Authority issued a long-term bond amounting to \$925,000 in October 2011 to finance renovations and improvements to the golf course. The bond principal is payable in monthly installments commencing in April 2014 with final maturity in October 2023.

On October 18, 2011, the Authority entered into an agreement with Newtown Savings Bank for a credit line in the amount of \$300,000 bearing interest at a variable rate per annum of .75% above the Prime Rate. Interest on outstanding principal is payable monthly commencing November 2011. Principal is payable upon demand. The line of credit is used for working capital needs of the Authority. At December 31, 2013, the credit balance was \$184,709.

Authorized But Unissued Bonds: Bonds authorized but unissued by the City at June 30, 2014 are as follows:

General Purpose	\$ 7,063,399
Schools	10,250,603
Sewer	7,469,447
Water	1,120,420
	<u>\$ 25,903,869</u>

As per the bonding authorization, the amount of the bonds authorized but unissued has been reduced by any State/Federal Grant funding approved and/or received, and by the amounts of funding received through other sources such as the Clean Water Act Funds.

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

	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 410,836,966	\$ 117,330,330	\$ 293,506,636
Unfunded Pension Benefit Obligation	547,782,621	-	547,782,621
Schools	821,673,932	62,100,271	759,573,661
Sewers	684,728,276	33,754,881	650,973,395
Urban Renewal	593,431,173	806,000	592,625,173

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,278,159,452.

City of Danbury, Connecticut

Notes to Financial Statements

Note 9. Commitments and Contingencies

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

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

Under the Service Agreement, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries but in no case less than its guaranteed annual tonnage of 48,600 tons per year and to pay a uniform per ton disposal service payment (the "Service Payment"). The current fee is \$84.45 per ton. The aggregate guaranteed annual tonnage of the eleven Contracting Municipalities is 115,300 tons per year. The City's Service Payment commitment is a "put-or-pay" commitment, in that if the aggregate guaranteed annual tonnage of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the Service Payment for its proportionate share of the shortfall of the aggregate guaranteed annual tonnage (even if it did deliver its full portion).

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

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

Waste Water Treatment: The City has a 20-year agreement through June 2018 (the "Agreement") with Veolia Water to manage its waste water collection and treatment system. As consideration for such Agreement, the City received a \$10 million up-front concession fee. If the Agreement is terminated prior to the end of the 20 year term, the City has to repay the unamortized balance of the concession fee (calculated using the straight-line method over the term of the Agreement).

Waste Water Treatment, Continued: The unamortized balance of the concession fee at June 30, 2014 is \$1,636,725 and is recorded as unearned revenue in the Sewer Enterprise Fund.

Under the Agreement, the City pays an annual base fee of approximately \$3,700,000 plus an annual adjustment equal to the change in the consumer price index. The current annual amount is approximately \$5,540,746.

City of Danbury, Connecticut

Notes to Financial Statements

Note 10. Fund Deficits

The City has the following fund deficits at June 30, 2014 and expects to eliminate the deficits in the future as follows:

Fund	Deficit June 30, 2014	Plan for Eliminating Debt
Capital Projects:		
Vision 2020	\$ (29,378,422)	Through future debt issuance/grant reimbursements
Head Start	\$ (2,329,381)	Through future debt issuance/grant reimbursements
Century 21 Pl.	\$ (80,278)	Through future debt issuance/grant reimbursements
Special Revenue:		
LOCIP	\$ (142,697)	Through future grant reimbursement
Health Center Grants	\$ (47,835)	Through future grant reimbursement
Airport	\$ (755,327)	Through future grant reimbursement/transfers/revenues
Miscellaneous Special Revenue	\$ (41,455)	Through future grant reimbursement/transfers/revenues

Note 11. Employee Retirement Plans

The City maintains seven separate single-employer pension plans covering substantially all of its eligible employees (collectively, "the City's plans"), except those public school teachers covered under the State of Connecticut Teachers' Retirement System. The General Employees Plan is a non-contributory defined benefit plan covering all full-time employees not qualified under one of the City's other plans or the State Teachers' Retirement System. Beginning January 1, 2011, all non-union employees who are hired or become eligible for benefits subsequent to January 1, 2011 and are members of the General Employees Pension Plan shall contribute 5% of their base salary. The remaining five plans: Pre-1967 Policemen, Pre-1967 Firemen, Post-1967 Policemen, Post-1967 Firemen, Post-1983 Policemen and Post-2011 Firemen (to be established) are contributory defined benefit plans, and cover all paid members of the City Police and Fire Departments. City and employee contributions are made pursuant to City charter and Union contracts. Administrative fees are paid through the plans. The City's pension plans do not, however, issue stand-alone financial reports.

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983 Police
		Police	Fire	Police	Fire	
Employees Covered	All employees not covered by another plan.	All police employed before 1967.	All firefighters employed before 1967.	All police employed after 1967 but before 1983.	All firefighters employed after 1967.	All police employed after 1983.
Number of Retirees Receiving Benefits	528	32	22	87	77	22
Vested in Employee Contributions Only	-	-	-	-	2	11
Terminated Employees Entitled to Future Benefits	158	-	-	-	-	1
Current Employees	<u>506</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>113</u>	<u>131</u>
Total Number of Participants	<u>1,192</u>	<u>32</u>	<u>22</u>	<u>101</u>	<u>192</u>	<u>165</u>
Normal Benefit Provisions	After attaining age 65, 1.5% of average compensation times years of credited service	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 55 or 25 years of service, 2% of average compensation for each year of service, but not greater than 68%
Definition of "Compensation"	Average of 3 highest years	Final base salary				
Eligibility Requirements	50% vested after 5 years and increasing 10% each year thereafter until 10 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983 Police
		Police	Fire	Police	Fire	
Disability Benefits: Line of Duty or Social Security Disability	No benefit	66.7% of final pay	50% of final pay, 2% increase in benefit after being retired for one year			
Non-Line of Duty (Years 1-10)	N/A	2% of final pay for each year of service	2% of final pay for each year of service	2% of final pay for each year of service	2% of final pay for each year of service	2% of final pay for each year of service
Non-Line of Duty (10+ Years)	N/A	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983 Police
		Police	Fire	Police	Fire	
Obligation to Contribute in Accordance with Funding Policy: Employee	None**	None	None	4% of earnings	6% of earnings	4.5% of earnings
ARC	\$3,665,000	\$805,000	\$497,000	\$799,000	\$1,975,000	\$2,081,000
Authority Under which Benefit Provisions Established	City code of ordinances					
Contribution Rates						
Employee	1-2%	-	-	4.0%	6.0%	4.5%
Employer	100%	100%	100%	100%	100%	100%
Annual Pension Cost	\$3,665,000	\$805,000	\$497,000	\$799,000	\$1,975,458	\$2,077,925
Employer Contribution Made	\$3,665,000	\$805,000	\$497,000	\$799,000	\$1,975,315	\$2,081,655
Funding Status and Progress						
Date of actuarial valuation	7/1/13	7/1/13	7/1/13	7/1/12	7/1/12	7/1/12
Significant Actuarial Assumptions						
Investment rate of return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Projected annual salary increases*	3 to 5%	N/A	N/A	3 to 5%	3 to 5%	3 to 5%

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983 Police
		Police	Fire	Police	Fire	
Post-Retirement benefit Increases*	3.0%, 15% every 5 years	3.0%	3.0%	3.0%	3.0%	2.0% after 5 years retirement or one year service connected disability
* Including Inflation of	2.7%	3.0%	3.0%	3.0%	3.0%	3.0%
Mortality Table	RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, separate tables for non-annuitants and annuitants, projected to the valuation date with Scale AA.	RP-2000 Mortality Table with separate male and female rates with blue collar adjustment combined table for annuitants with no projection.	RP-2000 Mortality Table with separate male and female rates with Blue Collar adjustment combined table for annuitants with no projection.	RP2000Blue Collar Combined-table for annuitants, projected to the valuation date with Scale AA and RP2000 Disabled Lives.	RP2000Blue Collar Combined-table for annuitants, projected to the valuation date with Scale AA and RP2000 Disabled Lives.	RP2000Blue Collar Combined-table for annuitants, projected to the valuation date with Scale AA and RP2000 Disabled Lives.
Actuarial Asset Valuation Method*	Expected Actuarial Value	Expected Actuarial Value	Expected Actuarial Value	Expected Actuarial Value	Expected Actuarial Value	Expected Actuarial Value
Funding Policy	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial
Actuarial Cost Method	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost
Amortization Method	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open
Remaining Amortizing Period	8 years	5 years	7 years	10 years	16 years	16 years
Authority Under which Contributions are Established	City Council	City Council	City Council	City Council	City Council	City Council

* An adjustment to the asset method was made with the July 1, 2009 valuation. Previously, the actuarial value of assets was required to be within 80% to 120% of the market value. The new range is 65% to 135% of market value for all plans except Post 1983 Police, which is 70% to 130% of market value. The expected actuarial value is then adjusted to smooth in 20% of the difference between the actuarial value and market value.

** Effective July 1, 2013, general employees contribute 1% of pay while in active service. Non-union employees hired prior to January 1, 2012 do not contribute. Effective July 1, 2014, general employees will contribute 2% of pay while in active service.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Three-Year Trend Information (GASB 27)

	Trend % Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
General Employees			
2014	3,665,000	100.0%	-
2013	3,559,000	100.0%	-
2012	2,639,000	100.0%	-
Police Pre-1967			
2014	805,000	100.0%	-
2013	805,000	100.0%	-
2012	904,000	100.0%	-
Fire Pre-1967			
2014	497,000	100.0%	-
2013	497,000	100.0%	-
2012	488,000	100.0%	-
Police Post-1967			
2014	799,000	100.0%	-
2013	748,000	100.0%	-
2012	798,000	100.0%	-
Fire Post-1967			
2014	1,975,315	100.0%	-
2013	1,363,000	100.0%	-
2012	1,429,689	100.0%	-
Police Post-1983			
2014	2,081,655	100.0%	-
2013	1,517,000	100.0%	-
2012	1,419,000	100.0%	-

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Schedule of Plan Net Position
June 30, 2014

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Post-2011 Fire	Totals
Assets								
Cash and Cash Equivalents	\$ 2,686,957	\$ 126,553	\$ 260,074	\$ 1,468,881	\$ 2,134,448	\$ 1,283,697	\$ 35,837	\$ 7,996,447
Investments, at Fair Value								
Common stock	11,901,902	343,714	341,184	5,230,119	7,588,348	2,889,404	-	28,294,671
Debt securities	3,213,693	92,808	92,125	1,412,211	2,048,969	780,183	-	7,639,989
Mutual funds	50,523,998	1,459,080	1,448,338	22,202,041	32,212,808	12,265,623	-	120,111,888
Private hedge fund	38,883,856	1,122,925	1,114,658	17,086,948	24,791,351	9,439,766	-	92,439,504
Total investments	104,523,449	3,018,527	2,996,305	45,931,319	66,641,476	25,374,976	-	248,486,052
Accrued Interest and Dividends	78,729	2,276	2,260	34,602	50,195	19,115	3	187,180
Pending Sales	27,221	786	780	11,962	17,355	6,608	-	64,712
Total assets	107,316,356	3,148,142	3,259,419	47,446,764	68,843,474	26,684,396	35,840	256,734,391
Liabilities								
Accrued expenses and management fees	156,416	5,358	5,332	64,734	94,094	40,767	-	366,701
Pending Purchases	253,111	7,310	7,256	111,226	161,377	61,447	-	601,727
Net position-restricted for pension benefits	\$106,906,829	\$ 3,135,474	\$3,246,831	\$ 47,270,804	\$ 68,588,003	\$ 26,582,182	\$ 35,840	\$ 255,765,963

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Schedule of Changes in
Plan Net Position
Year Ended June 30, 2014

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Post-2011 Fire *	Totals
Additions								
Contributions:								
Employer	\$ 3,665,000	\$ 805,000	\$ 497,000	\$ 799,000	\$ 1,975,315	\$ 2,081,655	\$ -	\$ 9,822,970
Plan members	120,469	-	-	12,953	470,868	434,604	35,835	1,074,729
Total contributions	3,785,469	805,000	497,000	811,953	2,446,183	2,516,259	35,835	10,897,699
Investment Income:								
Net appreciation in fair value of investments	12,495,621	341,257	371,082	5,543,638	7,824,757	2,686,784	2	29,263,141
Interest and dividends	2,218,113	62,826	68,235	985,212	1,387,502	463,856	3	5,185,747
	14,713,734	404,083	439,317	6,528,850	9,212,259	3,150,640	5	34,448,888
Less investment expenses:								
Investment management fees	384,457	20,498	18,142	166,367	220,052	82,002	-	891,518
Net investment income	14,329,277	383,585	421,175	6,362,483	8,992,207	3,068,638	5	33,557,370
Deductions								
Benefits paid	10,813,036	1,336,484	900,366	3,972,610	4,021,371	715,125	-	21,758,992
Total deductions	10,813,036	1,336,484	900,366	3,972,610	4,021,371	715,125	-	21,758,992
Net change in net position	7,301,710	(147,899)	17,809	3,201,826	7,417,019	4,869,772	35,840	22,696,077
Net Position - Restricted for Pension Benefits								
Beginning of year	99,605,119	3,283,373	3,229,022	44,068,978	61,170,984	21,712,410	-	233,069,886
End of year	\$ 106,906,829	\$ 3,135,474	\$ 3,246,831	\$ 47,270,804	\$ 68,588,003	\$ 26,582,182	\$ 35,840	\$ 255,765,963

* The first plan participants of the newly established Post-2011 Fire Pension Plan were hired in August 2013. The City's annual required contributions are based upon several factors including historical payrolls, mortality tables, plan provisions, etc. As typical, such contributions will be made by the city in the amount recommended by the actuary which is made in the year following the covered payroll period. During FY 2014-2015, the City will contribute the full estimated net liability amount as of June 30, 2014 of approximately \$46,700 to fully fund the plan and to meet/exceed the employees' contribution of about \$35,800 during the year. At the end of FY 2014-2015, the City will also make an additional payment equal to the employees' contribution applicable for the FY 2014-2015 period.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Schedule of Funding Progress (GASB 27)

*Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	(Over) Underfunded AAL as a Percentage of Covered Payroll
General Employees 7/1/13	\$ 111,389,805	\$ 127,384,258	\$ 15,994,453	87.4%	\$ 25,267,004	63.3%
Pre-1967 Police 7/1/13	\$ 4,092,018	\$ 8,972,137	\$ 4,880,119	45.6%	\$ -	NA
Pre-1967 Fire 7/1/13	\$ 3,909,976	\$ 6,997,123	\$ 3,399,612	55.9%	\$ -	NA
Post-1967 Police 7/1/12	\$ 50,877,985	\$ 58,317,746	\$ 7,439,761	87.2%	\$ 1,150,002	646.9%
Post-1967 Fire 7/1/12	\$ 67,213,044	\$ 75,975,052	\$ 8,762,008	88.5%	\$ 8,410,697	104.2%
Post-1983 Police 7/1/12	\$ 21,352,085	\$ 32,286,786	\$ 10,934,701	66.1%	\$ 9,312,330	117.4%

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Asset Class	Target Allocation
Russell 3000	36%
MS EAFE	24%
BC Int Gov/CR	35%
T-Bills	5%
Total	100%

Plan Administration: Each of the City's seven pension plans are separately administered by their own respective pension board consisting of seven members. The Mayor, Director of Finance and a City Council member serve as permanent members on all pension boards. The non-permanent Pension Board members are appointed by the Mayor and must be an active employee of their respective pension plan. The pension boards typical meet monthly or as needed to review retirement/disability requests and/or investment recommendations. The "joint pension board" which comprises of members from all pension boards meets at least quarterly with the City's Investment Advisor to review and modify investments accordingly. Changes in investments are not effective until voted favorably by each of the pension boards.

Concentrations: The City does have a formal policy; however, their practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

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

The following represents the investments in the pension plans that represent more than 5% of the plan's net position as of June 30, 2014:

FPA Crescent Fund	\$12,987,872
Hartford Capital Appec –I	15,177,130
Sequola Fund	13,133,013
Iva World Fund – I	12,577,432

Net Pension Liability of the City: The components of the net pension liability (GASB 67) of the City at June 30, 2014 were as follows:

Net Pension Liability (GASB 67) as of June 30, 2014	General Employees Pension Plan	Pre-67 Police Pension Plan	Pre-67 Fire Pension Plan	Post-67 Police Pension Plan	Post-67 Fire Pension Plan	Post-83 Police Pension Plan	Post-11 Fire Pension Plan
Total Pension Liability	\$ 135,754,698	\$ 8,238,533	\$ 6,571,981	\$ 58,965,087	\$84,072,799	\$ 42,391,697	\$ 82,564
Plan Fiduciary Net Position	<u>\$ 106,900,119</u>	<u>\$ 3,135,282</u>	<u>\$ 3,246,640</u>	<u>\$ 47,267,854</u>	<u>\$68,583,724</u>	<u>\$ 26,580,553</u>	<u>\$ 35,838</u>
Net Pension Liability	\$ 28,854,579	\$ 5,103,251	\$ 3,325,341	\$ 11,697,233	\$15,489,075	\$ 15,811,144	\$ 46,726
Plan Fiduciary Net Position as a percentage of total pension liability	78.75%	38.06%	49.40%	80.16%	81.58%	62.70%	43.41%

General Employees Pension Plan

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 14.78%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method (GASB 67)
Long-term Inflation:	2.70%
Interest:	7.25% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2000 Mortality table with separate male and female rates, with no collar adjustment, separate tables for non-annuitants and annuitants projected to the valuation date with Scale AA.
Mortality Improvement:	Active/Regular Retirement – Projected to date of decrement using Scale AA (generational mortality). Disabled – None.
Employee Turnover:	Table T-5 by Crocker, Sarason and Straight.
Employee Disability:	No rates.
Retirement Age:	Retirement probabilities based on table below once participant meets Rule of 85.

<u>Age</u>	<u>Percent</u>	<u>Age</u>	<u>Percent</u>
55	10%	63	10%
56	5%	64	5%
57	5%	65	20%
58	5%	66	10%
59	5%	67	15%
60	10%	68	5%
61	10%	69	15%
62	15%	70	100%

Payroll Growth:	3%, only used to project normal cost to next year.
Expense Loading:	No loading for expenses has been included, as all administrative expenses are paid by the City outside of the Trust Fund.
Cost of Living Increases:	CPI is assumed to increase at 3% per year. This will result in a pension increase once every five years.

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 18 years from July 1, 2013, as a level percentage of pay.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

General Employees Pension Plan

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	100%		

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury General Employees Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City of Danbury General Employees Pension Plan, calculated using the discount rate of 7.25% as well as what the City of Danbury General Employees Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

General Employees Pension Plan	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 45,160,264	\$ 28,854,579	\$ 15,087,975

Pre-67 Police Pension Plan

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 11.34%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method (GASB 67)
Long-term Inflation:	2.70%
Interest:	7.25% compounded annually, net of investment expense

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Mortality:	Retired Pensioner – RP-2000 Mortality table with separate male and female rates with blue collar adjustment combined tables for non-annuitants with no projection Disabled Pensioners – IRS Revenue Ruling 96-7 Disabilities before 1995.
Mortality Improvement:	None.
Expense Loading:	Administrative expenses are paid outside the plan.
Cost of Living Increases:	3%

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 10 years from July 1, 2013, as a level percentage of pay.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Pre-67 Police Pension Plan

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	<u>100%</u>		

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Pre-67 Police Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City of Danbury Pre-67 Police Pension Plan, calculated using the discount rate of 7.25% as well as what the City of Danbury Pre-67 Police Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Pre-67 Police Pension Plan	6.25%	7.25%	8.25%
Net Pension Liability	\$ 5,517,154	\$ 5,103,251	\$ 4,727,191

Pre-67 Fire Pension Plan

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 12.93%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method (GASB 67)
Long-term Inflation:	2.70%
Interest:	7.25% compounded annually, net of investment expense
Mortality:	Retired Pensioner – RP-2000 Mortality table with separate male and female rates with blue collar adjustment combined tables for non-annuitants with no projection Disabled Pensioners – IRS Revenue Ruling 96-7 Disabilities before 1995.
Mortality Improvement:	None.
Expense Loading:	Administrative expenses are paid outside the plan.
Cost of Living Increases:	3%

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 10 years from July 1, 2013, as a level percentage of pay.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Pre-67 Fire Pension Plan

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	<u>100%</u>		

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Pre-67 Fire Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City of Danbury Pre-67 Fire Pension Plan, calculated using the discount rate of 7.25% as well as what the City of Danbury Pre-67 Fire Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Pre-67 Fire Pension Plan			
Net Pension Liability	\$ 3,734,915	\$ 3,325,341	\$ 2,959,855

Post-67 Police Pension Plan

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 14.80%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2012, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method (GASB 67)
Long-term Inflation:	2.70%
Interest:	7.25% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2000 Mortality table with separate male and female rates, with blue collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA. Disabled Pensioners – RP-2000 Mortality table with separate male and female rates, with no collar adjustment.
Mortality Improvement:	Active/Regular Retirement – Projected to the date of decrement using Scale AA (generational mortality). Disabled – None.
Salary Scale:	Graded scale 5% at age 20 down to 3% at age 60 and beyond.
Employee Turnover:	Table T-1 by Crocker, Sarason and Straight.
Retirement Age:	Earlier of age 65 or hire plus 34.
Expense Loading:	We have included the estimated actuarial fees in the Normal Cost each year.
Cost of Living Increases:	3%.
Employee Disability:	6 x 1955 UAW Disability Table

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 20 years from July 1, 2012, as a level percentage of pay.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Post-67 Police Pension Plan

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	100%		

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-67 Police Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City of Danbury Post-67 Police Pension Plan, calculated using the discount rate of 7.25% as well as what the City of Danbury Post-67 Police Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 17,671,457	\$ 11,697,233	\$ 6,684,206

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Post-67 Fire Pension Plan

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 14.78%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2012, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method (GASB 67)
Long-term Inflation:	2.70%
Interest:	7.25% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2000 Mortality table with separate male and female rates, with blue collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA. Disabled Pensioners – RP-2000 Mortality table with separate male and female rates, with no collar adjustment.
Mortality Improvement:	Active/Regular Retirement – Projected to the date of decrement using Scale AA (generational mortality). Disabled – None.
Salary Scale:	Graded scale 5% at age 20 down to 3% at age 60 and beyond.
Employee Turnover:	Table T-1 by Crocker, Sarason and Straight.
Retirement Age:	Earlier of age 65 or hire plus 34.
Expense Loading:	We have included the estimated actuarial fees in the Normal Cost each year.
Cost of Living Increases:	3%.
Employee Disability:	6 x 1955 UAW Disability Table

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 20 years from July 1, 2012, as a level percentage of pay.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Post-67 Fire Pension Plan

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	<u>100%</u>		

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-67 Fire Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City of Danbury Post-67 Fire Pension Plan, calculated using the discount rate of 7.25% as well as what the City of Danbury Post-67 Fire Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Post-67 Fire Pension Plan			
Net Pension Liability	\$ 26,796,562	\$ 15,489,075	\$ 6,180,272

Post-83 Police Pension Plan

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 13.36%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2012, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method (GASB 67)
Long-term Inflation:	2.70%
Interest:	7.25% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2000 Mortality table with separate male and female rates, with blue collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA. Disabled Pensioners – RP-2000 Mortality table with separate male and female rates, with no collar adjustment.
Mortality Improvement:	Active/Regular Retirement – Projected to the date of decrement using Scale AA (generational mortality). Disabled – None.
Salary Scale:	Graded scale 5% at age 20 down to 3% at age 60 and beyond.
Employee Turnover:	Table T-1 by Crocker, Sarason and Straight.
Retirement Age:	Earlier of age 65 or hire plus 34.
Expense Loading:	We have included the estimated actuarial fees in the Normal Cost each year.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Cost of Living Increases: Pension payments are assumed to increase 2% per year payable starting the first of the month following the completion of either five years of retirement or one year of retirement for service connected disability.

Employee Disability: 6 x 1955 UAW Disability Table

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 20 years from July 1, 2012, as a level percentage of pay.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Post-83 Police Pension Plan

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	100%		

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-83 Police Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City of Danbury Post-83 Police Pension Plan, calculated using the discount rate of 7.25% as well as what the City of Danbury Post-83 Police Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Post-83 Police Pension Plan			
Net Pension Liability	\$ 22,672,778	\$ 15,811,144	\$ 10,206,889

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Post-11 Fire Pension Plan

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 0.0243%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2012, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method (GASB 67)
Long-term Inflation:	2.70%
Interest:	7.25% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2000 Mortality table with separate male and female rates, with blue collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA. Disabled Pensioners – RP-2000 Mortality table with separate male and female rates, with no collar adjustment.
Mortality Improvement:	Active/Regular Retirement – Projected to the date of decrement using Scale AA (generational mortality). Disabled – None.
Salary Scale:	Graded scale 5% at age 20 down to 3% at age 60 and beyond.
Employee Turnover:	Table T-1 by Crocker, Sarason and Straight.
Retirement Age:	Earlier of age 65 or hire plus 34.
Expense Loading:	We have included the estimated actuarial fees in the Normal Cost each year.
Cost of Living Increases:	Pension payments are assumed to increase 2% per year payable starting the first of the month following the completion of either five years of retirement or one year of retirement for service connected disability.
Employee Disability:	6 x 1955 UAW Disability Table

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 20 years from July 1, 2013, as a level percentage of pay.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Post-11 Fire Pension Plan

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	<u>100%</u>		

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-11 Fire Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City of Danbury Post-11 Fire Police Pension Plan, calculated using the discount rate of 7.25% as well as what the City of Danbury Post-11 Fire Police Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Post-11 Fire Pension Plan	6.25%	7.25%	8.25%
Net Pension Liability	N/A	\$ 46,726	N/A

Connecticut State Teachers' Retirement System: The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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

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

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$16,285,000 for the year ended June 30, 2014.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

The City provides post employment retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. The City maintains one plan to cover all employees. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2012. The post-retirement plan does not issue stand-alone financial reports.

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

Membership in the plan consisted of the following at July 1, 2012, the date of the last actuarial valuation.

General Government Employees:

Retirees and beneficiaries receiving benefits	359
Active plan members	493
Total	<u>852</u>

Board of Education Employees:

Retirees and beneficiaries receiving benefits	156
Active plan members	1,144
Total	<u>1,300</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 ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2013 was estimated to be \$35,494,300 and \$9,218,400 for City and Board of Education employees, respectively. The City's contributions represent payments made for premiums for insured individuals.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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 Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
General Government Employees:				
6/30/2014	\$ 13,824,100	\$ 6,497,900	47.0%	\$ 35,494,300
6/30/2013	\$ 12,898,800	\$ 6,645,000	51.5%	\$ 28,168,100
6/30/2012	\$ 12,715,100	\$ 5,990,600	47.1%	\$ 23,114,300
Board of Education Employees:				
6/30/2014	\$ 2,027,800	\$ 445,300	22.0%	\$ 9,218,400
6/30/2013	\$ 1,994,800	\$ 1,135,300	56.9%	\$ 7,635,900
6/30/2012	\$ 1,968,800	\$ 817,400	41.5%	\$ 6,776,400

Annual required contribution	\$ 16,048,100
Interest on net OPEB obligation	2,590,300
Adjustments to ARC	(2,786,500)
Annual OPEB cost	15,851,900
Contributions made	6,943,200
Increase in net OPEB liability	8,908,700
Net OPEB obligation, beginning of year	35,804,000
Net OPEB obligation, end of year	<u>\$ 44,712,700</u>

Schedule of Funding Progress 000's						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll
General Government Employees: 7/1/2012	\$ -	\$ 134,076,100	\$ 134,076,100	0.0%	\$ 32,315,500	415.0%
Board of Education Employees: 7/1/2012	\$ -	\$ 20,393,300	\$ 20,393,300	0.0%	\$ 73,580,400	28.0%

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

Valuation Date:	July 1, 2012
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Dollar (Open)
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Investment rate of return	7.00%
Inflation rate	0% to 4%
Health cost trend rates	Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:

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

Note 12. Risk Management

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Risk Management (Continued)

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2014	\$ 5,265,903	\$ 21,223,171	\$ 17,929,623	\$ 8,559,451
2013	\$ 4,640,145	\$ 20,402,937	\$ 19,777,179	\$ 5,265,903

Note 13. Joint Ventures and Related Organizations

The Candlewood Lake Authority (“Candlewood”) is a joint venture of five municipalities, including the City of Danbury. Candlewood is under joint control, comprised of three delegates from each member municipality selected for three-year terms. The City of Danbury has an ongoing financial responsibility but no equity interest. The City remitted \$57,338 to supplement Candlewood’s operating revenues for the year ended June 30, 2014 as Candlewood would experience financial stress without such revenue supplement.

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

The Housatonic Area Regional Transit District (“HART”) is a joint venture of eight municipalities, including the City of Danbury. HART is under joint control, comprised of at least one director from each member municipality selected for four-year terms. The City of Danbury has an ongoing financial responsibility, but no equity interest. The City remitted \$733,080 to supplement HART’s operating revenues for the year ended June 30, 2014 as HART would experience financial stress without such revenue supplement.

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 14. Fund Balance (Deficit)

Below is a table of fund balance categories and classifications in accordance with GASB Statement No. 54 at June 30, 2014 for the City governmental Funds:

	General Fund	Miscellaneous Special Revenue	Vision	Nonmajor Governmental Funds
Fund Balances (Deficits)				
Non-spendable:				
Inventory	\$ -	\$ -	\$ -	\$ 71,145
Permanent fund principal	-	-	-	1,483,133
Prepaid	42,062	-	-	-
Total nonspendable	42,062	-	-	1,554,278
Restricted:				
Public safety	-	-	-	378,607
Education	-	-	-	84,146
Health and welfare	-	-	-	534,383
Culture and recreation	-	-	-	3,879
Total restricted	-	-	-	1,001,015
Committed:				
General government	-	-	-	56,326
Public safety	-	-	-	678,924
Public works	-	195,244	20,130	164,017
Health and welfare	-	900	-	-
Culture and recreation	-	-	833	854,826
Education	-	-	8,419,797	423,134
Capital projects	295,320	-	-	2,039,150
Total committed	295,320	196,144	8,440,760	4,216,377
Assigned:				
General government	29,048	-	-	-
Public safety	47,518	-	-	-
Public works	111,281	-	-	-
Culture and recreation	44,486	-	-	-
Education	2,572,258	-	-	-
Future appropriation	1,850,000	-	-	-
Total assigned	4,654,591	-	-	-
Unassigned (deficit)	23,862,349	(237,599)	(29,378,422)	(3,818,169)
Total fund balance (deficit)	\$ 28,854,322	\$ (41,455)	\$(20,937,662)	\$ 2,953,501

Significant encumbrances are included in the above table in the Assigned column for the General Fund.

City of Danbury, Connecticut

Notes to Financial Statements

Note 15. Governmental Accounting Standards Board (GASB) Statements

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

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB No. 68 which will have a material effect due to the net pension liability:

- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27***, was issued in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement will be effective for the City beginning after June 30, 2014.
- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations***, was issued in January 2013. This Statement provides guidance for:
 - ◆ Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.
 - ◆ Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.
 - ◆ Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.
 - ◆ Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.

- **GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement date, an amendment of GASB Statement No. 68***. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement are effective for reporting periods beginning after June 15, 2014.

Note 16. Subsequent Event

General Obligation Bonds and Bond Anticipation Notes: On July 25, 2014, the City issued \$31,600,000 of General Obligation Bond Anticipation Notes and \$11,000,000 of General Obligation Bonds. The notes mature on July 23, 2015, with interest 1.0%, effective rate of 0.11% and the bonds mature through 2034 with interest ranging from 2.0% to 4.0% and payments from \$550,000 annually.

HUD Loan: In October 2014, the City executed a loan agreement with HUD for \$1,800,000. The interest rate is variable, based on the time of draw downs until HUD permanently finances the borrowing. The first of nineteen annual payments is scheduled for August 1, 2016.

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**Required Supplementary
Information - *unaudited***

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions - Pensions and OPEB
June 30, 2014

Schedule of Funding Progress - Pension and OPEB						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	(Over) Underfunded AAL as a
Pensions						
General Employees						
7/1/2013	\$ 111,389,805	\$ 127,384,258	\$ 15,994,453	87.4%	\$ 25,267,004	63.3%
7/1/2011	110,890,677	117,668,661	6,777,984	94.2%	26,889,958	25.2%
7/1/2009	111,314,774	110,074,859	(1,239,915)	101.1%	25,822,179	-4.8%
7/1/2007	112,567,220	93,792,699	(18,774,521)	120.0%	25,217,732	-74.4%
7/1/2005	104,464,850	81,604,546	(22,860,304)	128.0%	23,777,020	-96.1%
7/1/2003	97,448,725	74,647,619	(22,801,106)	130.5%	23,576,524	-96.7%
Pre-1967 Police						
7/1/2013	\$ 4,092,018	\$ 8,972,137	\$ 4,880,119	45.6%	-	N/A
7/1/2011	4,894,494	9,509,978	4,615,484	51.5%	-	N/A
7/1/2009	5,826,153	11,020,751	5,194,598	52.9%	-	N/A
7/1/2007	6,713,395	11,566,937	4,853,542	58.0%	-	N/A
7/1/2005	7,019,283	13,139,006	6,119,723	53.4%	-	N/A
7/1/2003	6,993,981	14,173,012	7,179,031	49.3%	-	N/A
Pre-1967 Fire						
7/1/2013	\$ 3,909,976	\$ 6,997,123	\$ 3,399,612	55.9%	\$ -	N/A
7/1/2011	4,600,978	8,000,590	3,399,612	57.5%	-	N/A
7/1/2009	5,375,994	8,618,850	3,242,856	62.4%	-	N/A
7/1/2007	5,748,743	9,425,747	3,677,004	61.0%	-	N/A
7/1/2005	5,753,625	12,223,443	6,469,818	47.1%	-	N/A
7/1/2003	5,864,207	13,091,400	7,227,193	44.8%	-	N/A
Post-1967 Police						
7/1/2012	\$ 50,877,985	\$ 58,317,746	\$ 7,439,761	87.2%	\$ 1,150,002	646.9%
7/1/2010	52,769,298	56,466,195	3,696,897	93.5%	1,528,555	241.9%
7/1/2008	57,259,302	52,905,479	(4,353,823)	108.2%	1,738,046	-250.5%
7/1/2006	54,386,012	50,028,155	(4,357,857)	108.7%	1,855,011	-234.9%
7/1/2004	50,324,387	51,774,948	1,450,561	97.2%	2,146,668	67.6%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions - Pensions and OPEB (Continued)
June 30, 2014

Schedule of Funding Progress - Pensions and OPEB (Continued)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	(Over) Underfunded AAL as a Percentage of Covered Payroll
Post-1967 Fire						
7/1/2012	\$ 67,213,044	\$ 75,975,052	\$ 8,762,008	88.5%	\$ 8,410,697	104.2%
7/1/2010	65,257,292	68,330,153	3,072,861	95.5%	8,446,958	36.4%
7/1/2008	67,128,480	60,820,930	(6,307,550)	110.4%	7,593,132	-83.1%
7/1/2006	61,402,936	52,290,625	(9,112,311)	117.4%	6,493,522	-140.3%
7/1/2004	54,985,734	48,112,254	(6,873,480)	114.3%	6,330,894	-108.6%
1/1/2003	50,848,678	47,808,052	(3,040,626)	106.4%	6,065,277	-50.1%
Post-1983 Police						
7/1/2012	\$ 21,352,085	\$ 32,286,786	\$ 10,934,701	66.1%	\$ 9,312,330	117.4%
7/1/2010	17,189,830	23,294,439	6,104,609	73.8%	8,678,205	70.3%
7/1/2008	14,419,318	17,264,266	2,844,948	83.5%	7,752,824	36.7%
7/1/2006	11,036,832	13,309,142	2,272,310	82.9%	7,610,777	29.9%
7/1/2004	8,268,316	9,038,173	769,857	91.5%	6,496,617	11.9%
1/1/2003	6,979,088	7,629,489	650,401	91.5%	5,653,461	11.5%
OPEB						
General Government Employees						
7/1/2012	\$ -	\$ 134,076,100	\$ 134,076,100	0.0%	\$ 134,076,100	415.0%
7/1/2010	-	124,038,200	124,038,200	0.0%	33,256,200	373.0%
7/1/2008	-	102,450,000	102,450,000	0.0%	34,705,900	295.0%
7/1/2006	-	73,448,012	73,448,012	0.0%	NA	NA
Board of Education Employees						
7/1/2012	\$ -	\$ 20,393,300	\$ 20,393,300	0.0%	\$ 73,580,400	28.0%
7/1/2010	-	19,730,300	19,730,300	0.0%	72,319,700	27.3%
7/1/2008	-	20,134,000	20,134,000	0.0%	66,898,500	30.0%
7/1/2006	-	20,366,070	20,366,070	0.0%	NA	NA

Schedule of Employer Contributions - OPEB

Year Ended June 30,	General Employees		Board of Education	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2014	\$ 13,979,800	46.0%	\$ 2,068,300	22.0%
2013	13,021,300	51.0%	2,030,800	56.0%
2012	12,802,000	46.8%	1,998,600	40.9%
2011	11,231,500	50.0%	2,108,500	7.0%
2010	11,045,900	51.0%	2,078,700	46.5%
2009	7,039,100	67.0%	1,769,800	25.7%
2008	7,039,100	56.0%	1,769,800	27.8%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions - Pensions and OPEB (Continued)
June 30, 2014

Schedule of Contributions -General Employees										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined calculation	\$ 3,665,000	\$ 3,559,000	\$ 2,639,000	\$ 2,529,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to actuarially determine calculation	3,665,000	3,559,000	2,639,000	2,529,000	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 26,025,000	\$ 25,267,004	\$ 26,889,958	\$ 25,822,179	\$ 26,822,179	\$ 25,822,000	\$ 25,217,000	\$ 25,217,000	\$ 23,777,000	\$ 23,777,000
Contributions as a percentage of covered-employee payroll	14.08%	14.09%	9.81%	9.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Schedule of Contributions - Pre-1967 Police										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined calculation	\$ 805,000	\$ 805,000	\$ 904,000	\$ 904,000	\$ 845,000	\$ 845,000	\$ 857,000	\$ 857,000	\$ 978,000	\$ 1,007,000
Contributions in relation to actuarially determine calculation	805,000	805,000	904,000	904,000	845,000	845,000	857,000	857,000	978,000	1,007,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A									
Schedule of Contributions Pre - 1967 Fire										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined calculation	\$ 497,000	\$ 497,000	\$ 488,000	\$ 488,000	\$ 552,000	\$ 552,000	\$ 865,000	\$ 611,000	\$ 584,000	\$ 919,000
Contributions in relation to actuarially determine calculation	497,000	497,000	488,000	488,000	552,000	552,000	865,000	611,000	584,000	919,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	-	-	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	N/A									
Schedule of Contributions -Post 1967 Police										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined calculation	\$ 799,000	\$ 748,000	\$ 798,000	\$ -	\$ -	\$ -	\$ -	\$ 713,000	\$ 690,000	\$ 1,082,000
Contributions in relation to actuarially determine calculation	799,000	748,000	798,000	-	-	-	-	713,000	690,000	1,082,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 1,220,000	\$ 1,185,000	\$ 1,115,000	\$ 1,150,000	\$ 1,528,000	\$ 1,528,000	\$ 1,738,000	\$ 1,738,000	\$ 1,855,000	\$ 1,855,000
Contributions as a percentage of covered-employee payroll	65.49%	63.12%	71.57%	0.00%	0.00%	0.00%	0.00%	41.02%	37.20%	58.33%
Schedule of Contributions -Post 1967 Fire										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined calculation	\$ 1,975,000	\$ 1,363,000	\$ 1,429,000	\$ 311,000	\$ 272,000	\$ -	\$ -	\$ 342,000	\$ 281,000	\$ 298,000
Contributions in relation to actuarially determine calculation	1,975,315	1,363,000	1,429,000	311,000	272,000	-	-	342,000	281,000	298,000
Contribution deficiency (excess)	\$ (315)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 8,923,000	\$ 8,663,000	\$ 8,410,697	\$ 8,410,000	\$ 8,446,000	\$ 8,446,000	\$ 7,593,000	\$ 7,593,000	\$ 6,494,000	\$ 6,494,000
Contributions as a percentage of covered-employee payroll	22.14%	15.73%	16.99%	3.70%	3.22%	0.00%	0.00%	4.50%	4.33%	4.59%
Schedule of Contributions - Post 1983 Police Pension Plan										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined calculation	\$ 2,081,000	\$ 1,517,000	\$ 1,602,000	\$ 1,047,000	\$ 1,018,000	\$ 889,000	\$ 910,000	\$ 910,000	\$ 984,000	\$ 605,000
Contributions in relation to actuarially determine calculation	2,081,655	1,517,000	1,419,000	1,047,000	1,018,000	889,000	910,000	910,000	984,000	605,000
Contribution deficiency (excess)	\$ (655)	\$ -	\$ 183,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 9,879,000	\$ 9,592,000	\$ 9,312,330	\$ 9,312,330	\$ 8,678,000	\$ 8,678,000	\$ 7,752,000	\$ 7,752,000	\$ 7,610,000	\$ 7,610,000
Contributions as a percentage of covered-employee payroll	21.07%	15.82%	15.24%	11.24%	11.73%	10.24%	11.74%	11.74%	12.93%	7.95%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
 Schedule of Changes in the City's Net Pension Liability and Related Ratios
 Last Fiscal Year
 June 30, 2014

	General Employees Pension Plan	Pre-67 Police Pension Plan	Pre-67 Fire Pension Plan	Post-67 Police Pension Plan	Post-67 Fire Pension Plan	Post-83 Police Pension Plan	Post-11 Fire Pension Plan
Changes in Net Pension Liability							
Total Pension Liability							
Service cost	\$ 2,070,454	\$ -	\$ -	\$ 97,744	\$ 1,610,829	\$ 1,348,239	\$ 76,448
Interest on total pension liability	9,548,761	602,880	475,224	4,122,607	5,821,541	2,890,233	6,116
Benefit payments	(10,813,036)	(1,336,484)	(900,366)	(3,972,610)	(4,021,371)	(715,125)	-
Net change in total pension liability	806,179	(733,604)	(425,142)	247,741	3,410,999	3,523,347	82,564
Total Pension Liability, beginning	134,948,519	8,972,137	6,997,123	58,717,346	80,661,800	38,868,350	-
Total pension liability, ending (a)	135,754,698	8,238,533	6,571,981	58,965,087	84,072,799	42,391,697	82,564
Fiduciary Net Position							
Employer contributions	3,665,000	805,000	497,000	799,000	1,975,315	2,081,655	35,835
Member contributions	120,469	-	-	12,953	470,868	434,604	3
Investment income net of investment expenses	14,322,567	383,393	420,984	6,359,533	8,987,928	3,067,009	-
Benefit payments	(10,813,036)	(1,336,484)	(900,366)	(3,972,610)	(4,021,371)	(715,125)	-
Net change in plan fiduciary net position	7,295,000	(148,091)	17,618	3,198,876	7,412,740	4,868,143	35,838
Fiduciary Net Position, beginning	99,605,119	3,283,373	3,229,022	44,068,978	61,170,984	21,712,410	-
Fiduciary net position, ending (b)	106,900,119	3,135,282	3,246,640	47,267,854	68,583,724	26,580,553	35,838
Net pension liability, ending = (a) - (b)	\$ 28,854,579	\$ 5,103,251	\$ 3,325,341	\$ 11,697,233	\$ 15,489,075	\$ 15,811,144	\$ 46,726
Fiduciary net position as a % of total pension liability	78.75%	38.06%	49.40%	80.16%	81.58%	62.70%	43.41%
Covered payroll	\$ 26,025,000	N/A	N/A	\$ 1,220,000	\$ 8,923,000	\$ 9,879,000	\$ 597,250
Net pension liability as a % of covered payroll	110.87%	0.00%	0.00%	958.79%	173.59%	160.05%	7.82%

NOTE: As 2014 is the implementation year, only 2014 information is available.

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
 Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Budgetary Basis -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
General property taxes	\$ 182,166,413	\$ 182,166,413	\$ 181,696,534	\$ (469,879)
Federal and state governments	35,225,533	35,225,533	29,876,761	(5,348,772)
Licenses and permits	3,699,200	3,699,200	4,262,616	563,416
Charges for services	2,248,854	2,267,894	4,290,331	2,022,437
Fines and penalties	1,310,000	1,310,000	1,231,133	(78,867)
Investment income	350,000	350,000	192,513	(157,487)
Total revenues	225,000,000	225,019,040	221,549,888	(3,469,152)
Expenditures				
Current:				
General government	9,501,492	9,976,770	9,551,166	425,604
Public safety	30,629,409	30,728,139	30,505,020	223,119
Public works	9,608,434	9,829,992	9,137,072	692,920
Health and welfare	2,106,296	2,075,046	1,928,090	146,956
Culture and recreation	2,664,037	2,569,023	2,458,088	110,935
Education	118,503,866	118,503,866	118,421,068	82,798
Pension and other employee benefits	33,013,356	33,013,356	28,941,782	4,071,574
Contingency	450,000	929,777	601,552	328,225
Debt service:				
Principal retirements	11,506,110	11,506,110	11,191,096	315,014
Interest	5,595,000	5,595,000	5,411,174	183,826
Total expenditures	223,578,000	224,727,079	218,146,108	6,580,971
Excess (deficiency) of revenues over (under) expenditures	1,422,000	291,961	3,403,780	3,111,819
Other Financing Sources (Uses)				
Use of fund balance	2,350,000	3,480,039	-	(3,480,039)
Transfers (out)	(3,772,000)	(3,772,000)	(3,772,000)	-
Premium from bond issuance	-	-	526,800	526,800
Total other financing sources (uses)	(1,422,000)	(291,961)	(3,245,200)	(2,953,239)
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ 158,580	\$ 158,580

See Note to Required Supplementary Information.

Note 1. Budgets and Budgetary Accounting

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

1. Prior to April 7, the Mayor submits proposed operating budgets to the City Council for the fiscal year commencing the following July 1. The Board of Education has the same duties and follows the same procedures with respect to the budget of the Board of Education as those required of the Mayor. The operating budgets include proposed expenditures and the means of financing them; however, capital lease acquisitions and state on-behalf payments are not included in the operating budget. The Animal Control and Ambulance are special revenue funds which have legally adopted annual budgets.
2. Upon receipt of the proposed budgets, the City Council publishes a notice of the proposed budgets and a public hearing to be held no later than May 1.
3. No later than May 15, the budgets are legally enacted through City Council resolution.
4. The legal level of budgetary control is at the department level. The Mayor is authorized to transfer budget amounts within departments and the City Council is authorized to transfer budget amounts between departments within any fund as well as any supplemental appropriations that amend the total expenditures of any budgeted fund. During the year, several supplemental appropriations were necessary; the effect of the amendments increased budgeted expenditures by approximately \$1,149,079.
5. Formal budgetary accounting is employed as a management control within the City for the General Fund and certain special revenue funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required. The General Fund budget is adopted on a modified accrual basis of accounting, except that encumbrances and continued appropriations are treated as budgeted expenditures in the year of incurrence of the commitment to purchase and certain employee benefits are budgeted on the cash basis of accounting (non-GAAP basis). Budgetary comparisons in the financial statements are presented pursuant to the applicable budgetary basis referred to above.
6. Except for purposes which are to be financed by the issuance of bonds or by special assessment, no money can be disbursed without an authorized appropriation in any fiscal year. A contingency fund may be used for emergency appropriations, however, expenditures may not be charged directly to this fund. An appropriation and transfer to the expending fund must be approved by the City Council.
7. All unencumbered appropriations, except for continued appropriations, lapse at the end of each fiscal year.

City of Danbury, Connecticut

**Note to Required Supplementary Information - Unaudited
June 30, 2014**

Note 1. Budgets and Budgetary Accounting (Continued)

8. Continued appropriations represent approved appropriations from the current or prior years' budgets for construction or other permanent improvement projects. In accordance with the City's Charter, these appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned. Any such project is deemed to be abandoned if three years have elapsed without any expenditure from, or encumbrance of, the appropriation. At June 30, 2014, there was \$265,884 in continued appropriations.

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

	Revenues and Other Financing Sources	Expenditures, Encumbrances and Other Financing Uses
Balance, budgetary basis	\$ 222,076,688	\$ 221,918,108
Encumbrances and continued appropriations		
June 30, 2013	-	1,058,884
June 30, 2014	-	(1,866,198)
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	16,285,000	16,285,000
Reclassified to General Fund, as funds were previously reported as Special Revenue Funds, and no longer meet the definition in accordance with GASB 54	1,707,934	2,193,905
Public safety off-duty services	1,392,451	1,483,776
Issuance of refunding bonds	6,617,000	-
Issuance of capital lease	2,160,000	2,160,000
Payment to escrow agent	-	7,278,085
Bond issuance costs	-	102,145
Premium on refunding	764,352	-
Balance, GAAP basis	<u>\$ 251,003,425</u>	<u>\$ 250,613,705</u>

City of Danbury, Connecticut

**Note to Required Supplementary Information - Unaudited
June 30, 2014**

Note 1. Budgets and Budgetary Accounting (Continued)

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

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

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND OTHER SCHEDULES**

General Fund

General Fund

The General Fund is used to account for resources traditionally associated with a government which are not required legally or by sound financial management to be accounted for in another fund.

City of Danbury, Connecticut

**General Fund Expenditures and Encumbrances - Budgetary Basis -
Budget and Actual - Unaudited
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government				
Common Council	\$ 21,000	\$ 25,418	\$ 23,887	\$ 1,531
Mayor's Office	346,765	342,965	339,417	3,548
Legislative Assistant	56,773	57,055	57,054	1
Ordinances	25,000	25,000	10,172	14,828
Probate Court	18,900	18,900	15,750	3,150
Registrars and Elections	196,843	192,143	176,865	15,278
City Treasurer	22,738	22,738	22,569	169
Director of Finance	896,231	920,770	915,590	5,180
Data Processing/Information Technology	1,256,076	1,407,601	1,400,884	6,717
Independent Audit	40,000	40,631	40,631	-
Bureau of Assessments	459,134	328,281	325,064	3,217
Board of Assessments and Appeal	7,225	5,799	4,849	950
Tax Collector	577,345	530,902	529,830	1,072
Purchasing	248,098	250,541	245,563	4,978
Corporation Counsel	803,364	956,122	956,120	2
Town Clerk	392,122	413,162	299,464	113,698
Annual Report	10,000	10,000	10,000	-
Permit Coordination	313,824	314,034	313,771	263
Planning	490,185	490,270	481,019	9,251
Office of Economic Development	97,541	97,541	92,945	4,596
Danbury Conservation Commission	10,024	10,024	8,950	1,074
HR/Civil Service	324,880	521,561	499,911	21,650
Mayor's Discretionary Fund	10,000	11,500	11,097	403
Fair Rent Commission	500	500	21	479
City Memberships	86,809	86,809	85,087	1,722
Lake Authority	50,000	59,638	59,638	-
Retirement Administration	20,000	20,000	13,130	6,870
Labor Negotiations	100,300	141,605	141,305	300
Public Buildings	1,143,535	1,112,637	1,067,818	44,819
City Hall Building	454,764	465,738	426,095	39,643
Library Building	224,407	230,407	209,544	20,863
Police Station Building	490,920	555,591	510,657	44,934
Senior Center Building	52,815	52,815	43,457	9,358
Old Jail Building	30,760	32,094	28,115	3,979
Old Library Building	48,110	48,224	40,961	7,263
Park Buildings	147,974	151,224	143,936	7,288
Employee Service Benefit	26,530	26,530	-	26,530
Total general government	9,501,492	9,976,770	9,551,166	425,604

(Continued)

City of Danbury, Connecticut

General Fund Expenditures and Encumbrances - Budgetary Basis -
 Budget and Actual - Unaudited (Continued)
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Safety				
Police Department	\$ 15,779,456	\$ 15,706,509	\$ 15,586,963	119,546
Fire Department	12,396,637	12,818,747	12,818,018	729
Building Inspector	658,072	523,669	498,717	24,952
Department of Civil Preparedness	124,815	134,315	134,312	3
Department of Consumer Protection	54,349	55,113	55,111	2
Unified Neighborhood Inspection Team	140,507	173,404	169,930	3,474
Airport	518,723	522,432	508,889	13,543
HART	733,080	733,080	733,080	-
Employee Service Benefit	223,770	60,870	-	60,870
Total public safety	30,629,409	30,728,139	30,505,020	223,119
Public Works				
Director of Public Works	220,252	225,245	223,684	1,561
Highways	2,670,807	2,649,782	2,486,154	163,628
State Aid-Highways	330,000	330,000	310,547	19,453
Snow & Ice Removal	852,500	852,500	850,876	1,624
Street Lighting	511,500	511,500	476,386	35,114
Park Maintenance	1,258,849	1,274,244	1,201,872	72,372
Forestry	257,999	257,999	251,183	6,816
Public Buildings-Maint & Repair	566,945	643,487	612,686	30,801
Equipment Maintenance	1,465,547	1,592,018	1,382,778	209,240
Recycling/Solid Waste	298,080	303,593	199,720	103,873
Engineering	943,171	956,208	941,390	14,818
Construction Services	232,784	233,416	199,796	33,620
Total public works	9,608,434	9,829,992	9,137,072	692,920
Health and Welfare				
Health, House and Welfare Department	1,323,560	1,278,560	1,158,006	120,554
Veterans Advisory Center	62,068	63,318	62,190	1,128
Elderly Services	245,977	245,977	220,703	25,274
Elderly Transportation	12,000	12,000	12,000	-
Community Services	462,691	475,191	475,191	-
Total health and welfare	2,106,296	2,075,046	1,928,090	146,956
Education	118,503,866	118,503,866	118,421,068	82,798

(Continued)

City of Danbury, Connecticut

General Fund Expenditures and Encumbrances - Budgetary Basis -
 Budget and Actual - Unaudited (Continued)
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
Danbury Public Library	\$ 1,892,146	\$ 1,794,594	\$ 1,724,810	69,784
Recreation	339,728	342,266	303,966	38,300
Tarrywile Park Authority	218,153	218,153	218,153	-
Cultural Commission	72,718	72,718	70,570	2,148
Lake Kenosia Commission	15,236	15,236	14,533	703
Ives Authority Performing Arts	55,404	55,404	55,404	-
Long Ridge Library	4,860	4,860	4,860	-
Danbury Museum/Hist Soc Authority	65,792	65,792	65,792	-
Total culture and recreation	<u>2,664,037</u>	<u>2,569,023</u>	<u>2,458,088</u>	<u>110,935</u>
Pension and Other Employee Benefits	<u>33,013,356</u>	<u>33,013,356</u>	<u>28,941,782</u>	<u>4,071,574</u>
Debt Service				
Redemption Of Debt	11,506,110	11,506,110	11,191,096	315,014
Interest - bonds	5,595,000	5,595,000	5,411,174	183,826
Total debt service	<u>17,101,110</u>	<u>17,101,110</u>	<u>16,602,270</u>	<u>498,840</u>
Contingency	<u>450,000</u>	<u>929,777</u>	<u>601,552</u>	<u>328,225</u>
Transfer Out	<u>3,772,000</u>	<u>3,772,000</u>	<u>3,772,000</u>	<u>-</u>
Total	<u>\$ 227,350,000</u>	<u>\$ 228,499,079</u>	<u>\$ 221,918,108</u>	<u>\$ 6,580,971</u>

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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report specific revenue sources that are restricted or committed to expenditures for special purposes other than debt service or capital projects.

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

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

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

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

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

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

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

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

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

ARRA – to account for education and capital related programs that are funded by Federal ARRA Grants.

Neighborhood Stabilization Grants – to account for grants from the State Department of Economic and Community Development for housing related projects.

Capital Projects Funds

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

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

SECP - to account for proceeds from qualified energy conservation bond lease agreements for school building improvements.

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

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

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

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

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

Open Space Bond Fund - to account for the proceeds of specific general obligation bonds for various projects to preserve land in the City.

Special Litigation - to account for proceeds of specific general obligation bonds for a litigation settlement.

CRM – to account for the new Constituent Relationship Management (CRM) System Project.

SCHCAP – funds received from Board of Education to set up reserve to pay for the school equipment lease purchase and the school technology improvement.

Permanent Fund

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

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

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City of Danbury, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue			
	School Lunch Program	Community Development Block Grant	Metro North Lease	Library Board Library Fund
Assets				
Cash and Cash Equivalents	\$ 51,469	\$ 659,941	\$ -	\$ 232,186
Receivables:				
Accounts receivable, net	155,684	-	-	-
Federal and State government	571,484	-	-	-
Other	-	-	49	-
Inventories	71,145	-	-	-
Due from Other Funds	-	-	5,769	-
Total assets	\$ 849,782	\$ 659,941	\$ 5,818	\$ 232,186
Liabilities				
Accounts payable	\$ 694,491	\$ 92,614	\$ 5,818	\$ 120,798
Accrued wages	-	-	-	-
Bond anticipation notes payable	-	-	-	-
Deferred revenue	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	69,868	-	107,509
Total liabilities	694,491	162,482	5,818	228,307
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable	71,145	-	-	-
Restricted	84,146	497,459	-	3,879
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	155,291	497,459	-	3,879
Total liabilities, deferred inflows or resources and fund balances (deficits)	\$ 849,782	\$ 659,941	\$ 5,818	\$ 232,186

Special Revenue

Animal Control	School- Based Health Center Grant	LOCIP	Airport	State & Fed. School Projects	ARRA	Neighborhood Stabilization Projects
\$ 200,887	\$ 447,295	\$ 355,299	\$ 218,093	\$ 1,028,740	\$ 71,684	\$ 42,176
-	-	-	-	-	-	-
-	-	142,647	388,395	863,302	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	152	19,345	-	53,396	-
<u>\$ 200,887</u>	<u>\$ 447,295</u>	<u>\$ 498,098</u>	<u>\$ 625,833</u>	<u>\$ 1,892,042</u>	<u>\$ 125,080</u>	<u>\$ 42,176</u>
\$ 46,123	\$ 2,347	\$ 22,435	\$ 139,418	\$ 736,871	\$ -	\$ 42,093
8,088	-	-	-	96,409	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	353,262	-	-	1,058,762	-	-
3,877	102,597	475,713	850,000	-	125,080	83
<u>58,088</u>	<u>458,206</u>	<u>498,148</u>	<u>989,418</u>	<u>1,892,042</u>	<u>125,080</u>	<u>42,176</u>
-	-	142,647	391,742	-	-	-
-	-	142,647	391,742	-	-	-
-	-	-	-	-	-	-
-	36,924	-	378,607	-	-	-
142,799	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(47,835)	(142,697)	(1,133,934)	-	-	-
<u>142,799</u>	<u>(10,911)</u>	<u>(142,697)</u>	<u>(755,327)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 200,887</u>	<u>\$ 447,295</u>	<u>\$ 498,098</u>	<u>\$ 625,833</u>	<u>\$ 1,892,042</u>	<u>\$ 125,080</u>	<u>\$ 42,176</u>

(Continued)

City of Danbury, Connecticut

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2014

	Capital Projects			
	City Projects	SECP	Danbury Neighborhood Bond	Head Start
Assets				
Cash and Cash Equivalents	\$ 4,749,210	\$ 1,010,203	\$ 1,063,593	\$ 1,673,846
Receivables:				
Accounts receivable, net	-	-	-	-
Federal and State government	768,208	1,461,272	-	-
Other	-	-	-	-
Inventories	-	-	-	-
Due from Other Funds	-	-	-	-
Total assets	\$ 5,517,418	\$ 2,471,475	\$ 1,063,593	\$ 1,673,846
Liabilities				
Accounts payable	\$ 354,360	\$ -	\$ 44,227	\$ 99,886
Accrued wages	-	-	-	-
Bond anticipation notes payable	750,000	-	-	2,500,000
Deferred revenue	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	2,858,625	800,000	591,559	1,403,341
Total liabilities	3,962,985	800,000	635,786	4,003,227
Deferred Inflows of Resources				
Unavailable revenue	768,208	1,461,272	-	-
Total deferred inflows of resources	768,208	1,461,272	-	-
Fund Balances (Deficits)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	786,225	210,203	427,807	84,044
Assigned	-	-	-	-
Unassigned	-	-	-	(2,413,425)
Total fund balances (deficits)	786,225	210,203	427,807	(2,329,381)
Total liabilities, deferred inflows or resources and fund balances (deficits)	\$ 5,517,418	\$ 2,471,475	\$ 1,063,593	\$ 1,673,846

Capital Projects				Permanent Fund	
Public Safety Bond	Century 21 PI	Open Space	CRM	Farioly Library	Totals
\$ 1,003,447	\$ 4,475	\$ 1,635,085	\$ 2,692,932	\$ 1,646,342	\$ 18,786,903
-	-	-	-	-	155,684
75,530	971,274	-	-	-	5,242,112
-	-	-	-	-	49
-	-	-	-	-	71,145
-	-	-	-	-	78,662
<u>\$ 1,078,977</u>	<u>\$ 975,749</u>	<u>\$ 1,635,085</u>	<u>\$ 2,692,932</u>	<u>\$ 1,646,342</u>	<u>\$ 24,334,555</u>
\$ 151,487	\$ -	\$ 248,785	14,586	-	\$ 2,816,339
-	-	-	-	-	104,497
-	-	-	-	-	3,250,000
-	-	-	-	-	-
-	-	-	-	-	1,412,024
9,916	84,753	20,000	2,479,600	5,000	9,987,521
<u>161,403</u>	<u>84,753</u>	<u>268,785</u>	<u>2,494,186</u>	<u>5,000</u>	<u>17,570,381</u>
75,530	971,274	-	-	-	3,810,673
<u>75,530</u>	<u>971,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,810,673</u>
-	-	-	-	1,483,133	1,554,278
-	-	-	-	-	1,001,015
842,044	-	1,366,300	198,746	158,209	4,216,377
-	-	-	-	-	-
-	(80,278)	-	-	-	(3,818,169)
<u>842,044</u>	<u>(80,278)</u>	<u>1,366,300</u>	<u>198,746</u>	<u>1,641,342</u>	<u>2,953,501</u>
<u>\$ 1,078,977</u>	<u>\$ 975,749</u>	<u>\$ 1,635,085</u>	<u>\$ 2,692,932</u>	<u>\$ 1,646,342</u>	<u>\$ 24,334,555</u>

City of Danbury, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue			
	School Lunch Program	Community Development Block Grant	Metro North Lease	Library Board Library Fund
Revenues				
Federal and state governments	\$ 3,008,577	\$ 431,623	\$ -	\$ 10,560
Licenses and permits	1,826,610	-	-	-
Charges for services	-	-	28,095	59,358
Investment income	-	-	-	220
Contributions	-	-	-	173
Total revenues	4,835,187	431,623	28,095	70,311
Expenditures				
General government	-	213,815	23,400	-
Public safety	-	-	-	-
Public works	-	88,108	-	-
Culture and recreation	-	-	-	108,239
Health and welfare	-	143,519	-	-
Education	4,727,123	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	4,713	-
Total expenditures	4,727,123	445,442	28,113	108,239
Excess (deficiency) of revenues over (under) expenditures	108,064	(13,819)	(18)	(37,928)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Issuance of general obligation bonds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Total revenue and other financing sources (uses) over (under) expenditures	108,064	(13,819)	(18)	(37,928)
Fund Balances (Deficits), beginning	47,227	511,278	18	41,807
Fund Balances (Deficits), ending	\$ 155,291	\$ 497,459	\$ -	\$ 3,879

Special Revenue

Animal Control	School-Based Health Center Grant	LOCIP	Airport	State & Fed. School Projects	ARRA	Neighborhood Stabilization Projects
\$ -	\$ 497,828	\$ 372,704	\$ 83,824	\$ 23,492,106	\$ 80	\$ 372,506
13,558	-	-	-	-	-	-
1,570	13,482	-	-	-	-	-
39	-	-	-	-	-	-
-	-	-	-	-	-	-
15,167	511,310	372,704	83,824	23,492,106	80	372,506
-	-	-	-	-	-	372,506
249,954	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	522,221	-	-	-	-	-
-	-	-	-	23,500,891	-	-
-	-	-	-	-	-	-
16,437	-	353,938	552,430	-	80	-
266,391	522,221	353,938	552,430	23,500,891	80	372,506
(251,224)	(10,911)	18,766	(468,606)	(8,785)	-	-
272,000	-	-	-	-	-	-
-	-	-	-	-	-	-
272,000	-	-	-	-	-	-
20,776	(10,911)	18,766	(468,606)	(8,785)	-	-
122,023	-	(161,463)	(286,721)	8,785	-	-
\$ 142,799	\$ (10,911)	\$ (142,697)	\$ (755,327)	\$ -	\$ -	\$ -

(Continued)

City of Danbury, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -
 Nonmajor Governmental Funds (Continued)
 For the Year Ended June 30, 2014

	Capital Projects			
	City Projects	SECP	Danbury Neighborhood Bond	Head Start
Revenues				
Federal and state governments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Contributions	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Education	-	-	-	-
Interest	-	-	-	31,162
Capital outlay	4,414,334	506,042	171,853	149,459
Total expenditures	4,414,334	506,042	171,853	180,621
Excess (deficiency) of revenues over (under) expenditures	(4,414,334)	(506,042)	(171,853)	(180,621)
Other Financing Sources (Uses)				
Transfers in	3,500,000	-	-	-
Issuance of general obligation bonds	1,250,000	-	-	-
Total other financing sources (uses)	4,750,000	-	-	-
Total revenue and other financing sources (uses) over (under) expenditures	335,666	(506,042)	(171,853)	(180,621)
Fund Balances (Deficits), beginning	450,559	716,245	599,660	(2,148,760)
Fund Balances (Deficits), ending	\$ 786,225	\$ 210,203	\$ 427,807	\$ (2,329,381)

Capital Projects				Permanent Fund	
Public Safety Bond	Century 21 PI	Open Space	CRM	Farioly Library	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,269,808
-	-	-	-	-	1,840,168
-	-	19,080	-	-	121,585
-	-	-	-	5,171	5,430
-	-	-	-	-	173
-	-	19,080	-	5,171	30,237,164
-	-	-	-	-	609,721
-	-	-	-	-	249,954
-	-	-	-	-	88,108
-	-	-	-	20,366	128,605
-	-	-	-	-	665,740
-	-	-	-	-	28,228,014
-	-	-	-	-	31,162
610,685	-	1,018,161	376,846	-	8,174,978
610,685	-	1,018,161	376,846	20,366	38,176,282
(610,685)	-	(999,081)	(376,846)	(15,195)	(7,939,118)
-	-	-	-	-	3,772,000
-	-	-	-	-	1,250,000
-	-	-	-	-	5,022,000
(610,685)	-	(999,081)	(376,846)	(15,195)	(2,917,118)
1,452,729	(80,278)	2,365,381	575,592	1,656,537	5,870,619
\$ 842,044	\$ (80,278)	\$ 1,366,300	\$ 198,746	\$ 1,641,342	\$ 2,953,501

City of Danbury, Connecticut

Schedule of Revenues and Expenditures
 Budget and Actual - Animal Control Fund - Unaudited
 For the Year Ended June 30, 2014

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Town clerk fees	\$ 12,250	\$ 12,250	\$ 13,337	1,087
City contribution	266,352	266,352	266,352	-
Other revenue	2,175	2,175	1,973	(202)
Total revenues	280,777	280,777	281,662	885
Expenditures	280,777	280,777	268,551	12,226
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 13,111	\$ (13,111)

Internal Service Funds

Internal Service Funds

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

Workers' Compensation Fund – is used to account for the City's and Board of Education's workers' compensation claims.

Risk Management Fund – is used to account for the City's and Board of Education's self-insured dental and pharmaceutical claims and the City's general insurance.

Retired Employee Benefit Fund – is used to account for funds to be placed in a future OPEB trust fund.

City of Danbury, Connecticut

Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Workers' Compensation	Risk Management	Retired Employee Benefits	Total
Assets				
Current Assets				
Cash	\$ 247,899	\$ 837,461	\$ 1,200,000	\$ 2,285,360
Due from general fund	3,581,580	3,933,201	-	7,514,781
Total assets	3,829,479	4,770,662	1,200,000	9,800,141
Liabilities				
Accrued Claims and Judgments	3,829,479	4,729,972	1,200,000	9,759,451
Total liabilities	3,829,479	4,729,972	1,200,000	9,759,451
Net Position				
Unrestricted	\$ -	\$ 40,690	\$ -	\$ 40,690

City of Danbury, Connecticut

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 Internal Service Funds
 For the Year Ended June 30, 2014

	Workers' Compensation	Risk Management	Retired Employee Benefits	Total
Operating Revenues				
Charges for services	\$ 1,168,360	\$ 20,095,501	\$ -	\$ 21,263,861
Total operating revenues	1,168,360	20,095,501	-	21,263,861
Operating Expenses				
Claims	1,168,360	20,054,811	-	21,223,171
Total operating expenses	1,168,360	20,054,811	-	21,223,171
Change in net position	-	40,690	-	40,690
Fund Net Position, beginning	-	-	-	-
Fund Net Position, ending	\$ -	\$ 40,690	\$ -	\$ 40,690

City of Danbury, Connecticut

Combining Statement of Cash Flows
Internal Service Funds
June 30, 2014

	Workers' Compensation	Risk Management	Retired Employee Benefits	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 2,289,506	\$ 19,525,497	\$ 1,200,000	\$ 23,015,003
Payments to suppliers/claims paid	(2,041,607)	(18,688,036)		(20,729,643)
Net cash provided by operating activities	247,899	837,461	1,200,000	2,285,360
Net increase in cash and cash equivalents	247,899	837,461	1,200,000	2,285,360
Cash and Cash Equivalents, beginning	-	-	-	-
Cash and Cash Equivalents, ending	<u>\$ 247,899</u>	<u>\$ 837,461</u>	<u>\$ 1,200,000</u>	<u>\$ 2,285,360</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ -	\$ 40,690	\$ -	\$ 40,690
Adjustments to reconcile operating income to net cash provided by operating activities:				
Changes in assets and liabilities:				
(Increase) decrease in due from other funds	1,121,146	(2,770,004)	1,200,000	(448,858)
Increase (decrease) in accrued expenses and accounts payable	(873,247)	3,566,775	-	2,693,528
Net cash provided by operating activities	\$ 247,899	\$ 837,461	\$ 1,200,000	\$ 2,285,360

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

Pension Trusts, Private Purpose Trusts and Agency Funds

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

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

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

- ii. **Private Purpose Trust Fund** – No restrictions have been placed on this fund by the donors. The City's Private Purpose Trust Fund is the Phoebe M. Harrison Fund which is used to account for funds left in trust to the City for scholarships.
- iii. **Agency Funds** - Agency funds are custodial in nature (assets equal liabilities). The City's Agency Funds are listed below:

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

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

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

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

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

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

Sugar Hollow Fund - to account for funds received for Flood Plain permit application relating to engineering work.

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City of Danbury, Connecticut

Statement of Net Position - Pension Trust Funds
June 30, 2014

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
Assets				
Cash and Cash Equivalents	\$ 2,686,957	\$ 126,553	\$ 260,074	\$ 1,468,881
Investments, at Fair Value				
Common stock	11,901,902	343,714	341,184	5,230,119
Debt securities	3,213,693	92,808	92,125	1,412,211
Mutual funds	50,523,998	1,459,080	1,448,338	22,202,041
Private hedge fund	38,883,856	1,122,925	1,114,658	17,086,948
Total investments	104,523,449	3,018,527	2,996,305	45,931,319
Accrued Interest and Dividends	78,729	2,276	2,260	34,602
Pending Sales	27,221	786	780	11,962
Total assets	107,316,356	3,148,142	3,259,419	47,446,764
Liabilities				
Accrued expenses and management fees	156,416	5,358	5,332	64,734
Pending Purchases	253,111	7,310	7,256	111,226
Total liabilities	409,527	12,668	12,588	175,960
Net Position - Restricted for Pension Benefits and Other Purposes				
	\$ 106,906,829	\$ 3,135,474	\$ 3,246,831	\$ 47,270,804

Post-1967 Fire	Post-1983 Police	Post-2011 Fire	Total
\$ 2,134,448	\$ 1,283,697	\$ 35,837	\$ 7,996,447
7,588,348	2,889,404	-	28,294,671
2,048,969	780,183	-	7,639,989
32,212,808	12,265,623	-	120,111,888
24,791,351	9,439,766	-	92,439,504
66,641,476	25,374,976	-	248,486,052
50,195	19,115	3	187,180
17,355	6,608	-	64,712
68,843,474	26,684,396	35,840	256,734,391
94,094	40,767	-	366,701
161,377	61,447	-	601,727
255,471	102,214	-	968,428
\$ 68,588,003	\$ 26,582,182	\$ 35,840	\$ 255,765,963

City of Danbury, Connecticut

Statement of Net Position - Private Purpose Trust Fund
June 30, 2014

	Phoebe M. Harrison
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 1,369
Total assets	<u>1,369</u>
Net Position Held in Trust	<u>\$ 1,369</u>

City of Danbury, Connecticut

Statement of Net Position - Agency Funds
June 30, 2014

	Street Openings	School Activities	Danbury High School Scholarship	Downtown Special Services District	Security Lease Account	Danbury Permits	Mad Hacker	Sandy	Quadracenni	Deferred Comp.	Total
Assets											
Cash and cash equivalents	\$ 760,700	\$ 718,029	\$ 716,879	\$ 54,205	\$ 19,217	\$ 1,367,935	\$ 4,752	\$19,750	\$ 1,807	\$ 78,751	\$ 3,742,025
Total assets	760,700	718,029	716,879	54,205	19,217	1,367,935	4,752	19,750	1,807	78,751	3,742,025
Liabilities											
Due to General Fund	5,044	-	-	-	-	32,516	-	-	-	-	37,560
Other Liabilities	755,656	718,029	716,879	54,205	19,217	1,335,419	4,752	19,750	1,807	78,751	3,704,465
Total liabilities	760,700	718,029	716,879	54,205	19,217	1,367,935	4,752	19,750	1,807	78,751	3,742,025
Net Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Danbury, Connecticut

Statement of Changes in Net Position - Pension Trust Funds
For the Year Ended June 30, 2014

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
Additions				
Contributions				
Employer	\$ 3,665,000	\$ 805,000	\$ 497,000	\$ 799,000
Plan members	120,469	-	-	12,953
Total contributions	3,785,469	805,000	497,000	811,953
Investment Income				
Net depreciation in fair value of investments	12,495,621	341,257	371,082	5,543,638
Interest and dividends	2,218,113	62,826	68,235	985,212
	14,713,734	404,083	439,317	6,528,850
Less investment expenses:				
Investment management fees	384,457	20,498	18,142	166,367
Net investment income	14,329,277	383,585	421,175	6,362,483
Deductions				
Benefits	10,813,036	1,336,484	900,366	3,972,610
Change in net position	7,301,710	(147,899)	17,809	3,201,826
Net Position -Restricted for Pension				
Benefits				
Beginning of year	99,605,119	3,283,373	3,229,022	44,068,978
End of year	\$ 106,906,829	\$ 3,135,474	\$ 3,246,831	\$ 47,270,804

Post-1967 Fire	Post-1983 Police	Post-2011 Fire	Total
\$ 1,975,315	\$ 2,081,655	\$ -	\$ 9,822,970
470,868	434,604	35,835	1,074,729
2,446,183	2,516,259	35,835	10,897,699
7,824,757	2,686,784	2	29,263,141
1,387,502	463,856	3	5,185,747
9,212,259	3,150,640	5	34,448,888
220,052	82,002	-	891,518
8,992,207	3,068,638	5	33,557,370
4,021,371	715,125	-	21,758,992
7,417,019	4,869,772	35,840	22,696,077
61,170,984	21,712,410	-	233,069,886
\$ 68,588,003	\$ 26,582,182	\$ 35,840	\$ 255,765,963

City of Danbury, Connecticut

Statement of Changes in Net Position - Private Purpose Trust Fund
For the Year Ended June 30, 2014

Phoebe M.
Harrison

Deductions	
Scholarships:	
Education	\$ 97
Net investment income	<u>97</u>
Change in net position	97
Net Position Held in Trust	
Beginning of year	<u>1,466</u>
End of year	<u><u>\$ 1,369</u></u>

City of Danbury, Connecticut

Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Street Openings				
Assets				
Cash	\$ 648,863	\$ 263,151	\$ 151,314	\$ 760,700
Liabilities				
Amounts held for others	\$ 648,863	\$ 263,151	\$ 151,314	\$ 760,700
School Activities				
Assets				
Cash	\$ 677,123	\$ 1,599,495	\$ 1,558,589	\$ 718,029
Liabilities				
Amounts held for others	\$ 677,123	\$ 1,599,495	\$ 1,558,589	\$ 718,029
Danbury High School Scholarship				
Assets				
Cash	\$ 680,329	\$ 75,614	\$ 39,064	\$ 716,879
Liabilities				
Amounts held for others	\$ 680,329	\$ 75,614	\$ 39,064	\$ 716,879
Downtown Special Services				
Assets				
Cash	\$ 49,683	\$ 762,097	\$ 757,575	\$ 54,205
Liabilities				
Amounts held for others	\$ 49,683	\$ 762,097	\$ 757,575	\$ 54,205
Security Lease Account				
Assets				
Cash	\$ 16,785	\$ 28,132	\$ 25,700	\$ 19,217
Liabilities				
Amounts held for others	\$ 16,785	\$ 28,132	\$ 25,700	\$ 19,217

City of Danbury

Statement of Changes in Assets and Liabilities (Continued)
 Agency Funds
 For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Danbury Permits				
Assets				
Cash	\$ 1,323,866	\$ 260,514	\$ 216,445	\$ 1,367,935
Liabilities				
Amounts held for others	\$ 1,323,866	\$ 260,514	\$ 216,445	\$ 1,367,935
Mad Hacker				
Assets				
Cash	\$ 6,700	\$ 36,285	\$ 38,233	\$ 4,752
Liabilities				
Amounts held for others	\$ 6,700	\$ 36,285	\$ 38,233	\$ 4,752
Sandy				
Assets				
Cash	\$ 19,750	\$ -	\$ -	\$ 19,750
Liabilities				
Amounts held for others	\$ 19,750	\$ -	\$ -	\$ 19,750
Quadracennial				
Assets				
Cash	\$ -	\$ 1,807	\$ -	\$ 1,807
Liabilities				
Amounts held for others	\$ -	\$ 1,807	\$ -	\$ 1,807
Deferred Comp				
Assets				
Cash	\$ 35,507	\$ 43,244	\$ -	\$ 78,751
Liabilities				
Amounts held for others	\$ 35,507	\$ 43,244	\$ -	\$ 78,751
Total Agency Funds				
Assets				
Cash	\$ 3,458,606	\$ 3,068,532	\$ 2,786,920	\$ 3,742,025
Liabilities				
Amounts held for others	\$ 3,458,606	\$ 3,068,532	\$ 2,786,920	\$ 3,742,025

**Capital Assets Used in the Operation
of Governmental Funds**

City of Danbury, Connecticut

Capital Assets Used in the Operation of Governmental Funds -
Schedule by Category
June 30, 2014

Governmental Funds Capital Assets	
Land	\$ 53,058,647
Easements	918,950
Land improvements	14,535,291
Buildings and improvements	244,301,239
Machinery and equipment	51,447,234
Infrastructure	142,609,638
Construction in progress	35,659,690
Total governmental funds capital assets	<u>\$ 542,530,689</u>

City of Danbury, Connecticut

Capital Assets Used in the Operation of Governmental Funds -
 Schedule by Function and Activity
 June 30, 2014

	Land	Easements	Land Improvements	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 12,933,600	\$ -	\$ -	\$ 25,089,995	\$ 9,379,859	\$ -	\$ 1,316,659	\$ 48,720,113
Public Safety	7,457,129	-	36,300	40,905,019	16,872,516	3,977,774	892,709	70,141,447
Public Works	19,700	-	72,283	2,442,687	9,267,643	137,591,458	3,354,496	152,748,267
Health & Welfare	821,100	-	-	3,939,241	200,330	-	-	4,960,671
Education	5,431,900	-	6,435,337	156,068,401	12,808,173	42,970	29,898,180	210,684,961
Culture and Recreation	26,395,218	918,950	7,991,371	15,855,896	2,314,834	997,436	197,646	54,671,351
Total	\$ 53,058,647	\$ 918,950	\$ 14,535,291	\$ 244,301,239	\$ 50,843,355	\$ 142,609,638	\$ 35,659,690	\$ 541,926,810

City of Danbury, Connecticut

**Capital Assets Used in the Operation of Governmental Funds -
Schedule of Changes by Function and Activity
For the Year Ended June 30, 2014**

	Governmental Funds Capital Assets				Governmental Funds Capital Assets
	July 1, 2013	Additions	Deletions	Transfers	June 30, 2014
General Government	\$ 47,829,385	\$ 927,699	\$ -	\$ (36,971)	\$ 48,720,113
Public Safety	67,673,489	4,845,506	(33,000)	(2,344,548)	70,141,447
Public Works	149,761,229	3,121,537	(82,000)	(52,499)	152,748,267
Health and Welfare	4,960,671	-	-	-	4,960,671
Education	181,088,995	47,532,076	-	(17,936,110)	210,684,961
Culture and Recreation	53,520,271	2,913,470	-	(1,762,390)	54,671,351
Total	\$ 504,834,040	\$ 59,340,288	\$ (115,000)	\$ (22,132,518)	\$ 541,926,810

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Other Schedules

City of Danbury, Connecticut

Balance Sheet - By Account - General Fund
June 30, 2014

	General	Continuing Education	Combined
Assets			
Cash and Cash Equivalents	\$ 19,402,547	\$ 938,392	\$ 20,340,939
Investments	3,184,515	-	3,184,515
Receivables (net of allowances for collection losses):			
Property taxes	8,178,528	-	8,178,528
State and federal governments	2,650,000	-	2,650,000
Accounts receivable	4,334,572	-	4,334,572
Other Assets	42,062	-	42,062
Due from Other Funds	13,903,518	-	13,903,518
Total assets	\$ 51,695,742	\$ 938,392	\$ 52,634,134
Liabilities			
Accounts Payable	\$ 6,726,186	\$ -	\$ 6,726,186
Accrued Wages	1,832,276	-	1,832,276
Due to Other Funds	8,174,360	-	8,174,360
Unearned Revenue	136,530	-	136,530
Total liabilities	16,869,352	-	16,869,352
Deferred inflows of resources			
Unavailable revenue	6,910,460	-	6,910,460
Total deferred inflows of resources	6,910,460	-	6,910,460
Fund Balances			
Nonspendable	42,062	-	42,062
Committed	295,320	-	295,320
Assigned	3,716,199	938,392	4,654,591
Unassigned	23,862,349	-	23,862,349
Total fund balances	27,915,930	938,392	28,854,322
Total liabilities, deferred inflows of resources and fund balances	\$ 51,695,742	\$ 938,392	\$ 52,634,134

City of Danbury

Schedule of Revenues, Expenditures and Changes in Fund Balance - By Account - General Fund
June 30, 2014

	General	Continuing Education	Combined
Revenues			
Property taxes	\$ 181,696,534	\$ -	\$ 181,696,534
State and federal governments	46,161,761	-	46,161,761
Licenses and permits	4,262,540	-	4,262,540
Charges for services	5,682,858	1,707,934	7,390,792
Fines and penalties	1,231,133	-	1,231,133
Investment income	192,513	-	192,513
Total revenues	239,227,339	1,707,934	240,935,273
Expenditures			
Current:			
General government	9,570,570	-	9,570,570
Public safety	32,041,952	-	32,041,952
Public works	9,127,320	-	9,127,320
Health and welfare	2,134,091	-	2,134,091
Culture and recreation	2,405,356	-	2,405,356
Education	133,688,193	2,193,905	135,882,098
Pension and other employee benefits	28,941,783	-	28,941,783
Debt Service:			
Principal retirements	11,191,096	-	11,191,096
Interest and other charges	5,507,802	-	5,507,802
Capital Outlay	2,761,552	-	2,761,552
Total expenditures	237,369,715	2,193,905	239,563,620
Revenues over (under) expenditures	1,857,624	(485,971)	1,371,653
Other Financing Sources (Uses)			
Issuance of capital leases	2,160,000	-	2,160,000
Transfers out	(3,772,000)	-	(3,772,000)
Issuance of refunding bonds	6,617,000	-	6,617,000
Payment to escrow agent	(7,278,085)	-	(7,278,085)
Premium on bonds	1,291,152	-	1,291,152
Total other financing sources (uses)	(981,933)	-	(981,933)
Net change in fund balances	875,691	(485,971)	389,720
Fund Balances, beginning	27,040,239	1,424,363	28,464,602
Fund Balances, ending	\$ 27,915,930	\$ 938,392	\$ 28,854,322

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City of Danbury, Connecticut

Schedule of Property Taxes Levied, Collected and Outstanding
 General Fund
 For the Year Ended June 30, 2014

Grand List Year	Taxes Receivable July 1, 2013	Current Levy	Lawful Corrections	Transfers to Suspense	Balance to be Collected
2012	\$ -	\$ 183,121,317	\$ (647,552)	\$ -	\$ 182,473,765
2011	2,568,724	-	(47,022)	-	2,521,702
2010	648,611	-	125,494	-	774,105
2009	556,384	-	(7,910)	-	548,474
2008	562,271	-	(7,219)	-	555,052
2007	520,417	-	(2,840)	-	517,577
2006	437,800	-	(1,490)	-	436,310
2005	426,091	-	(1,390)	-	424,701
2004	480,729	-	14	(401,065)	79,678
2003	72,646	-	(551)	-	72,095
2002	73,094	-	(132)	-	72,962
2001	61,495	-	-	-	61,495
2000	66,321	-	-	-	66,321
1999	61,097	-	-	-	61,097
1998	36,372	-	-	-	36,372
	6,572,052	183,121,317	(590,598)	(401,065)	188,701,706
Less allowance:	(1,500,000)	-	-	-	(1,500,000)
	<u>\$ 5,072,052</u>	<u>\$ 183,121,317</u>	<u>\$ (590,598)</u>	<u>\$ (401,065)</u>	<u>\$ 187,201,706</u>

Taxes	Interest	Lien Fees	Total	Taxes Receivable June 30, 2014
\$ 179,435,370	\$ 695,586	\$ 7,784	\$ 180,138,740	\$ 3,038,395
1,342,254	270,980	10,012	1,623,246	1,179,448
129,177	58,991	504	188,672	644,928
31,491	20,562	241	52,294	516,983
24,923	21,713	139	46,775	530,129
28,213	23,678	195	52,086	489,364
10,146	13,486	96	23,728	426,164
8,585	12,921	48	21,554	416,116
9,958	17,332	48	27,338	69,720
490	11,963	84	12,537	71,605
316	9,572	48	9,936	72,646
358	8,111	48	8,517	61,137
1,643	12,420	72	14,135	64,678
949	9,169	72	10,190	60,148
598	8,139	48	8,785	35,774
181,024,471	1,194,623	19,439	182,238,533	7,677,235
			-	(1,500,000)
<u>\$ 181,024,471</u>	<u>\$ 1,194,623</u>	<u>\$ 19,439</u>	<u>\$ 182,238,533</u>	<u>\$ 6,177,235</u>

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Statistical Section

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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City of Danbury, Connecticut

Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year (\$ in 000's)			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 115,002	\$ 136,424	\$ 140,826	\$ 140,361
Restricted	1,519	1,394	1,399	1,394
Unrestricted (deficits)	17,675	15,317	21,605	13,679
Total governmental activities net position	\$ 134,196	\$ 153,135	\$ 163,830	\$ 155,434
Business-type activities:				
Net investment in capital assets	\$ 100,416	\$ 101,952	\$ 101,853	\$ 110,836
Unrestricted (deficits)	(123)	7,619	15,525	14,693
Total business-type activities net position	\$ 100,293	\$ 109,571	\$ 117,378	\$ 125,529
Primary government:				
Net investment in capital assets	\$ 215,418	\$ 238,376	\$ 242,679	\$ 251,197
Restricted	1,519	1,394	1,399	1,394
Unrestricted	17,552	22,936	37,130	28,372
Total primary government net position	\$ 234,489	\$ 262,706	\$ 281,208	\$ 280,963

Source: City CAFR.

Fiscal Year (\$ in 000's)						
2009	2010	2011	2012	2013	2014	
\$ 139,376	\$ 144,512	\$ 145,411	\$ 147,295	\$ 151,177	\$ 164,322	
1,514	1,531	1,346	791	-	879	
11,197	406	(2,641)	(5,363)	(12,681)	(23,319)	
<u>\$ 152,087</u>	<u>\$ 146,449</u>	<u>\$ 144,116</u>	<u>\$ 142,723</u>	<u>\$ 138,496</u>	<u>\$ 141,882</u>	
\$ 115,046	\$ 116,105	\$ 121,771	\$ 123,938	\$ 125,724	\$ 125,106	
13,239	16,469	17,880	19,171	23,095	27,042	
<u>\$ 128,285</u>	<u>\$ 132,574</u>	<u>\$ 139,651</u>	<u>\$ 143,109</u>	<u>\$ 148,819</u>	<u>\$ 152,148</u>	
\$ 254,422	\$ 260,617	\$ 267,182	\$ 271,233	\$ 276,901	\$ 289,428	
1,514	1,531	1,346	791	-	879	
24,436	16,875	15,239	13,808	10,414	3,723	
<u>\$ 280,372</u>	<u>\$ 279,023</u>	<u>\$ 283,767</u>	<u>\$ 285,832</u>	<u>\$ 287,315</u>	<u>\$ 294,030</u>	

City of Danbury, Connecticut

Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses:					
Governmental activities:					
General Government	\$ 12,498,553	\$ 12,816,880	\$ 12,302,755	\$ 13,961,569	\$ 18,306,617
Public Safety	37,382,960	39,411,913	41,643,491	48,028,046	44,778,282
Public Works	11,246,585	12,292,573	14,733,747	21,667,733	15,983,893
Health and welfare	5,734,941	6,143,955	4,431,065	6,179,952	5,058,556
Culture and Recreation	4,516,159	4,425,455	4,924,517	5,490,443	5,090,569
Education	114,075,223	123,823,970	122,426,721	139,538,575	150,405,010
Other	1,632,640	1,004,811	39,999	-	-
Interest on long-term debt	3,696,603	3,100,300	3,086,056	5,117,557	4,493,919
Total governmental activities expenses	190,783,664	203,019,857	203,588,351	239,983,875	244,116,846
Business-type activities:					
Sewer	8,475,896	8,408,066	8,651,216	9,792,295	10,133,342
Water	5,542,891	5,832,384	6,424,495	7,158,381	6,936,874
Ambulance	-	-	-	-	-
Total business-type activities expenses	14,018,787	14,240,450	15,075,711	16,950,676	17,070,216
Total primary government expenses	204,802,451	217,260,307	218,664,062	256,934,551	261,187,062
Program revenue:					
Governmental activities:					
Charges for services:					
General Government	8,679,296	10,069,734	9,237,329	8,119,461	5,921,367
Public safety	146,526	403,675	358,545	387,935	4,098,282
Public works	-	-	-	56,745	6,500
Health and welfare	3,610,813	3,619,202	2,295,664	2,355,045	21,088
Culture and Recreation	-	-	-	-	-
Education	5,281,664	8,950,343	9,250,052	3,009,421	4,007,877
Other	148,575	148,575	148,575	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions:					
General Government	1,439,858	747,267	1,040,448	1,900,287	2,848,423
Public safety	243,419	492,472	240,056	589,436	527,560
Public works	398,753	4,884,441	3,428,076	4,209,442	5,736,165
Health and welfare	894,121	671,172	710,770	2,729,216	2,498,581
Culture and Recreation	280,916	388,621	384,633	225,828	320,543
Education	38,480,093	33,844,639	36,347,683	55,236,978	50,652,171
Capital grants and contributions:					
General government	528,074	333,950	404,946	450,010	1,100,972
Public safety	-	-	-	-	-
Public works	1,124,567	-	-	117,199	13,952
Health and welfare	4,440,124	404,713	-	-	-
Culture and recreation	-	-	397,674	-	557
Education	-	17,632,102	2,765,187	1,039,640	143,125
Total governmental activities program revenue	65,696,799	82,590,906	67,009,638	80,426,643	77,897,163

Source: City CAFR.

	Fiscal Year				
	2005	2006	2007	2008	2009
Business-type activities:					
Charges for services:					
Sewer	10,209,355	10,489,592	11,865,132	9,888,001	10,493,329
Water	6,724,942	9,409,315	8,235,807	8,344,079	8,104,719
Ambulance	-	-	-	-	-
Operating grants and contributions:					
Sewer	-	-	-	-	-
Water	-	-	-	-	-
Ambulance	-	-	-	-	-
Capital grants and contributions:					
Sewer	910,945	1,565,618	408,090	1,466,330	296,344
Water	1,768,890	1,336,408	1,676,546	4,689,422	338,795
Ambulance	-	-	-	-	-
Total business-type activities program revenues	19,614,132	22,800,933	22,185,575	24,387,832	19,233,187
Total primary government program revenues	85,310,931	105,391,839	89,195,213	104,814,475	97,130,350
Net (expense) revenue:					
Governmental activities	(125,086,865)	(120,428,951)	(136,578,713)	(159,557,232)	(166,219,683)
Business-type activities	5,595,345	8,560,483	7,109,864	7,437,156	2,162,971
Total primary government net expense	(119,491,520)	(111,868,468)	(129,468,849)	(152,120,076)	(164,056,712)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	127,888,936	129,588,158	136,344,851	140,195,658	153,095,763
Grants and contributions not restricted to specific programs	16,494,459	7,496,197	7,541,729	7,205,184	8,498,315
Investment earnings	1,335,962	2,283,695	3,387,158	3,760,101	1,963,063
Transfers and special items	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Total governmental activities	145,719,357	139,368,050	147,273,738	151,160,943	163,557,141
Business-type activities:					
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	494,876	716,765	697,346	714,594	592,627
Transfers and special items	-	-	-	-	-
Total business-type activities	494,876	716,765	697,346	714,594	592,627
Total primary government	146,214,233	140,084,815	147,971,084	151,875,537	164,149,768
Changes in net position:					
Governmental activities	20,632,492	18,939,099	10,695,025	(8,396,289)	(2,662,542)
Business-type activities	6,090,221	9,277,248	7,807,210	8,151,750	2,755,598
Total primary government	\$ 26,722,713	\$ 28,216,347	\$ 18,502,235	\$ (244,539)	\$ 93,056

(Continued)

City of Danbury, Connecticut

Changes In Net Position, Continued
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses:					
Governmental activities:					
General Government	\$ 16,731,874	\$ 15,560,719	\$ 17,961,072	\$ 18,139,632	\$ 20,890,212
Public Safety	50,989,593	51,277,982	51,989,164	54,529,288	50,075,696
Public Works	15,466,697	12,542,786	18,237,392	17,048,668	20,223,960
Health and welfare	6,134,629	6,673,789	6,085,420	4,676,427	4,551,279
Culture and Recreation	4,543,054	5,265,959	4,559,420	4,432,671	4,952,292
Education	148,223,024	152,260,059	157,904,768	163,206,387	172,350,552
Other	-	-	-	-	-
Interest on long-term debt	4,981,825	4,034,874	5,068,939	3,467,604	3,194,296
Total governmental activities expenses	247,070,696	247,616,168	261,806,175	265,500,677	276,238,287
Business-type activities:					
Sewer	9,804,007	10,217,270	9,576,983	10,203,487	11,339,431
Water	7,256,572	7,227,801	7,547,425	7,683,056	7,743,465
Ambulance	-	2,160,183	2,405,558	2,630,147	2,788,996
Total business-type activities expenses	17,060,579	19,605,254	19,529,966	20,516,690	21,871,892
Total primary government expenses	264,131,275	267,221,422	281,336,141	286,017,367	298,110,179
Program revenue:					
Governmental activities:					
Charges for services:					
General Government	6,924,945	6,305,828	6,758,805	3,212,332	4,277,479
Public safety	4,984,991	2,155,953	1,662,355	5,845,209	5,854,283
Public works	35,493	-	335,333	232,650	245,866
Health and welfare	177,406	306,655	262,310	369,609	329,923
Culture and Recreation	535,290	587,821	244,814	243,015	266,013
Education	2,994,188	3,203,327	3,109,961	3,152,724	3,658,741
Other	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions:					
General Government	26,357	337,432	344,075	200,996	372,506
Public safety	51,506	24,417	40,829	-	-
Public works	4,229,397	2,000,690	814,078	584,941	2,330,055
Health and welfare	2,276,254	2,218,365	2,870,990	574,275	497,828
Culture and Recreation	10,315	25,880	77,574	16,419	10,733
Education	52,317,234	57,893,469	59,948,916	61,366,508	65,224,766
Capital grants and contributions:					
General government	1,280,153	298,393	-	7,494	-
Public safety	1,230,962	119,968	37,018	-	-
Public works	1,070,163	204,477	6,540,027	2,783,166	5,852,338
Health and welfare	595,157	659,717	884,114	483,821	431,623
Culture and recreation	-	-	-	-	-
Education	4,451	-	218,407	-	-
Total governmental activities program revenue	78,744,262	76,342,392	84,149,606	79,073,159	89,352,154

Source: City CAFR.

	Fiscal Year				
	2010	2011	2012	2013	2014
Business-type activities:					
Charges for services:					
Sewer	12,113,299	11,352,842	11,692,618	12,782,273	12,327,807
Water	7,757,354	8,842,620	7,795,700	9,200,182	8,964,537
Ambulance	-	2,839,726	2,761,382	3,249,288	2,893,050
Operating grants and contributions:					
Sewer	-	-	-	-	-
Water	-	-	-	-	-
Ambulance	-	-	-	-	-
Capital grants and contributions:					
Sewer	476,174	359,239	238,600	583,422	436,676
Water	403,578	826,885	246,230	748,560	546,299
Ambulance	-	-	-	-	-
Total business-type activities program revenues	20,750,405	24,221,312	22,734,530	26,563,725	25,168,369
Total primary government program revenues	99,494,667	100,563,704	106,884,136	105,636,884	114,520,523
Net (expense) revenue:					
Governmental activities	(168,326,434)	(171,273,776)	(177,656,569)	(186,427,518)	(186,886,133)
Business-type activities	3,689,826	4,616,058	3,204,564	6,047,035	3,296,477
Total primary government net expense	(164,636,608)	(166,657,718)	(174,452,005)	(180,380,483)	(183,589,656)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	154,691,223	162,128,659	168,129,234	176,148,559	183,283,690
Grants and contributions not restricted to specific programs	7,597,755	7,425,633	7,477,670	6,860,076	5,512,836
Investment earnings	399,378	199,345	410,250	105,309	197,943
Transfers and special items	-	(1,964,339)	245,814	364,665	-
Gain (loss) on disposal of capital assets	-	1,151,408	-	-	-
Total governmental activities	162,688,356	168,940,706	176,262,968	183,478,609	188,994,469
Business-type activities:					
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	598,687	496,851	500,123	17,547	13,317
Transfers and special items	-	1,964,339	(245,814)	(364,665)	18,983
Total business-type activities	598,687	2,461,190	254,309	(347,118)	32,300
Total primary government	163,287,043	171,401,896	176,517,277	183,131,491	189,026,769
Changes in net position:					
Governmental activities	(5,638,078)	(2,333,070)	(1,393,601)	(2,948,909)	2,108,336
Business-type activities	4,288,513	7,077,248	3,458,873	5,699,917	3,328,777
Total primary government	\$ (1,349,565)	\$ 4,744,178	\$ 2,065,272	\$ 2,751,008	\$ 5,437,113

City of Danbury, Connecticut

Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Function / Program	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental Activities:					
General Government	\$ 10,647,228	\$ 11,150,951	\$ 10,682,723	\$ 10,469,758	\$ 11,211,707
Public safety	389,945	896,147	598,601	977,371	806,897
Public works	1,523,320	4,884,441	3,428,076	4,383,386	5,756,617
Health and welfare	4,504,934	4,290,374	3,006,434	5,084,261	4,997,669
Culture and Recreation	4,721,040	793,334	782,307	225,828	321,100
Education	43,761,757	60,427,084	48,362,922	59,286,039	54,803,173
Other	148,575	148,575	148,575	-	-
Total governmental activities	65,696,799	82,590,906	67,009,638	80,426,643	77,897,163
Business-type activities:					
Water	8,493,832	10,745,723	9,912,353	13,033,501	8,443,514
Sewer	11,120,300	12,055,210	12,273,222	11,354,331	10,789,673
Ambulance	-	-	-	-	-
Total business-type activities	19,614,132	22,800,933	22,185,575	24,387,832	19,233,187
Total government	\$ 85,310,931	\$ 105,391,839	\$ 89,195,213	\$ 104,814,475	\$ 97,130,350

Source: City CAFR.

					Fiscal Year				
2010		2011		2012		2013		2014	
\$	8,231,455	\$	6,941,653	\$	7,102,880	\$	3,420,822	\$	4,649,985
	6,267,459		2,300,338		1,740,202		5,845,209		5,854,283
	5,335,053		2,205,167		7,689,438		3,600,757		8,428,259
	3,048,817		3,184,737		4,017,414		1,427,705		1,259,374
	545,605		613,701		322,388		259,434		276,746
	55,315,873		61,096,796		63,277,284		64,519,232		68,883,507
	-		-		-		-		-
	78,744,262		76,342,392		84,149,606		79,073,159		89,352,154
	8,160,932		9,669,505		8,041,930		9,948,742		9,510,836
	12,589,473		11,712,081		11,931,218		13,365,695		12,764,483
	-		2,839,726		2,761,382		3,249,288		2,893,050
	20,750,405		24,221,312		22,734,530		26,563,725		25,168,369
\$	99,494,667	\$	100,563,704	\$	106,884,136	\$	105,636,884	\$	114,520,523

City of Danbury, Connecticut

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

	Fiscal Year			
	2005	2006	2007	2008
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved/designated	4,697,289	4,548,297	6,915,844	5,205,086
Unreserved/undesignated	15,228,923	19,759,075	21,403,829	21,776,017
Total General Fund	\$ 19,926,212	\$ 24,307,372	\$ 28,319,673	\$ 26,981,103
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	3,041,123	17,235,283	50,395,006	26,264,651
Unreserved, reported in:				
Special revenue funds	2,229,784	1,174,142	2,981,388	(1,530,426)
Capital projects funds	(3,958,989)	(19,904,624)	(46,859,686)	(32,563,480)
Permanent fund	41,834	210,205	286,374	350,742
Total all other government funds	\$ 1,353,752	\$ (1,284,994)	\$ 6,803,082	\$ (7,478,513)

Note: GASB 54 was implemented in fiscal year 2011.

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ -	\$ -	\$ 77,934	\$ 597,231	\$ 564,758	\$ 42,062	
-	-	-	-	-	-	
-	-	515,990	709,030	909,216	295,320	
-	-	6,136,974	4,845,847	4,833,247	4,654,591	
-	-	21,462,697	22,140,748	22,157,381	23,862,349	
5,390,780	4,153,536	-	-	-	-	
20,919,615	21,250,848	-	-	-	-	
\$ 26,310,395	\$ 25,404,384	\$ 28,193,595	\$ 28,292,856	\$ 28,464,602	\$ 28,854,322	
\$ -	\$ -	\$ 1,546,569	\$ 1,545,104	\$ 1,733,074	\$ 1,554,278	
-	-	1,346,288	790,706	1,277,469	1,001,015	
-	-	13,750,780	13,395,650	15,985,993	4,412,521	
-	-	90,380	108,912	122,023	-	
-	-	(5,695,230)	(9,626,807)	(17,931,769)	(4,055,768)	
9,520,697	6,669,414	-	-	-	-	
(458,213)	(190,068)	-	-	-	-	
(28,388,175)	(10,391,909)	-	-	-	-	
253,618	159,187	-	-	-	-	
\$ (19,072,073)	\$ (3,753,376)	\$ 11,038,787	\$ 6,213,565	\$ 1,186,790	\$ 2,912,046	

City of Danbury, Connecticut

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

	Fiscal Year			
	2005	2006	2007	2008
Revenues:				
Property taxes, interest and liens, net	\$ 128,472,290	\$ 128,855,805	\$ 133,943,860	\$ 139,210,955
Intergovernmental	54,169,459	69,473,699	60,140,780	70,240,583
Licenses and permits	5,409,824	6,119,885	4,921,896	3,908,131
Charges for services	8,406,607	9,130,663	9,236,606	11,850,608
Fines and penalties	984,552	1,222,113	1,330,121	1,325,037
Interest and dividends	1,368,920	2,357,383	3,483,454	3,838,758
Contributions	497,721	752,385	514,844	842,558
Installment sale proceeds	2,625,000	2,625,000	2,625,000	-
Total revenues	201,934,373	220,536,933	216,196,561	231,216,630
Expenditures:				
General Government	8,796,865	8,772,110	9,248,019	10,824,635
Public safety	23,268,264	26,673,001	27,493,478	30,778,325
Public works	7,698,331	8,139,775	8,383,455	12,704,006
Health and welfare	6,325,270	5,928,717	4,153,905	6,214,422
Culture and Recreation	3,903,134	3,160,072	3,206,707	3,296,714
Education	114,626,317	121,160,848	126,004,516	137,525,529
Pension and Other Employee Benefits	19,073,801	18,596,490	16,970,377	19,662,590
General and administrative	-	-	-	-
Capital outlay	15,122,696	34,966,659	27,775,383	42,901,902
Other	896,108	-	-	-
Debt service:				
Principal	6,322,511	5,600,612	5,767,350	6,599,850
Interest and other charges	2,877,558	2,668,668	3,136,734	3,855,922
Total expenditures	208,910,855	235,666,952	232,139,924	274,363,895
Excess of revenues (under) expenditures	(6,976,482)	(15,130,019)	(15,943,363)	(43,147,265)
Other Financing Sources (Uses)				
Transfers in	682,468	713,880	2,237,551	721,184
Transfers out	(682,468)	(713,880)	(2,237,551)	(721,184)
Issuance of long-term debt	3,615,000	15,888,000	18,302,000	-
Issuance of bond anticipation notes	10,202,000	10,202,000	24,357,500	17,026,950
Issuance of refunding bond	-	-	-	-
Repayment of bond anticipation notes	(3,615,000)	(10,202,000)	(15,650,000)	(18,302,000)
Proceeds of refunding bonds	-	-	-	23,480,000
Payment to refunded bond escrow agent	-	-	-	-
Premium (discount) on long-term debt	-	745,035	313,112	288,200
Loan Proceeds	1,500,000	-	-	-
Lease Financing	1,156,397	239,398	721,128	5,033,950
Proceeds from sale of property	-	-	-	-
Total other financing sources (uses)	12,858,397	16,872,433	28,043,740	27,527,100
Net changes in fund balance	\$ 5,881,915	\$ 1,742,414	\$ 12,100,377	\$ (15,620,165)
Debt service as a percentage of noncapital expenditures	5.0%	4.3%	4.6%	4.7%

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 152,551,430	\$ 154,994,853	\$ 162,068,724	\$ 168,088,383	\$ 175,594,707	\$ 181,696,534	
72,956,073	74,234,415	71,682,473	75,461,328	72,378,403	78,939,815	
3,342,587	2,482,279	3,276,294	3,654,189	4,766,037	6,102,708	
10,020,317	11,366,970	7,166,540	7,333,880	7,037,638	7,721,610	
1,186,314	1,350,435	1,433,856	1,385,509	1,251,864	1,231,133	
1,963,063	399,378	199,345	410,250	105,309	197,943	
668,610	452,629	682,894	1,080,738	51,720	45,260	
-	-	-	-	-	-	
242,688,394	245,280,959	246,510,126	257,414,277	261,185,678	275,935,003	
10,438,371	11,909,178	9,789,978	9,483,182	9,800,063	10,450,782	
31,042,636	31,903,678	29,948,769	30,012,488	31,263,714	33,066,081	
11,085,499	9,681,536	9,043,532	12,902,841	9,329,736	9,215,428	
5,978,317	5,523,773	5,174,304	5,111,086	3,624,121	3,184,621	
3,276,915	3,117,477	2,931,754	2,652,403	2,525,767	2,533,961	
142,973,626	144,554,555	147,159,602	153,438,299	156,031,358	164,110,112	
19,822,162	22,541,813	25,755,047	26,447,785	30,220,696	28,941,783	
-	-	-	-	-	-	
36,615,116	12,408,898	14,647,171	15,864,404	18,588,662	40,064,928	
-	-	-	-	-	-	
7,810,350	8,671,800	8,413,350	10,181,600	10,937,570	11,191,096	
4,497,286	5,159,630	5,011,122	5,610,243	6,004,475	5,538,964	
273,540,278	255,472,338	257,874,629	271,704,331	278,326,162	308,297,756	
(30,851,884)	(10,191,379)	(11,364,503)	(14,290,054)	(17,140,484)	(32,362,753)	
744,048	919,361	1,208,452	1,404,242	1,688,362	3,772,000	
(744,048)	(919,361)	(3,066,904)	(1,158,428)	(1,323,697)	(3,772,000)	
17,599,450	18,393,000	21,705,000	17,552,320	10,961,846	-	
15,963,762	18,370,983	12,407,555	-	-	10,750,000	
-	32,684,000	-	13,264,000	12,712,000	6,617,000	
(17,026,950)	(15,271,762)	(18,370,983)	(12,407,555)	-	-	
-	-	-	-	-	-	
-	(37,696,163)	-	(15,101,113)	(13,725,286)	(7,278,085)	
1,120,847	6,656,563	831,290	3,510,677	1,946,216	1,291,152	
-	-	-	-	-	-	
930,507	1,467,444	12,157,717	2,500,000	-	2,160,000	
-	-	2,073,700	-	26,014	-	
18,587,616	24,604,065	28,945,827	9,564,143	12,285,455	13,540,067	
\$ (12,264,268)	\$ 14,412,686	\$ 17,581,324	\$ (4,725,911)	\$ (4,855,029)	\$ (18,822,686)	
5.5%	6.0%	5.8%	6.6%	7.0%	6.7%	

City of Danbury, Connecticut

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Real Estate	Motor Vehicle	Personal Property	Total
2005	109,455,785	11,064,635	8,230,210	128,750,630
2006	110,475,760	11,038,162	8,120,338	129,634,260
2007	114,768,625	11,040,846	7,918,381	133,727,852
2008	118,834,061	10,472,507	8,186,224	137,492,792
2009	133,553,703	10,877,428	8,101,765	152,532,896
2010	136,584,472	10,624,865	8,381,956	155,591,293
2011	145,682,176	10,308,334	8,241,554	164,232,064
2012	150,443,539	9,777,151	8,183,228	168,403,918
2013	156,026,389	10,716,559	8,696,551	175,439,499
2014	164,236,418	13,672,869	10,283,484	188,192,771
Change 2005-2014	50%	24%	25%	46%

Source: City records.

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City of Danbury, Connecticut

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

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Tax Exempt Real Property
	Residential	Commercial	Industrial & Land			
2005	3,731,235,000	1,139,387,400	330,922,000	411,673,390	442,169,035	800,270,200
2006	3,858,748,400	1,145,300,700	326,926,100	424,384,450	455,120,050	828,201,900
2007	3,956,466,400	1,160,245,310	339,218,920	453,090,190	450,926,980	871,186,910
2008 (2)	5,493,359,500	1,757,737,900	418,466,900	485,758,650	461,795,235	1,431,396,500
2009	5,575,388,700	1,723,189,090	444,078,300	536,218,350	440,615,700	1,432,149,830
2010	5,657,769,200	1,630,885,530	472,277,200	551,271,380	437,633,299	1,459,079,340
2011	5,597,762,400	1,714,902,920	441,753,900	535,429,920	455,281,381	1,479,813,080
2012	5,622,107,300	1,672,623,980	465,564,800	564,055,800	480,366,418	1,492,203,120
2013 (2)	4,099,672,800	1,414,533,720	506,423,900	556,766,090	481,980,637	1,256,206,200
2014	4,034,267,000	1,436,552,100	591,866,800	544,288,658	499,851,484	1,286,335,200

Source: City Records

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

- (1) The General Statutes of Connecticut §12-62a establishes as uniform assessment percentage of 70% of the actual assessed value.
- (2) State Mandated Citywide Property Revaluation required every 5 years, for the Grand List dates 10/1/02, 10/1/07, and 10/1/12 which becomes effective for the following fiscal year.

Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (1)
6,055,386,825	2.59%	23.03	8,650,552,607	70.00%
6,210,479,700	2.56%	22.05	8,872,113,857	70.00%
6,359,947,800	2.41%	22.20	9,085,639,714	70.00%
8,617,118,185	35.49%	21.35	12,310,168,836	70.00%
8,719,490,140	1.19%	21.66	12,456,414,486	70.00%
8,749,836,609	0.35%	20.96	12,499,766,584	70.00%
8,745,130,521	-0.05%	21.69	12,493,043,601	70.00%
8,804,718,298	0.63%	22.45	12,578,168,997	70.00%
7,059,377,147	-19.27%	26.80	10,084,824,496	70.00%
7,106,826,042	0.54%	27.60	10,152,608,631	70.00%

City of Danbury, Connecticut

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

Taxpayer	2014			2005		
	Taxable Assessed Value ¹	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Danbury Mall Associates	\$ 208,901,300	1	2.94%	\$120,688,780	1	1.99%
Boehringer-Ingelheim	63,424,690	2	0.89%	\$50,055,520	3	0.83%
Connecticut Light & Power	59,730,860	4	0.84%	\$34,361,270	5	0.57%
Avalonbay Communities, Inc.	52,646,780	3	0.74%	\$30,083,220	6	0.50%
Gera Danbury LLC (Danbury Buildings, Inc.)	47,981,600	5	0.68%	\$80,894,740	2	1.34%
Melvyn, Mary & Seymour Powers and Danbury	40,388,100	6	0.57%	N/A	7	0.00%
Hawley, Ervie, Germantown Plaza Assoc. &	34,185,350	7	0.48%	\$26,250,170	8	0.43%
Urstadt & Biddle Properties	29,347,800	8	0.41%	\$21,437,870	10	0.35%
Building 45 Eagle LLC	29,008,800	9	0.41%	N/A		-
WR XXIII LLC	24,523,400	10	0.35%	N/A		-
Total	\$ 590,138,680		8.31%	\$ 363,771,570		6.01%

Source: City Records

City of Danbury, Connecticut

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

Fiscal Year Ended June 30:	Grand List Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	2003	\$ 128,446,048	\$ 126,519,357	98.50%	\$ 1,436,867	\$ 127,956,224	99.62%
2006	2004	128,951,428	127,017,517	98.50%	1,412,654	128,430,171	99.60%
2007	2005	134,112,457	132,134,830	98.53%	1,494,390	133,629,220	99.64%
2008	2006	138,522,443	137,492,791	99.26%	524,702	138,017,493	99.64%
2009	2007	152,748,437	150,822,781	98.74%	1,276,286	152,099,067	99.57%
2010	2008	155,630,690	153,187,028	98.43%	1,534,861	154,721,889	99.42%
2011	2009	163,007,901	160,414,022	98.41%	1,497,486	161,911,508	99.33%
2012	2010	168,403,918	166,361,471	98.79%	1,649,133	168,010,604	99.77%
2013	2011	175,439,500	172,271,426	98.19%	1,342,317	173,613,743	98.96%
2014	2012	181,061,404	179,335,293	99.05%	-	179,335,293	99.05%

Source: City of Danbury Tax Records

City of Danbury, Connecticut

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Total Debt Per Capita ⁽³⁾
	Net Bonded Debt	Capital ⁽¹⁾ Leases	Ratio of Net Bonded Debt to Est. Actual Taxable Value	Debt Per Capita	CWF ⁽²⁾ Notes Payable	General Obligation Bonds			
2005	\$ 56,009,450	\$ 3,451,078	0.75%	768	\$ 20,726,460	\$ 21,595,400	\$ 101,782,388	5.36%	1,314
2006	60,967,100	2,574,247	0.76%	815	18,107,078	20,452,900	102,101,325	4.28%	1,309
2007	79,652,250	2,097,605	0.91%	1,038	15,487,697	26,027,750	123,265,302	4.63%	1,565
2008	96,532,400	6,063,439	1.08%	1,295	12,868,315	28,807,600	144,271,754	5.38%	1,821
2009	106,321,500	5,608,428	1.04%	1,412	10,248,933	28,868,500	151,047,361	5.67%	1,906
2010	114,147,700	5,473,861	1.12%	1,500	10,294,388	26,772,300	156,688,249	6.07%	1,965
2011	127,439,350	16,682,857	1.14%	1,782	7,583,140	25,790,650	160,813,140	6.00%	1,988
2012	134,136,419	18,225,659	1.20%	1,880	8,190,813	23,608,581	184,161,472	7.07%	2,272
2013	134,366,695	16,073,173	1.33%	1,826	5,755,638	22,228,305	178,423,811	6.74%	2,165
2014	122,616,599	16,447,722	1.21%	1,462	5,271,613	19,393,401	\$ 163,729,336	6.35%	1,957

Note: The City has no revenue bonds.

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

¹ Capital leases for the City and BOE were not added prior to June 30, 2007

² Notes Payable issued under the Clean Water Program thru the State of Connecticut, final maturity date January 31, 2014

³ See the schedule of Demographic and Economic Statistic on page 141 for personal income and population data.

City of Danbury, Connecticut

Direct Governmental Activities Debt
For the Year Ended June 30, 2014
(Unaudited)

Governmental Unit	Debt Outstanding
General obligation debt	\$ 122,616,599
Capital leases	<u>16,447,722</u>
Total direct debt	<u><u>\$ 139,064,321</u></u>

*No overlapping debt.

Sources: City Records.

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

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

City of Danbury, Connecticut

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

	2005	2006	2007	2008
Debt limit	\$ 900,490	\$ 902,119	\$ 947,064	\$ 984,120
Total net debt applicable to limit	86,554	77,042	71,737	73,858
Legal debt margin	813,936	825,077	875,327	910,262
Total net debt applicable to the limit as a percentage of debt limit	10.63%	9.34%	8.20%	8.11%

	2009	2010	2011	2012	2013	2014
\$	1,077,930	\$ 1,094,883	\$ 1,144,174	\$ 1,184,927	\$ 1,238,585	\$ 1,278,159
	86,346	93,488	109,330	116,046	117,134	107,767
	991,584	1,001,395	1,034,844	1,068,881	1,121,451	1,170,392
	8.71%	9.34%	10.56%	10.86%	10.44%	9.21%

City of Danbury, Connecticut

Computation of Legal Debt Limitation
 June 30, 2014
 (Unaudited)

Total tax collections (including interest and lien fees) for the year ended June 30, 2014	\$ 182,238,533
Reimbursement for revenue loss:	
Tax relief for elderly	<u>355,674</u>
Base	<u>\$ 182,594,207</u>
Debt limit	<u><u>\$ 1,278,159,449</u></u>

Debt Limitation	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 410,836,966	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	821,673,932	-	-	-
3-3/4 times base	-	-	684,728,276	-	-
3-1/4 times base	-	-	-	593,431,173	-
3 times base	-	-	-	-	547,782,621
Total debt limitation	<u>410,836,966</u>	<u>821,673,932</u>	<u>684,728,276</u>	<u>593,431,173</u>	<u>547,782,621</u>
Debt as defined by statute:					
Bonds payable	107,766,931	14,849,668	24,665,014	806,000	-
Bond anticipation notes payable	2,500,000	37,000,000	500,000	-	-
Bonds authorized but not issued, issue dates not yet established	<u>7,063,399</u>	<u>10,250,603</u>	<u>8,589,867</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>117,330,330</u>	<u>62,100,271</u>	<u>33,754,881</u>	<u>806,000</u>	<u>-</u>
Debt Limitation in excess of indebtedness	<u><u>\$ 293,506,636</u></u>	<u><u>\$ 759,573,661</u></u>	<u><u>\$ 650,973,395</u></u>	<u><u>\$ 592,625,173</u></u>	<u><u>\$ 547,782,621</u></u>

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

City of Danbury, Connecticut

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

Fiscal Year Ended June 30	Population (**)	Personal Income (000s)	Personal (1) Income Per Capita	Median Age	School Enrollment	Unemployment(*) Rate
2005	77,449	1,897,501	24,500	35.2	9,668	4.1%
2006	78,008	2,384,080	30,562	35.2	9,721	4.0%
2007	78,760	2,664,766	33,834	35.2	9,983	3.6%
2008	79,226	2,680,532	33,834	39.0	10,119	4.5%
2009	79,256	2,566,468	32,382	37.4	10,279	7.1%
2010	79,743	2,582,238	32,382	38.0	10,497	7.0%
2011	80,893	2,599,901	32,140	38.0	10,727	6.9%
2012	81,056	2,605,140	32,140	35.2	10,825	6.7%
2013	82,409	2,648,625	32,140	36.0	10,918	6.0%
2014	83,684	2,578,722	30,815	36.5	10,996	5.1%

Sources: City Records

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

(**) Source: U.S Census Bureau estimates

(1) 2006 - 2008 U.S. Census Bureau adjusted for inflation

City of Danbury, Connecticut

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western Ct Health Network - Danbury	2,283	1	5.06%	2,778	1	6.97%
Boehringer-Ingelheim Pharmaceuticals	1,800	2	4.07%	1,100	5	1.77%
Danbury School Systems	1,509	3	3.17%	1,387	2	3.45%
Cartus (formerly Cendant Mobility)	1,349	4	3.16%	1,350	3	3.80%
GE Commercial Finance (formerly G.E. Capital)	688	5	1.58%	1,200	4	3.11%
Pitney Bowes	650	6	1.47%	700	7	1.69%
UTC B. F. Goodrich	660	7	1.43%	>10		
Western CT State University	626	8	1.34%	903	6	2.41%
Praxair, Inc.	406	9	0.91%	400	10	
Barden Corporation	373	10	0.91%	>10		

Sources: Greater Danbury Chamber of Commerce

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CITY OF DANBURY, CONNECTICUT

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

Functions/Program	Full-Time Equivalent Employees as of June 30				
	2014	2013	2012	2011	2010
Governmental Services:					
City Council	-	-	-	-	-
Mayor's Office	6	6	5	6	5
Legislative Assistant	1	1	1	1	1
Registrars/Jury Committee	2	2	2	2	2
Finance/Insurance	14	13	14	15	15
Info Technology	5	5	4	4	5
Assessments	7	8	8	8	8
Tax Collector	9	9	9	10	10
Purchasing	3	3	3	3	3
Corporation Counsel (Legal)	3	3	3	3	3
Town Clerk	6	6	6	6	6
Permit Coordination	5	5	5	5	5
Building/ Civil Prep	9	9	9	9	9
Planning	6	6	6	6	6
Public Bldgs (Facilities Management)	15	15	14	15	15
Economic Development	1	1	1	-	-
Human Resources	2	2	2	2	2
Recreation:					
General & Administrative	1	2	2	2	2
Parks	-	-	-	-	-
Police:					
Officers	156	154	154	155	156
Civilians	9	10	10	10	10
Fire:					
Firefighters and Officers	128	127	127	128	127
Civilians	2	2	2	2	2
Public Works:					
Administration	2	2	2	2	2
Equipment Maintenance	7	7	7	7	7
Park Maintenance	17	17	17	18	18
Forestry	4	4	4	4	4
Street Sweeping, Snow Removal	43	22	21	21	21
Street Maintenance & Lighting	-	21	21	22	21
Traffic Control (Engineering)	3	3	3	3	3
Construction Services	3	3	3	3	3
Water:					
Administration	7	7	7	7	7
Transmission	20	21	21	21	20
Purification	12	10	10	10	11
Sewer Maintenance	-	-	-	-	-
Stormwater	-	-	-	-	-
Other Programs/Functions:					
Consumer Protection	1	1	1	1	1
UNIT	3	3	3	4	4
Engineering	7	8	10	8	9
Library	20	24	25	26	25
Health & Human Services	13	16	15	17	17
Social Services	2	3	3	3	4
Airport	5	5	5	5	5
Total	559	566	565	574	574

Source: City Records

Full-Time Equivalent Employees as of June 30					
2009	2008	2007	2006	2005	
-	-	-	1	1	
6	6	6	6	6	
1	1	1	1	1	
2	2	2	2	2	
15	14	15	15	15	
5	4	4	4	4	
8	8	11	11	11	
10	11	11	11	11	
3	3	3	3	3	
3	3	4	4	4	
6	7	7	7	7	
5	6	6	6	6	
9	9	9	9	8	
6	6	6	7	7	
15	16	14	14	14	
-	1	1	1	1	
2	2	2	2	2	
2	2	2	2	2	
-	-	-	-	-	
156	158	155	155	155	
10	8	8	6	6	
127	127	108	109	109	
2	2	2	2	2	
2	6	7	6	6	
7	7	7	7	7	
18	18	19	19	19	
4	6	4	4	4	
21	22	23	23	23	
21	21	16	15	15	
3	3	3	3	3	
3	-	-	-	-	
7	7	6	5	5	
20	21	16	16	15	
11	12	11	11	11	
-	-	-	-	-	
-	-	-	-	-	
1	1	1	-	-	
4	5	4	1	-	
9	10	11	12	11	
25	27	27	28	28	
17	11	11	13	13	
4	11	11	10	10	
5	5	5	4	4	
575	589	559	555	551	

City of Danbury, Connecticut

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Police:				
Calls for service	77,500	60,970	66,418	58,248
Adult arrest	2,133	2,097	1,631	1,389
Juvenile arrest	405	426	287	320
Traffic citations	1,687	3,201	6,290	2,725
Fire:				
Total fire runs	2,753	2,111	2,339	1,309
Total rescue runs	3,183	2,414	2,730	2,740
Building safety:				
Total building permits	1,622	1,583	1,446	1,044
Total value all permits	\$ 166,334,991	\$ 155,415,832	\$ 187,432,339	\$ 106,019,038
Library, volumes in collection	112,812	114,415	111,828	120,150

Source: City Records

*Through 12/28/2014

Fiscal Year						
2009	2010	2011	2012	2013*	2014*	
57,188	57,521	56,154	54,963	40,651	39,682	
2,316	7,995	1,960	1,548	1,105	1,201	
511	263	345	269	173	155	
4,112	4,080	4,448	3,964	3,880	4,283	
3,018	3,454	4,366	4,084	3,938	4,093*	
4,127	4,310	4,894	5,170	4,771	5,344*	
1,125	1,055	1,075	948	1,012	1,105	
\$ 85,925,535	\$ 83,680,656	\$ 81,017,769	\$ 156,234,998	\$ 190,248,335	\$193,082,822	
121,342	122,366	122,920	121,584	121,511	119,576	

City of Danbury, Connecticut

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

Function/Program	Calendar Year			
	2005	2006	2007	2008
Police:				
Stations	1	1	1	1
Fire, Fire Stations (Career)	4	4	5	5
Fire Stations (Volunteer)	12	12	12	12
Public Works:				
Buildings	4	4	6	6
Streets (Miles)	238	238	241	241
Street Lights	2,768	2,768	2,807	2,868
Parks & Recreation:				
Acreage	1,326	1,326	1,326	1,381
Parks	15	15	15	15
Golf Course	1	1	1	1
Baseball/Softball Diamonds	14	13	13	17
Ice Skating Pond	1	-	-	-
Soccer/Football/Lacrosse Fields	4	6	8	11
Basketball Courts	3	2	2	4
Tennis Courts	10	10	10	16
Spray Park	-	-	2	2
Swimming pools	-	-	-	-
Volleyball Courts	-	-	6	6
Handball Courts	-	-	-	-
Parks with Playground Equipment	4	5	7	8
Picnic Shelters	1	1	1	1
Recreation Building	-	-	-	-
Banquet Hall	1	1	1	1
Band Shell	1	1	1	1
Public Buildings:				
City Buildings	12	12	13	14
Schools	17	18	18	18
Library:				
Facilities	1	1	1	1
Volumes	112,812	114,415	111,828	120,150
Water:*				
Lakes	-	-	-	-
Storage Capacity (MGPD)	2,933	2,933	2,933	2,705
Average Daily Consumption (MGPD)	7.48	7.40	7.20	6.55
Peak Consumption (MGPD)	9.71	9.70	9.50	8.70
Wastewater:				
Sanitary Sewers (miles)	128.80	132.30	140.00	133.95

Source: City Records

Calendar Year						
2009	2010	2011	2012	2013	2014	
1	1	1	1	1	1	1
5	5	5	5	5	5	5
12	12	12	12	12	12	12
5	5	6	6	6	6	6
241	241	242	242	242	242	242
2,869	2,869	2,869	2,873	2,873	2,873	2,873
1,381	1,326	1,573	1,607	1,607	1,607	1,607
17	13	15	15	15	15	15
1	1	1	1	1	1	1
15	15	19	19	19	19	19
-	-	-	1	1	1	1
8	8	8	8	8	8	8
2	23	21	21	21	21	21
10	16	16	16	16	16	16
2	2	2	2	2	2	2
-	-	-	-	-	-	-
6	6	6	6	6	6	6
2	2	2	2	2	2	2
9	8	9	9	9	9	9
1	1	1	1	1	1	1
-	1	-	-	-	-	-
1	1	1	1	1	1	1
1	1	1	1	1	1	1
14	14	14	14	14	14	14
22	22	21	21	21	21	21
1	1	1	1	1	1	1
121,342	122,316	123,463	121,584	121,511	121,511	116,247
2,792	2,484	2,792	2,792	2,792	2,792	2,792
6.52	6.30	6.00	5.90	6.00	6.00	6.00
8.35	8.40	8.40	8.40	7.70	7.70	8.40
135.36	164.00	165.00	166.00	166.00	166.00	166.00

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